**07/10/2019**

A letter purportedly from Insurance broker K.M. Dastur Reinsurance Brokers Private Limited is in circulation in social media which offers competitive rates for basic group insurance scheme to cover bank retirees. This letter requires interested retirees to send applications to M/s Dastur along with draft in the name of AIBRF A/c New India Assurance Co. Ltd. The sum and substance of this letter is the bank retirees have to come out of IBA scheme and rely totally on broker sponsored scheme.

 As working president of AIBPARC, I am requesting our organization AIBPARC not to be associated with any such privately arranged scheme outside the purview of IBA scheme, a product government directive and bipartite settlement. ARISE advises its members to stick to IBA scheme as it has scope for reliefin the long run because of involvement of collective bargaining. I give my views of the Dastur sponsored insurance scheme which appears to have been negotiated by AIBRF without taking CBPRO or its constituents into confidence.

1) It is understood that IBA invited bids for group insurance scheme from more than a score of insurance companies including the four public sector insurance companies that included the above said New India Assurance Co. Ltd.

2) The best bid among them was reportedly found to be only that of United India Insurance Co. Ltd. though the premium was higher than last year’s. There are only two possibilities for not selecting New India Assurance Co. Ltd. Either New India Assurance Co. Ltd, did not participate in the bid finding the scheme as not remunerative or it quoted higher than that UIIC. If so, how the broker made the same New India Assurance Co. Ltd., offer lower rates now. Something is surely hidden in the fine prints. These rates for the current year may otherwise be enticing rates to entrap the retirees with an idea to hike the premia in the coming years. Please note that the same M/s Dastur was the broker for the IBA scheme and they did not intervene to keep the premium low.

3) The retirees who leave IBA scheme will not be able to join it later if they find the premium of New India Assurance Co. Ltd., prohibitively high in the future.

4) IBA devised the scheme only because of government guideline to formulate and fund group medical insurance scheme for both serving employees and retirees. IBA has half fulfilled the government guideline by having a group insurance scheme for retirees but failed to fund it for retirees. Though we are still not successful, the government guidelines to IBA leaves scope for the retiree organizations to bring pressure on IBA to abide fully by government guidelines as was done for serving employees. Any decision to leave IBA scheme is more likely to weaken the retiree organizations’ bid to get reliefs in medical insurance. Rejoining the IBA scheme later may prove to be impossible. So any member leaving the IBA scheme now tempted by the above offer of M/s Dastur may well remember the troubled history of second option for pension.

5) Retirees joining the above scheme may be detrimental to the interest of retirees because the scheme being privately negotiated at the back of UFBU, Government and IBA embarrasses the UFBU whose good will we require for most of our issues and gives a pretext to IBA and the Government to wash their hands off in the matter of reliefs like subsidizing the scheme. Retiree organizations may not be successful thus far in getting the present IBA scheme funded but they can exert moral pressure on both government and IBA because of the moral and legal claim on IBA for compliance with government guideline of framing and as well  **funding** the group insurance scheme for retirees.

6) It appears that AIBRF has negotiated the above scheme without the knowledge of CBPRO, UFBU, IBA or government , leave alone their consent. It is against the commitment of common approach agreed among all apex level retiree organizations to present a unified face of retirees’ at the industry level, notwithstanding arrangement at individual bank level. AIBPARC cannot and ought not be party to any privately negotiated insurance scheme that has uncertain future where the retiree organizations have to fend for themselves and have to be at the mercy of an insurance broker.

7) The fine prints are to be read carefully including on co-pay, exclusions etc to detect the pitfalls and there is no reason why New India Assurance Co. that failed to quote a lower bid to IBA is willing to quote a lower premium to an insurance broker unless there lies hidden behind the terms and conditions that the settlement amount will be far less than obtaining in UIIC. It is to be noted that relation between premium quotes and the quantum of claims settled in the past cannot be ignored.

8) The prorate clause has to be understood for its serious implication. Here, Insurance companies make payment of all hospital charges (except MRP indicated items like medicine) in the same proportion of room rent eligibility bears to actual room rent when the latter is high. If actual rent is Rs.5000 per day and the rental eligibility is Rs.4000 per day and all other medical charges excepting medicine is Rs.200000, the insurance company will settle only Rs.1,60,000 entailing a loss of Rs.40000 because of the proportionality principle settling claim in the proportion rental eligibility of Rs.4000 bears to actual rent of Rs.5000. If the rental eligibility is Rs.5000 there would have been no loss in the above scenario. In the broker sponsored scheme, the room rent is Rs.3000 and Rs.4000 for the cover of Rs.3 lac and 4 lac respectively. Concern for hygiene and privacy make most opt for single occupancy where the rents in good hospitals for treating serious ailments are way more than Rs. 3000 and Rs.4000. So the rental eligibility of only Rs.3000 or Rs. 4000 in the context of prorate clause matter a lot.

9) Availability of Super top up and its rates are not yet finalized in the broker sponsored scheme.

10) Any scope for conflict of interest has to be scrupulously avoided by any union. While AIBPARC or CBPRO can be for participation by the collective of retiree organization in any negotiation by IBA with the insurance companies they are not for any individual retiree organization privately negotiating a scheme giving up their watch dog role.

In the above circumstances, our advice to the retirees is to stick to IBA group insurance scheme and believe in their collective strength and wisdom to obtain reliefs from IBA in the near future.

**S.B.C.KARUNAKARAN**

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