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**State Bank of Patiala**  
**Retired Officers' Association (Regd.)**  
**31, NEW GREEN PARK COLONY, PATIALA**  
**(An Affiliate of "CBPRO" - COORDINATION OF BANK**  
**PENSIONERS' AND RETIREES ORGANISATIONS )**  
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Circular No. 37 of 2017-20

Dated 13<sup>th</sup> September 2019

Dear Colleagues,

**MEDICAL INSURANCE FOR RETIREES**

Text of letter sent to The Hon'ble Finance Minister, Dept. of Financial Services, Govt. of India, NEW DELHI. By Shri Prasad C N, General Secretary, State Bank Retiree Association

“ It is widely recognised that the most challenging aspect during the autumn of one's life is health. There is no dispute that the life expectancy has gone up substantially. Advancement in Medical Science and awareness are the main reason. These aspects have also increased the medical expenses. It is also true that most of the elderly lose most of their assets or compelled to borrow to meet medical expenditure. Nuclear families have also added woes.

As a first step, United Forum of Bank Unions and Indian Banks Association were kind enough to introduce a Medical Insurance Scheme for the Bank retirees through Bipartite Settlement/Joint Note dated 25th May, 2015. Premium was Rs.4,930/- for Rs.3.00 lakhs and Rs.6,573/- for Rs.4.00 lakhs of Medical Insurance Scheme. Next two years, the premium went up to Rs.12,020/- and Rs.16,027/- respectively for Officers. It is Rs.21,595/- and Rs.28,792/- for Rs.3.00 lakh and Rs.4.00 lakh respectively. We are hearing that the premium is likely to go up further. Premium for Rs.3.00 lakh cover is four to six times of their monthly pension of many of the retirees. For them, this scheme is unaffordable.

Even though, we are Pensioners of State Bank of India, we are covered by Industry level agreement between Indian Banks Association and United Forum of Bank Unions and there is minimum role for the management of State Bank of India.

You are aware that any Group Insurance Scheme, where selection is allowed, the Scheme would hit vicious cycle of increase in premium and decrease in number of healthy lives covered. By tinkering with the policy conditions, like imposing limits for payment of claim in respect of treatment for various claims, reduction in room rent provision, etc. Life of such Schemes is limited. Some may request for extending subsidy. Subsidy is applicable only if Bank retiree has means to pay the premium. These reasons make Medical Insurance Scheme unaffordable and unsustainable. More so, if the group consists of Senior Citizens only.

To overcome this problem and also continuation of Medical Insurance Scheme for a long period, we have following suggestions :

a. Covering entire Bank retiree community with a minimum cover of Rs.1.00 lakhs per family, is the most appropriate way of eliminating selection and Scheme would sustain for a long period. The cost of payment of Medical Insurance premium in such cases do not exceed Rs.200 Crores per annum. This cost of Rs.200 Crores is not even 0.38% of Rs.52,654/- (as on 31.03.2017) which is the Pay Slip component cost of workmen and officers. This works out to less than Rs.3.00 per day per employee. Further, GST set-off would plough back Rs.31.50 Crores resulting in net outgo at Rs.169.50 Crores.

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Therefore, incurring additional expenditure of Rs.170.00 Crores would not be a burden for the Bank Managements, as expenditure incurred for entertainment, etc. would be far more than this amount. This is less than 20% of the premium paid in respect of workmen and officers of Banks. Former Chairman cum Managing Directors, Managing Directors, Deputy Managing Directors and Executive Directors are covered with Medical Insurance cover to the extent of Rs.25.00 lakh. In this background, providing a Medical Insurance cover of Rs.1.00 lakh would go a long way in paying back to the former employees who have contributed for building these Banks. With this, coverage over and above Rs.1.00 lakh would be far lesser and further cover of Rs.3.00 lakh may cost Rs.15,000/- only ;

b. Instead of Bank retirees paying entire premium upfront, let the Bank pay entire premium and these retirees may be allowed to pay 20% of the premium at the time of joining and balance 80% to be recovered in ten monthly installments. This would ensure payment of premium affordable and more and more number of retirees would join. With this arrangement, there would be increase in group size, thereby, premium gets reduced.

In case our suggestions are accepted, you would not only helping these retirees in undergoing treatment, you are also helping them to live longer. Bank retirees would be grateful to you, if you can order compulsory medical insurance coverage of Bank retirees to the minimum extent of Rs.1.00 lakh. Kindly consider our request sympathetically. A line in reply would be of great help to us, respected madam. We pray for your sympathy and empathy, in this direction. “

#### **PAYMENT OF YEARLY SUBSCRIPTION OF ASSOCIATION**

**The yearly subscription of Association @Rs.500/- has become due for the year 2018-19 w.e.f. 1<sup>st</sup> April 2018. Still few members have to pay the subscription for the year 2018-19. We shall be grateful if you will please remit the above mentioned amount (if not paid so far) to enable us to bring your account up-to-date. At the Annual General Meeting held on 17<sup>th</sup> November 2018, the subscription stand increased to Rs.700/- per year w.e.f. 01.04.2019.**

**Please note to remit subscription @Rs.700/- per year from 1<sup>st</sup> April 2019 for the year 2019-20.**

Further we may add that the account holders have to pay charges for deposit of any cash in the account. Hence we request you to transfer the amount to our Saving Bank A/c No. 55124497548 in the name of State Bank of Patiala Retired Officers' Association (Regd.), Patiala maintained at State Bank of India, Mall Road Branch, Patiala (code 5012) . Please arrange to credit the amount at SBI branch by giving your name & membership number under an intimation to Association.

#### **Renewal of Medical Insurance Policy for retired employees/officers**

SBRA had taken up the issue of retirees' Medical Insurance with Hon'ble Finance Minister. While forwarding a copy of the letter addressed to Hon'ble Finance Minister, we had requested Shri C H Venkatachalam, for his assistance and indulgence. We had suggested various means to ensure viable and enduring Medical Insurance Scheme, we sought the help of Shri C H Venkatachalam, General Secretary, AIBEA. They have sent letter No.AIBEA/GS/2019/71 on 12<sup>th</sup> September 2019 to Shri Shri S K Kakkar, Sr. Advisor (HR & IR), Indian Banks' Association, Mumbai.

“You are aware that the Medical Insurance Policy for retired employees/ officers will get expired as on 30-10-2019 and needs to be renewed w.e.f. 1-11-2019. You are also aware that the premium on the Medical Insurance Policy for the retirees has been going up year after year as can be observed from the following:

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| Year                                       | Retired Employees<br>( Rs. 3 lacs ) |              | Retired Officers<br>( Rs. 4 lacs ) |              |
|--|-------------------------------------|--------------|------------------------------------|--------------|
|  | Without Dom/Top Up                  |              | Without Dom/Top Up                 |              |
| 1-11-2015 to 31-10-2016                    | Premium                             | 4930         | Premium                            | 6573         |
|  | GST                                 | 690          | GST                                | 920          |
|  | <b>Total</b>                        | <b>5620</b>  | <b>Total</b>                       | <b>7593</b>  |
| 1-11-2016 to 31-10-2017                    | Premium                             | 10452        | Premium                            | 13935        |
|  | GST                                 | 1568         | GST                                | 2090         |
|  | <b>Total</b>                        | <b>12020</b> | <b>Total</b>                       | <b>16025</b> |
| 1-11-2017 to 31-10-2018                    | Premium                             | 10452        | Premium                            | 13935        |
|  | GST                                 | 1881         | GST                                | 2508         |
|  | <b>Total</b>                        | <b>12333</b> | <b>Total</b>                       | <b>16433</b> |
| 1-11-2018 to 31-10-2019                    | Premium                             | 18301        | Premium                            | 24400        |
|  | GST                                 | 3294         | GST                                | 4392         |
|  | <b>Total</b>                        | <b>21595</b> | <b>Total</b>                       | <b>28792</b> |
| 1-11-2019 to 31-10-2020<br><b>PROPOSED</b> | <b>Premium</b>                      | <b>21099</b> | <b>Premium</b>                     | <b>28130</b> |
|  | <b>GST</b>                          | <b>3798</b>  | <b>GST</b>                         | <b>45063</b> |
|  | <b>Total</b>                        | <b>24897</b> | <b>Total</b>                       | <b>33193</b> |

Thus it can be observed that the annual premium for the policy of retired workmen employees has gone up from **Rs. 5620** in 2015-16 to **Rs. 24,897** in 2019-20. Similarly, the annual premium for the policy of retired officers has gone up from **Rs. 7593** in 2015-16 to **Rs. 33,193** in 2019-20.

Needless to elaborate or emphasise that the hike is so steep, particularly keeping in mind the fact that the pension of very old pensioners is much less. Such high premium is simply unaffordable for retirees who had retired as substaff/part time staff. Same is the case where the policy covers a single beneficiary where either the pensioner or the spouse is no more.

We had suggested quite a few suggestions like lower coverage and flexible top up, ceiling on certain treatments, reduction in room rent, etc.

In view of such increases, with a view to reduce the premium, last year the room rent/bed charge per day was restricted to Rs. 4000.

But this year, the room rent is again being kept at Rs. 5000 which has resulted in increase in the premium rates.

Keeping in mind the genuine problems faced by the retirees, we request IBA to revise the room rent/bed charge per day at Rs. 4000 as was the case in the current year policy and take such other measures which will help to reduce the premium rates for the retirees.

We seek your sympathetic consideration and suitable decision."

Greetings to all of you and your family members.

Yours sincerely,

(B.C.Bassi)  
General; Secretary