



## UCOBANK RETIREES' ASSOCIATION KARNATAKA (Regd)

(Regd as S.No: 699/97-98 Dated 20/01/1998 with the  
Registrar of Societies, Karnataka)

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**UBRA-KAR/CIR/0132/2017-20**

**Date: 11.10.2019**

**To all members of our unit.**

Dear Comrades,

**Sub: Group Medical Insurance Policy for Bank Retirees**

We reproduce here below for your information circular No.74/19 dated 10-10-2019 issued by General Secretary, All India Bank Pensioners' & Retirees' Confederation on above subject and the letter written by the Joint Convener, CBPRO to The General Secretary of AIBRF the above subject for the information of all the members.

B.Lakshminarayana  
Hon.Secretary.

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**Circular No. 74/19**

Date:10.10.2019

Dear Comrade,

**Sub: Group Medical Insurance Policy for Bank Retirees**

**A)** By our earlier circular no.67/19 dated 23.09.2019, we informed members that though the scheme was finalized, the suggestions given by different Retirees organizations were discussed in the meeting of General Managers of Banks convened by IBA on 18<sup>th</sup> September 2019 and the same were sent to insurance company for consideration. We were awaiting some favourable developments. Several members from different parts of the country have sent messages by various modes of communication to know whether any further relief might come. Some of the Banks have already issued circulars while few others have not. This has created lot of confusion. Each retiree is requested to follow the circular of his own Bank. If any favourable development at all comes, nobody will be deprived of it. This is one part of the story.

**B)** The second part of the story is muddy and fishy and it also raises a lot of queries. K.M. Dastur Reinsurance Brokers Private Limited in their communication dated 5<sup>th</sup> October,2019 directly addressed the Retiree offering a policy whose premium is lower by almost 30% than the policy finalized by IBA with certain changes in the terms and conditions. Simultaneously, the said policy was circulated widely at whats app by another Retiree organization which created a large scale furor in the minds of the elder citizens. This is known to everybody that the burden of

premium is too heavy to be borne by an individual retiree. Whenever he sees that premium is less in some other offer, it is natural that he will jump over the same without understanding the real consequences.

**C)** We urge upon members to ponder over the following issues very seriously:

- 1) We should try our level best to remain under the cover of an Industry wise negotiated settlement between IBA & various Associations / unions because the government directed IBA to formulate a policy for the retirees.
- 2) We find that the latest offer given beyond the scope of the so called finalized offer of IBA, has been underwritten through the New India Assurance Company Ltd. The very reasonable query is that why the said company did not quote such rates when bids were invited by IBA.
- 3) **If any retiree leaves the IBA scheme this year, is there any guarantee that he will be allowed to join the scheme in future. As per present scheme, it is not allowed.**
- 4) There are several clauses which include, inter alia, pro — rata payment, co-payment etc which need to be studied with greater details otherwise the situation might be very adverse for the individual retiree.
- 5) The facility of super top up policy is not mentioned at all.
- 6) If there is any dispute on settlement of claims or otherwise, a retiree or the Retirees organization can approach the grievance — redressal mechanism of the Bank but in the present case, where he will go? The Bank / IBA will safely wash off their hands..

**D) This is not our business to poke our head into the selection of a particular Insurance Company. This is to be done by proper bidding being backed by CVC norms. Our main demand has always been consistent: premium should be fully or substantially subsidized by Bank Management. We shall not carry the brief of any Insurance company or any Broker company.**

**E)** We actually do not know how many brokers are operating in the system. One retiree organization has claimed that they have the normal right to forward any proposal received from any Insurance company/ broker company which benefits the interest of the retiree and the proposal has been submitted by them to UFBU for negotiation with IBA. But the black cat has already come out of the bag. Members are aware that for last few days both CBPRO & AIBRF have been moving jointly on the issue of Mediclaim. This is unfortunate that CBPRO has been kept in total darkness and the so called offer has been rotated in social media including WhatsApp. **The so called logic of the other retiree organization loses its merit completely when we see that KMD is telling in its circular “The Retirees are requested to fill up their details on the enclosed form and send or courier them with their cheques in favour of ‘AIBRF A/c Insurance’ to the office of M/s.KM Dastur Reinsurance Brokers Pvt....”**

**F) Com. K V Acharya, joint Convenor, CBPRO has written a long letter to the General Secretary of the other Retiree organization pointing out the suddenness and unusualness of the proposal. The said letter will be circulated separately.**

Comrades, whoever will go through the <sup>2</sup> contents of the circular must not have a

feeling that AIBPARC is unhappy just because the other Retiree organization has floated the proposal. We re-iterate our stand that we are not in favour of any private arrangement because it is not supposed to be sustainable in the larger interest of retirees. We are in favour of an Industry level agreement because there is some accountability somewhere. We sincerely believe that the Retirees will realize our concern for the well-being of the

community With Best Wishes

A handwritten signature in blue ink, appearing to read 'Suprita Sarkar', written in a cursive style.

Suprita Sarkar General Secretary

**COORDINATION OF BANK PENSIONERS' AND  
RETIREES ORGANISATIONS**

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Dated:07.10.2019

Shri S C Jain General  
Secretary, A I B R F.

Dear Shri Jain,

**Sub: Group Medical Insurance Scheme for Bank Retirees for the year 2019-20.**  
**Your Proposal regarding New India Assurance Co.**

I am totally surprised to see a forwarded WhatsApp message on the above scheme purported to have been sent by you to me on 5.10.2019 which was widely circulated provoking frantic calls from various affiliates and members expressing their anxiety about the contents of the said message. When I checked up my mobile, I did not find any message in WhatsApp from you. However, when I checked up my mail. the mail sent by you in the evening (05.10.19) with the attachment of your letter to UFBU suggesting them to ensure the acceptance of the New India Assurance offer by the IBA as the same was offered with reduced premium as compared with UIC policy negotiated by the IBA. On further perusal of the mail, I saw the attachment of M/s Dastur & Co that presented a fait accompli wherein the broker has proposed the said offer inviting applications from interested Retirees. Immediately I contacted you over phone around 9.30 PM to find out from you about these sudden developments when on the previous day only I had a detailed talk with you about our efforts in trying to reduce the premium amount. I also expressed my anxiety and anguish about your approaching M/s Dastur & Co without taking CBPRO into confidence that too in respect of Bank Retirees Medical Insurance Scheme which was negotiated between IBA and the Unions in the year 2015 during the Bi-Bipartite settlement as per the guidelines of Department of Financial Services, Govt of India vide their communication dated 24.2.2012 to IBA.

It was also very surprising that M/s Dastur & Co has now come forward with the supposed offer of New India Assurance Co when in the year 2015 the same Dastur & Co were the broking company to UIC policy and remained as Broking company continuously for three years during which period they could not contain the sharp increase in the premium amount year after year. Ultimately IBA decided to go ahead with the scheme without any broker to save the brokerage amount to contain the premium amount. It is also in your knowledge where subsequently M/s Dastur & Co approached all Retirees organizations including your organization to have a privately arranged Insurance Scheme without involving IBA. But

wisely all of us decided to remain with IBA Medical Insurance Scheme only as IBA's scheme is as directed by the Finance Ministry and negotiated between IBA and the Unions and managed by the respective Banks. This decision was taken to avoid unnecessary brokerage expenditure which would be loaded to premium and also to pursue the demands of the Retirees that insurance premium should be borne by the Banks as in the case of serving employees and also to ensure continuation of the scheme to take care of the health management of the Retirees with due responsibility by IBA and Bank managements. Of course, we were concerned about the sharp increase in the premium amount year after year and to reduce the premium, we were giving suggestions from time to time including this year without much success. But at no time the Retirees organizations thought of getting into any private arrangement as such private arrangements are fraught with dangers of accountability and responsibility affecting the Bank Retirees and more

dangerously coming out of a negotiated scheme forever pre-empting and preventing the Retirees from getting any support from either the Government or the IBA or the Unions in future and ultimately leaving them to the mercy of the Broking company in respect of settlement of claims or redressal of grievances and also without any assurance of a reasonable premium in the future.

It is also intriguing that M/s Dastur & Co presents a fait accompli projecting your organization as the administrator of the Scheme when they invite directly from the Retirees applications with cheques towards premium drawn in favour of AIBRF A/c – Insurance pertaining to premium in the name of your organization whereas you have sent a letter urging the UFBU to persuade IBA to adopt the New India Assurance Co's offer by IBA.

We have also come across a social media message which suggests that you have been discussing with M/s Dastur & Co as early as July, 2019 whereas neither during our meetings in person nor during our telephone conversations you ever hinted to us that you are having discussions with the said Broking company. Subsequent to the above email of 5/10/2019, we are surprised by your communications to your Office Bearers/members, UFBU, and to us informing that you are in consultation with CBPRO while neither CBPRO nor any of its constituents were ever consulted or informed of your negotiation with the insurance broker. We are afraid this has put CBPRO in an awkward position having to face anxious inquiries from vast number of Retirees who are confused with the stand of your organization in regard to Medical Insurance Scheme, that too at a time when the date for renewal is fast approaching. No doubt, Retirees are emotionally upset with the increase in the premium but we sincerely feel that we have a duty to our members not to make them a prey to the superficially rationalized premium arranged through the Broking company outside the IBA policy without any guarantee in respect of future premium amount. We cannot allow the hard-won negotiated Insurance Scheme to fall apart and subject them to future uncertainties either in respect of premium, accountability, responsibility and settlement of claims and ultimately leave them without any Health Management Care Scheme permanently. We also expect the Coordination amongst the Retirees organizations functions transparently, harmoniously and with meaningful discussions.

For record purpose we give below our further observations in regard to your proposal.

1. It should be our topmost priority to have the negotiated IBA Scheme only.
2. When the bids were invited by IBA why New India Assurance Co did not give the quote which they have supposedly given now.
3. Is there any guarantee by the Broking company about the future premium where as our experience for the first three years after introduction has been quite disappointing with the said BrokingCompany?
4. We should always bear in mind that once we come out of the IBA scheme, can we again knock the doors of Government, IBA and the Unions in the event of any frustrating experience with New India Assurance Co. Ltd in respect of premium amount, settlement of claims, resolution of disputes etc in future?
5. The Retirees who leave IBA scheme will not be able to join it later if they find your proposed scheme is prohibitively high in future and experience becoming uncomfortable. **We cannot afford to forget the plight of Retirees in respect of second option for Pension where it became later on very difficult and costly for those retirees who wanted to get back to the pension scheme.**
6. The fine prints have to be read carefully including conditions regarding pro-rata payment linked to room rent, Co Payment, exclusions etc to detect the pitfalls, more so when no reason is adduced as to why the New India Assurance Co failed to quote a lower bid to IBA but is now willing to quote a lower premium through an insurance Broker. Are there any hidden terms and conditions that may result in settlement amount being far less than that obtaining presently from UIIC? It is to be noted that relation between premium quote and the quantum of claims settled in the past cannot be ignored.
7. The pro-rata clause has to be understood for its serious implications where the claim amount gets substantially reduced depending upon the room rent. All advanced Medical treatment expenses with 50% Co-pay may have far reaching impact on claim settlement.
8. Availability of Super Top Up policy and its rates are not yet finalized in the Broker sponsored

scheme

9. We cannot go for an off the shelf policy which is not discussed, negotiated or administered whereas the existing medical insurance scheme (IBA Insurance Policy) is administered by the Bank through a scheme worked out between IBA, Bank and the Insurance Company
10. Any scope for conflict of interest has to be scrupulously avoided by any organization. While CBPRO can be for participation by the Collective of Retiree organizations in any negotiations by IBA with the Insurance company, they are not for any individual Retiree organization privately negotiating a scheme giving up their watch dog role.
11. Bank arranged Medical Insurance Policy with an efficient internal grievance redressal mechanism is definitely better than Privately arranged insurance policy where recourse for redressal is only through litigation.
12. For UIIC, IBA is a very important VIP customer and hence naturally the Bank Retirees are more likely to get dedicated service from TPAs.
13. We have no quarrel over the choice of any insurance company be it New India Assurance Co or any other company so long as they offer the scheme with no hidden disadvantages in the fine prints and offer it through IBA as directed by Ministry of Finance.
14. We should continue our efforts to get the premium amount borne by the Bank or to start with substantial subsidy from the Bank.
15. In the light of most of the Banks coming out of PCA (Prompt Corrective Action) and also likely to post profits, subsidization of the premium is very much in the realm of possibility.
16. We are at a loss to know as to why CBPRO/UFBU were not taken into confidence when you were negotiating the New proposal though CBPRO/UFBU have been actively and sincerely pursuing the issue of Retirees 'Medical Insurance Scheme.
17. You will recall that before IBA discontinued the services of the broking firm, there were, reportedly complaints to CVC about the non-transparent manner of finalisation and implementation of the broker-arranged scheme by IBA. We are afraid that the proposed arrangement also suffers from similar and questionable modalities in view of the observations mentioned hereinbefore. It would be desirable for the organisations of the retirees to avoid getting into such situations.
18. Your communication is silent about an important aspect which should have been considered by New India while fixing the premium i.e. Whether the broking firm has shared the details of claim ratio for last 3-4 years under the policy of UIIC with New India? It would have a material impact on the new rate of premium. In the absence of SUCH TRANSPARENCY, we are sure that there will be steep rise in the premium by New India at next renewal with no fall back to retirees who opt to join it now by coming out of IBA negotiated policy of UIIC.

We hope that we have made our position clear in respect of the Medical Insurance Scheme. We should not create any confusion in the minds of the Retirees, that too when quite a good number of them are very aged. As a responsible organization, we will all try to get Medical Health care as reasonable as possible by sticking to IBA Medical Insurance Scheme only and try to enroll all retirees into the scheme.

With Regards, Yours  
Comradely,



K V Acharya.  
Joint Convenor, CBPRO

All Correspondence to:



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