

INDIAN RAILWAYS TECHNICAL SUPERVISORS ASSOCIATION

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C.Hq. 32, Phase 6, Mohali, Chandigarh-160055.

No:IRTSA/CHQ/Memo. 2020-8

Date: 30-06-2020

Secretary Finance (Expenditure),
Ministry of Finance
Government of India,
North Block, New Delhi-110001.
CC: By Email: secy-exp@nic.in

Dear Sir,

Sub: Central Government Employees Group insurance Scheme (CGEGIS) – Revision of coverage & monthly subscription.

Ref: Para 9.3.6 of 7th CPC Report

- 1) Rates of subscription and insurance cover for Central Government Employees Group Insurance Scheme (CGEGIS) were last revised in January 1990. Recommendations of the Fifth & Sixth CPCs on CGEGIS rates of subscription & insurance cover were not implemented by the Government. Continuing the same rates of insurance amount for 30 long years defeats the basic purpose of providing insurance cover to the employees so as to extend adequate security to the families in the event of employees' death.
- 2) 7th CPC has recommended for increasing monthly subscription & insurance amount by 41.7 times for employees in Pay Level 6 & above and 50 times for employees in Pay Level 1 to 5 vide para 9.3.6, as shown in the table-1 below:

Pay Level of Employee	Existing		Recommendation of 7 th CPC	
	Monthly subscription Rs.	Insurance Amount Rs.	Monthly subscription Rs.	Insurance Amount Rs.
10 & above	120	1,20,000	5000	50,00,000
6 to 9	60	60,000	2500	25,00,000
1 to 5	30	30,000	1500	15,00,000

- 3) 7th CPC, while making the above recommendations regarding CGEGIS, had totally ignored the much lower rates of Premiums charged by the Life Insurance Corporation of India for Group Insurance Scheme and even for individual Term Insurance Plan.
- 4) Exorbitant rise of Monthly Subscription recommended by the 7th CPC for CGEGIS was objected and it had been demanded to reduce the monthly subscription as it is much higher than the premium rates available for Term insurance in open market including LIC, a public sector enterprise, were offering policies equal to the insurance amount recommended by 7th CPC at much lower premiums.
- 5) The Cabinet in its meeting held on 29.06.2016 to consider the recommendations of 7th CPC decided not to accept the steep hike in monthly subscription towards CGEGIS recommended by the Commission. The Cabinet decided that the existing rates of monthly contribution will continue, however, considering the need for social security of employees, the Cabinet had asked Ministry of Finance to work out a customized group insurance scheme for Central Government Employees with low premium and high risk cover. Till date decision has not been taken on new rates of CGEGIS due to which the the employees & their families continue to be deprived of the much needed financial security under the CGEGIS.
- 6) Mortality rate has been reduced. Life expectancy and health delivery systems have improved appreciably since 1990. In the same period premium for risk coverage in insurance policies have come down very drastically.

- 7) For 38.6 lakh sanctioned strength of Central Government employees covered in the CGEGIS, subscription for the insurance amount of Rs.50 lakh, Rs.25 lakh and Rs.15 lakh has to be much lesser than LIC's policies which are offered for individuals and for groups.
- 8) a) In LIC's Jeevan Amar Life Term Assurance Plan (UIN: 512N332V01), for the assured sum of Rs. 50 lakh at the entry age of 20 annual premium is Rs.4,356, at the entry age of 30 the annual premium is Rs. 6,952. (The sample illustrative premiums for Jeevan Amar life term assurance plan is attached as Annexure-I).
- b) Even after adding for Saving Fund under CGEGIS @ 3 times of the above premium for Life Term Assurance Plan, the total amount of subscription for individual Term Assurance of LIC, it would be even less than half of the Subscription proposed by the 7th CPC.
- c) Monthly subscription can be reduced by 20% when the said scheme is applied for more than 30 lakh employees as a Group as per details given in table-3 based on the Premium for Individual Term Insurance indicated in Table 2 below:-

- 9) **Table-2: Monthly subscription in proportion to LIC Jeevan Amar Life Term Assurance Plan:**

Pay Level of Employee	Insurance Amount Recommended by 7 th CPC Rs.	Proposed monthly subscription for CGEGIS (In proportion to LIC's Jeevan Amar Term Assurance Plan) (#)			Corresponding SA (Savings) For 30 years of service @8% annual interest Monthly compounding
		Insurance Fund (25%) Rs.	Savings Fund (75%) (##) Rs.	Total Monthly Subscription Rs.	
Level 10 & above	50,00,000	600	1800	2400	27,02,331
Level 6 to 9	25,00,000	300	900	1200	13,51,165
Level 1 to 5	15,00,000	200	600	900	9,00,777

(#) Based on entry age of 30 years for Individual Term Insurance. (Premium amount rounded off to next hundred Rs.) (##) 7th CPC recommended a ratio of 75:25 for savings fund to insurance fund.

- 10) **Table-3 Monthly subscription for Group Insurance @ 20% lesser than subscription charged by LIC for Individual Life Term Assurance (as per table-2) plus savings Fund in the ratio 25:75**

Pay Level of Employee	Insurance Amount Recommended by 7 th CPC Rs.	Proposed monthly subscription for CGEGIS - (20% less than LIC's Jeevan Amar Term Assurance Plan's premium) (#)			Corresponding SA (Savings) For 30 years of service @8% annual interest Monthly compounding
		Insurance Fund (25%) Rs.	Savings Fund (75%) (##) Rs.	Total Monthly Subscription Rs.	
Level 10 above	50,00,000	480	1440	1920	21.61,865
Level 6 to 9	25,00,000	240	720	960	10,80,932
Level 1 to 5	15,00,000	160	480	640	7,20,621

- 11) **OUR PROPOSALS:U a) Table-4, For the sum assured recommended by 7th CPC the following rates of Monthly subscription @ 20% less than the Premium for Individual Term Insurance plus Savings Fund as derived in table-3 above are proposed,**

Pay Level of Employee	Insurance Amount Recommended by 7 th CPC Rs.	Proposed monthly subscription for CGEGIS @ 20% less than LIC's Jeevan Amar Term Assurance Plan's premium)		
		Insurance Fund (25%) Rs.	Savings Fund (75%) Rs.	Total Monthly Subscription Rs.
Level 10 & above	50,00,000	480	1440	1920
Level 6 to 9	25,00,000	240	720	960
Level 1 to 5	15,00,000	160	480	640

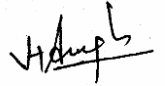
11.b) Monthly subscriptions of Rs.1920, Rs.960 and Rs.640 for Sum Assured of Rs. 50 lakh, 25 lakh and 15 lakh for the Levels 10 & above, Level 6 to 9 and Level 5 and below respectively of the 7th Pay Commission and payable to the family of the deceased employee in case of an employee's death.

11.c) Ratio of the Insurance Fund and Saving Fund should be 25% : 75% respectively.

11.d) In case of retirement, employees be paid a maturity benefit in proportion to the subscription, length of service and applicable interest rates.

Hoping for a favorable consideration and early decision; with kind regards,

Yours truly,



**(Harchandan Singh)
General Secretary, IRTSA**

Copy for Information with a request to please consider and recommend our submissions:

- i) Secretary, Department of Personnel & Training, Govt of India, North Block, New Delhi-110001. (secy_mop@nic.in)
- ii) Chairman Railway Board, Rail Bhavan, New Delhi-110001 (crb@rb.railnet.gov.in)
- iii) Secretary Staff Side, JCM. NC, 13, Feroze shah Road, New Delhi. (nc.jcm.np@gmail.com)

LIC's JEEVAN AMAR LIFE TERM ASSURANCE PLAN (UIN: 512N332V01)

The sample illustrative premiums

For both option I (Level Sum Assured) and option II (Increasing Sum Assured) for Basic Sum Assured of Rs. 50 Lakh

Option I (Level Sum Assured):

Age	Policy term	Regular Annual Premium	Annual Premium for limited premium Paying term of (Policy term minus 5) years	Annual Premium for limited premium Paying term of (Policy term minus 10) years	Single Premium
20	20	Rs. 4,356	Rs. 5,104	Rs.6,556	Rs.48,928
30	20	Rs. 6,952	Rs. 6,952	Rs.8,932	Rs.66,088
40	20	Rs.13,545	Rs. 13,545	Rs.17,595	Rs.1,27,395

Option II (Increasing Sum Assured):

Age	Policy term	Regular Annual Premium	Annual Premium for limited premium Paying term of (Policy term minus 5) years	Annual Premium for limited premium Paying term of (Policy term minus 10) years	Single Premium
20	20	Rs. 5,715	Rs. 5715	Rs. 8,595	Rs. 63,720
30	20	Rs. 8,415	Rs. 8415	Rs. 12,870	Rs. 94,095
40	20	Rs. 17,664	Rs. 17644	Rs. 27,232	Rs. 1,95,868

Eligibility conditions and other Restrictions:

- Minimum Age at entry: [18] years (Last Birthday)
- Maximum Age at entry: [65] years (Last Birthday)
- Maximum age at Maturity: [80] years (Last Birthday)
- Minimum Basic Sum Assured: Rs. 25,00,000/-.
- Maximum Basic Sum Assured: No Limit.

The Basic Sum Assured shall be in multiples of: Rs. 1,00,000/-, if Basic Sum Assured for the policy is Rs.25,00,000/- to Rs. 40,00,000/-

Rs. 10,00,000/-, if Basic Sum Assured for the policy is above Rs. 40,00,000/-.

- Policy Term: [10 to 40] years
- Premium Paying Term:

Regular Premium: Same as policy term

Limited Premium: [Policy Term minus 5] years for Policy Term [10 to 40] years

: [Policy Term minus 10] years for Policy Term [15 to 40] years