

Workers can soon choose insurance plans other than ESI

Unions have opposed this proposal saying that there are a few products available in the market which are comparable with EPFO

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Over 2 crore formal sector workers will soon have an option to choose health insurance products available in the market in lieu of the mandatory scheme run by the Employees State Insurance Corp (ESIC).

At present, formal sector workers with monthly wages of up to Rs 21,000 per month are

mandatorily covered under the health insurance scheme run by the ESIC.

"The Labour Ministry will soon send a bill to the Union Cabinet to amend the Employees' State Insurance Act 1948, to facilitate the beneficiaries of ESIC scheme to opt for health insurance products available in the market," a source said.

"The Ministry will push the bill for passage in the forthcoming Winter Session of Parliament beginning November 16," the source added.

The Labour Ministry's move is in line with the announcement made by Finance Minister Arun Jaitley in his Budget speech this year to provide an option to formal sector workers covered under ESI scheme to choose a health insurance product recognised by the Insurance Regulatory and Development Authority (IRDA).

The source said, "The inter-ministerial consultation on the bill to amend ESI Act, 1948 has already been completed. However, the bill is to facilitate the workers, but trade unions had opposed the proposed amendment."

"The unions had asked the Labour Ministry to first ensure the availability of health insurance products in the market, which can match the benefits provided under the ESI scheme," the source added.

Although the proposal appears to be tempting but there are certain questions and doubts raised by trade unions which still remained unanswered.

Unions had asked at different fora that how would ESIC ensure coverage of each and every employee under ESIC or other insurance products after the proposed amendment.

They had also stressed on the need for developing a mechanism to ensure that benefits under other health insurance products and ESI are comparable.

Initially, it was proposed to give a one-time option to ESI subscribers to switch over to other health insurance products but the final draft of the bill provides for no such limitations, the source said.

After the amendment, there will be no limit as such for workers with regards to making a switch over to other insurance products or vice versa.

A similar facility was also proposed by Jaitley for subscribers of the retirement fund body Employees' Provident Fund Organisation (EPFO).

The proposed move is part of the EPF & MP Amendment Bill 2016, which can also be pushed for passage in the forthcoming winter session.

The bill is not approved by the Union Cabinet so far. Unions had also opposed this proposal saying that there are a few such products available in the market which are comparable with EPFO scheme, which provides provident fund, group insurance and pension.