

Group Savings and Insurance Scheme (GIS) Guidelines 2016

GROUP SAVINGS *and* INSURANCE SCHEME

(A WELFARE SCHEME FOR GOVERNMENT EMPLOYEES INTRODUCED BY
THE ROYAL GOVERNMENT OF BHUTAN)

SALIENT FEATURES AND GUIDELINES



INSURER

ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED

Group Savings and Insurance Scheme (GIS) Guidelines 2016

ARTICLE I **OBJECTIVE AND SCOPE OF APPLICATION**

- 1.1. The Group Savings and Insurance Scheme (Scheme) is a low cost and wholly contributory and self-financing scheme giving the following twin benefits:
 - a. An insurance cover to help their families in the event of death or permanent total disablement while in service; and
 - b. A lump sum payment of the accumulated savings with interest to the employee or to their families on cessation of employment on account of retirement, resignation, death or permanent/total disablement.

ARTICLE II **COMMENCEMENT**

- 2.1. The Royal Government of Bhutan (RGOB) Employees Group Savings and Insurance Scheme 1987 hereafter referred to as the “Scheme” has come into effect from 1st April’1987.
- 2.2. This Guideline shall come into effect from 1st July 2016.

ARTICLE III **APPLICATION**

- 3.1. This Scheme shall compulsorily apply to all regular and contract government employees as well as the employees of all constitutional post holders, autonomous/corporate bodies between the age of 18 to 70 years, but shall not apply to following categories of personnel:
 - a. Personnel recruited after completing 65 years of age;
 - b. Experts, Consultants and Volunteers from UN and other international Organizations.
 - c. Employees on special contract basis whose contract period is less than a year or (12) months;
 - d. Work charged and employees on temporary basis;
 - e. Pre-service trainees on receipt of stipends; and
 - f. Pre-existing conditions in case of physically challenged employees.

Group Savings and Insurance Scheme (GIS) Guidelines 2016

ARTICLE IV MEMBERSHIP

- 4.1. The Scheme shall be compulsory for all those employees who are regular / already in the service and to those who shall be joining the service after the Scheme has been introduced.
- 4.2. The employer shall submit the details of a new member / employee along with his/her subscription to Royal Insurance Corporation of Bhutan Limited (RICBL) in the recovery schedule (Form No. 1).
- 4.3. Grouping of members/employee for insurance coverage and subscription rate shall be as reflected in **Annexure I**. However, it shall be subject to revision on the advice of the RGOB from time to time.

ARTICLE V RECOVERY OF THE SUBSCRIPTION

- 5.1. The subscription of a member shall be deducted from his/her salary and remitted to RICBL within the **fifteen (15) days of the following month via Form No.1**.
- 5.2. The subscription shall be recovered every month including the month in which the employee ceases to be in employment on account of death or total permanent disability, retirement, resignation or termination from service even if he/she has worked for part of the month.
- 5.3. No part payment (on pro rata basis) of the monthly subscription from a member shall be recovered and remitted. Though a member may have joined the Scheme in the middle of a month, for administrative convenience, the subscription shall be remitted for the full month.
- 5.4. Before expiry of the three months continuous discontinuance of the subscription, if the live member so wishes to continue the membership, he/she or the Disbursing Officer shall remit the subscription in arrears.

ARTICLE VI REMITTANCE OF SUBSCRIPTION

- 6.1. The disbursing officer shall remit the monthly subscriptions supported by recovery schedule as per Form 1 to the RICBL **within fifteen (15) days of the following month**.

Group Savings and Insurance Scheme (GIS) Guidelines 2016

- 6.2. The drawing and disbursing officer and the finance personnel of the concerned Agency shall be held fully responsible and accountable for recovery of GIS subscription and timely remittance of the recovery to the RICBL. These officials shall scrutinize and make recovery and shall ensure the recovery is remitted to RICBL within the stipulated time. In the event of non-remittance and/or late remittance of the recovery, the drawing/d disbursing officers/finance personnel shall be held responsible beside also being liable to make good the losses incurred by the civil servants concerned.
- 6.3. In case an employee is on long leave without pay (study, medical, or extraordinary leave etc.) the employee shall make his or her/own arrangements to remit the subscriptions. This is to enable the continuity of the membership.

ARTICLE VII **COMMENCEMENT OF RISK**

- 7.1. The risk on the life of fresh or newly recruited employee shall commence from the date the GIS contribution is actually received by RICBL and not on the joining date.
- 7.2. The Scheme shall automatically cease to cover the risk:
- a. From the day the employee(s) is/are relieved from employment; or
 - b. If there is a break of three subsequent months in payment of subscription.
- 7.3. RICBL shall deduct, from the benefits eligible from the Scheme, unpaid premiums for a maximum of three consecutive months and late fees thereon separately for each incident of break in the subscription payment. The late fee shall be levied at the rate of interest applicable under Article 12.1.
- 7.4. In case of any revision to the Scheme and in the event that a claim arises in between the date of revision and remittance of the revised subscriptions, the claim benefits payable shall be based on the Scheme existing before the revision of the Scheme. The benefits payable based on the revised Scheme shall take effect only upon receipt of the revised subscriptions and not from the day of the announcement of the revision.

ARTICLE VIII **PROMOTION**

- 8.1. In the event of promotion and change in the grouping, the subscription shall be of the new group from the date of promotion. However, the risk on the promoted member shall commence from the date of receipt of the subscription at the rate applicable to the next higher group.

Group Savings and Insurance Scheme (GIS) Guidelines 2016

ARTICLE IX **TRANSFER**

- 9.1. In case of transfer of a member from one Department/Agency to another Department/Agency and his/her subscription is added for the first time in the recovery schedule (**Form No. 1**) of the Department/Agency where he/she is transferred to, the disbursing officer shall indicate the GIS account number and his/her previous Department/Agency in the status column of the recovery schedule (Form No. 1).

ARTICLE X **INSURANCE FUND**

- 10.1. In order to provide an insurance cover to each member of the Scheme a portion of the subscription shall be credited to the insurance fund subject to revision by RGOB and RICBL from time to time and specified in **Annexure I**.

ARTICLE XI **SAVINGS FUND**

- 11.1. The balance portion of the subscription shall be credited to a savings fund as per **Annexure I**. The RICBL shall maintain this savings fund in individual member account. The savings fund is subject to revision from time to time by RGOB and RICBL on mutual consent.

ARTICLE XII **INTEREST ON SAVINGS**

- 12.1. For the Savings Fund, the Royal Insurance Corporation of Bhutan Limited shall maintain an individual account for each member and pay interest as may be determined and agreed from time to time between the Ministry of Finance and the RICBL and indicated in **Annexure I**.

ARTICLE XIII **NOMINATION**

- 13.1. If a member dies/is reported missing while in service the claim eligible under Article XV and XVI shall be payable to his/her nominee(s) or legal heir(s). The nominee(s) or legal heir(s) shall be as per the record duly attested by the relevant officials of the employer and submitted to the RICBL in **Form No. 2** at the time of lodging claim.

Group Savings and Insurance Scheme (GIS) Guidelines 2016

- 13.2. In the case of a minor nominee or the permanently disabled member, a name of a guardian to whom the claim to be paid shall be identified by the employer and specified in **Form No. 2**. The signature of the guardian shall be attested by the employer.
- 13.3. If the nomination is in favour of more than one person, the employer shall specify the percentage of share for each nominee.

ARTICLE XIV **PAYMENT FROM SAVINGS FUND**

- 14.1. If a member retires on attaining the age of superannuation or otherwise ceases to be in service, the Head of the Department/Organization shall issue a sanction for payment of the member's accumulation in the savings with interest as per Form No. 2 along with a copy of the member's Last Pay Certificate. The member shall submit Discharge Voucher (Form No. 3) duly signed by him/her over revenue stamp and witnessed by someone known to the member. The net amount payable shall be after adjustment of any due subscriptions payable to the RICBL and adjustments applicable under Article 7.3.
- 14.2. If an employee attains *the age of 70 years as* per the records submitted to RICBL, but the employee continues to be in service, the membership shall stand terminated without insurance coverage and the savings fund with interest shall be refunded.

ARTICLE XV **PAYMENT OF DEATH CLAIM**

- 15.1. If a member dies or is reported missing while in service, the claim amount payable shall be:
- (a) The appropriate amount of insurance coverage to which he/she was entitled at the time of his/her last service prior to death or is reported missing as the case may be.
- Plus**
- (b) An amount due to him/her out of the accumulated savings fund for the entire period of his/her membership with interest.

Plus

Group Savings and Insurance Scheme (GIS) Guidelines 2016

- (c) The excess amount received out of the actual subscription from the disbursing office after having verified from the Last Pay Certificate.

Minus

- (d) Any due subscriptions payable to the RICBL and adjustments applicable under Article 7.3.

ARTICLE XVI **MISSING EMPLOYEE**

- 16.1. If an employee is found/reported missing during the period of his/her active service, the concerned Authority/Agency shall inform RICBL in writing at the earliest possible from the date of occurrence.
- 16.2. The RICBL shall observe one year from the date of occurrence as a waiting period, and on cessation of the waiting period or earlier as may be decided by the Court of Law, the claims as per Article XV shall be paid to the claimant subject to the execution of a bond with RICBL (Form No. 4) by the claimant duly verified by the Disbursing Officer undertaking to refund the claimed amount with interest at the prevailing rate of interest of the Scheme at the time of refund to RICBL in the event the employee reappears.

ARTICLE XVII **PROCEDURES FOR SETTLEMENT OF DEATH CLAIM**

- 17.1. For settlement of death claim, the following formalities shall be completed.
- a. Refund/Claim Application form (**Form No. 2**).
 - b. A copy of Last Pay Certificate of the deceased.
 - c. A copy of Death Certificate from a competent Authority.
 - d. Discharge Voucher (**Form No 3**) duly signed by the nominee/legal heir over revenues stamp in presence of a witness.
 - e. Execute Bond (**Form No. 4**) if claim is a missing case.

Group Savings and Insurance Scheme (GIS) Guidelines 2016

ARTICLE XVIII **PERMANENT AND TOTAL DISABILITY**

- 18.1. The permanent and total disability herein referred to must be total and permanent that there is neither then nor any time thereafter any work, occupation or profession that an employee can do or follow to earn any wages or salaries.
- 18.2. The RICBL shall have the right to have the disabled member examined by an independent doctor of its own choice for which the expenses shall be borne by the RICBL.
- 18.3. However, the RICBL shall not be liable if the disability is caused by intentional self-injury, attempted suicide, insanity or immorality, or in violation of any law of the land.
- 18.4. The permanent and total disability shall mean:
 - a. **By Accident:** The loss of sight of both eyes or amputation of both hands at or above the wrists, or amputation of both feet at or above the ankles, or amputation of one hand at or above the wrist and one foot at or above the ankle.
 - b. **By Sickness:** The paralysis of complete body or paralysis of either side of the body with upper and lower limbs, or total blindness of both eyes or total mental disorder shall be deemed to constitute such disability.

ARTICLE XIX **PAYMENT OF PERMANENT TOTAL DISABILITY CLAIM**

- 19.1. The permanent total disability benefit equal to sum assured to which he/she is entitled at the time of disablement shall be payable in addition to the accumulated savings with interest and the excess amount received if any, from the Disbursing Office after having verified from the Last Pay Certificate.
- 19.2. RICBL shall settle the claim in one lump sum payment after adjustment of any due subscriptions owing to the RICBL and any adjustments under Article 7.3.

Group Savings and Insurance Scheme (GIS) Guidelines 2016

ARTICLE XX **PROCEDURES FOR SETTLEMENT OF PERMANENT TOTAL** **DISABILITY CLAIM**

- 20.1. For settlement of permanent total disability claim, the following formalities are required to be completed.
- a. The Employer shall lodge the claim to RICBL either on the happening of permanent total disablement by accident or during the course of treatment if caused by sickness, **but not later than two weeks** from the date of accident or disability.
 - b. The claimant shall furnish medical certificates to RICBL proving permanent total disability. A copy of Police Inquest Report is to be submitted if the disability is due to accident. If the disability is due to sickness, Medical Treatment documents must be produced to support the claim.
 - c. Refund / Claim Application Form (Form No. 2).
 - d. A copy of the Last Pay Certificate of the disabled employee from the Employer.
 - e. Discharge Voucher (Form No. 3) duly signed by the disabled employee or legal guardian in presence of a witness.

ARTICLE XXI **RECOVERY OF SAVINGS OR DEATH/DISABILITY COMPENSATION** **AGAINST GOVERNMENT LOAN**

- 21.1. The Employer shall have the right to realize the savings with interest or death/disability compensation payable to the member for recovery of loans, advances and misappropriation of government fund and property during the service.

ARTICLE XXII **WITHDRAWAL FROM INSURANCE/SAVINGS FUND**

- 22.1. Withdrawal by the member in part or whole of the savings shall not be permitted while the member is in service.

ARTICLE XXIII **LOAN AND ADVANCE**

- 23.1. No loans or advances shall be permitted under the Scheme.

Group Savings and Insurance Scheme (GIS) Guidelines 2016

ARTICLE XXIV **DELIVERY OF BENEFITS**

24.1. RICBL shall ensure that the benefits eligible from the scheme are delivered within seven business days from the receipt date of the complete documents required to claim benefits.

Group Savings and Insurance Scheme (GIS) Guidelines 2016

Annexure I

1. Member grouping, sum assured amount and subscription rate revised with effect from 1st July 2014.

Group	Grade	Subscription Rate per month (Nu.)			Insurance Coverage (Nu.)
		Total	Insurance Fund	Savings Fund	
A	1-3 (EX/ES Level)	500	150	350	500,000
B	4-8 (P Level)	400	120	280	400,000
C	9-13 (S Level)	300	90	210	300,000
D	14-20 (O level) plus ESP and GSC	200	60	140	200,000

2. Interest rate payable on the savings fund revised with effect from 1st July 2014 is 8% p.a.