



POLICY FOR SETTLEMENT OF CLAIMS IN CASE OF DECEASED DEPOSITORS

1.1. Policy Introduction:

- 1.1.1. Death of a person is a turbulent period, both mentally and financially, for the members of the bereaved family. Speedy disposal of claim petitions of deceased depositors would be a solace to the legal heirs/nominee/survivor of the deceased depositor. The Bank shall adopt the policy of efficient and hassle-free handling of claim petitions by branches/DSCs while ensuring that the money of deceased depositor is claimed by the persons who are entitled thereto.
- 1.1.2. The Bank shall settle all claims in respect of deceased depositors and shall release payments to survivor(s) / nominee(s) within a period not exceeding 15 days from the date of receipt of the claim subject to the production of proof of death of the depositor and suitable identification of the claim(s), to the Bank's satisfaction.

1.2. Settlement of death claims in respect of deposit accounts where there is no nomination/survivorship clause.

1.2.1. Details required for Settlement Process

- 1.2.1.1. Inheritance of the assets of the deceased depends on his religion and relative Succession Acts. Hence the claimants who approach for settlement of claims of deceased depositors etc. the following details shall be furnished to the branch.
 - The religion of the deceased depositor/account holder
 - Whether the deceased died intestate (i.e. without making a Will)
 - If the deceased had left any Will and if the Will has been probated, the executors shall act as authorized agents (Please note that probate of Will is not mandatory in all cases)
 - Who are the legal heirs of the deceased
 - The age and relationship of the legal heirs
 - Details of deposits in the name of the deceased

Any other data as may be found necessary by the branches may also be called for.

1.2.2. Minor As A Claimant

- 1.2.2.1. Minor means any person who has not completed the age of 18 years of age. In cases where the Court has appointed guardian for the minor, then the minor shall attain the age of majority only on completion of 21 years of age.
- 1.2.2.2. A minor may enter into contract without binding himself / herself as per Indian Contract Act.
- 1.2.2.3. Guardian means a person having the care of the person of a minor or his property or both. There are different types of guardians, viz. Natural Guardian, Testamentary



Guardian, Court appointed Guardian and De-Facto Guardian.

1.2.2.4. If there are any minor(s) among the legal heirs of the deceased, the following guidelines shall be adhered to.

1.2.2.4.1. Hindu/Christians:

- Father is the natural guardian of his minor sons/daughters and if the father is not alive, mother of minor is the natural guardian.
- In case both father and mother are not alive, only a person appointed by the Court can act as guardian for the minors.

1.2.2.4.2. Muslims

The order of guardianship is as under:-

- Father
- Person appointed by Father's Will
- Father's father
- Person appointed by the Will of Father's Father. In the case of Muslims, the mother cannot act as guardian.
- In the absence of above persons, only a person appointed by the Court can act as guardian of the property of minor.

1.3. **Settlement of Claims of Deceased Depositors where there is Survivorship Clause**

1.3.1. What is survivorship?

1.3.1.1. A joint account opened as "Either or Survivor" or "Anyone or Survivor" or "Former or Survivor" or "Latter or Survivor" shall permit the surviving account holder(s) to have unimpeded access to the credit balance in the account for withdrawal if one of the co-account holders dies.

1.3.1.2. If the mandate of survivorship is given / provided, the survivor(s) can give a valid discharge to the bank in the case of "Either or Survivor" / "Anyone or Survivors" and "Former or Survivor" / "Latter or Survivor" joint accounts.

1.3.1.3. In short, payment to survivor(s) can be made in the normal course subject to the only rider that there is no order from a competent court restraining the bank from making such payment.

1.3.2. Joint Account with mandate "Former or Survivor" / "Latter or Survivor" - Without Nomination:

1.3.2.1. Savings Account / Current Account

- In the event of death of former / latter as the case may be the balance outstanding shall be paid to the survivor on verification of proof of death of the depositor.



- In the event of death of both the joint account holders, the balance outstanding shall be paid to legal heirs (or any one of them as mandated by all the legal heirs) on verification of authority of legal heirs and proof of death of depositors.

1.3.2.2. Term Deposit Account

- In the event of death of Former / Latter depositor as the case may be, the balance outstanding shall be paid to the survivor on verification of proof of death of the depositor on maturity of deposit.
- In the event of death of both the joint account holders, the balance outstanding shall be paid to legal heirs (or any one of them as mandated by all the legal heirs) on verification of authority of legal heirs and proof of death of depositors on maturity of deposit.

1.3.2.3. Premature termination of Term Deposit Account

- In the event of death of former / latter depositor as the case may be premature termination of the deposit shall be allowed against request from surviving depositor as per the terms of the contract on verification of the proof of the death of the depositor.
- In the event of death of both the joint account holders, the legal heirs (or any one of them as mandated by all the legal heirs) shall have the right to seek premature termination of term deposit account as per the terms of contract on verification of authority of legal heirs and proof of death of depositors.

1.3.3. Joint account with mandate “Either or Survivor” / “Anyone or Survivors” without nomination:

1.3.3.1. Savings Account / Current Account

- In the event of death of one of the joint account holders the balance outstanding shall be paid jointly to survivor(s) on verification of proof of death of the depositor.
- In the event of death of both / all the account holders, the balance outstanding shall be paid jointly to the legal heirs (or any one of them as mandated by all the legal heirs) on verification of authority of legal heirs and proof of death of depositors.

1.3.3.2. Term Deposit Account

- In the event of death of one of the joint account holders, the payment shall be made to the survivor(s) on verification of proof of death of the depositor on maturity of deposit.
- In the event of death of both / all the joint account holders, the balance outstanding shall be paid jointly to the legal heir(s) (or any one of them as mandated by all the legal heirs) on verification of authority of legal heirs and proof of death of depositors on maturity of deposit.

1.3.3.3. Premature termination of Term Deposit Account



- In the event of death of one of the joint account holders, premature termination shall be permitted to survivor(s) as per the terms of contract on verification of proof of death of depositor.
- In the event of death of both / all the account holders, premature termination shall be permitted against joint request by all legal heirs of the deceased (or any one of them as mandated by all the legal heirs) as per the terms of contract on verification of authority of legal heirs and proof of death of depositors.

1.4. Interest payable on term deposit in deceased account

- 1.4.1. In the event of death of the depositor before the date of maturity of deposit and amount of the deposit is claimed after the date of maturity, the Bank shall pay interest at the contracted rate till the date of maturity. From the date of maturity to the date of payment, the Bank shall pay simple interest at the applicable rate on the date of maturity, for the period for which the deposit remained with the Bank beyond the date of maturity; as per the Bank's policy in this regard.
- 1.4.2. However, in the case of death of the depositor after the date of maturity of the deposit, the Bank shall pay interest at savings deposit rate on the date of maturity from the date of maturity till the date of payment.

1.5. Settlement of claims where minor is a depositor

- 1.5.1. In the case of an account opened on production of a guardianship certificate, the balance would be held at the disposal of the competent Court. The guardian shall not be allowed to draw on the account after notice of death of the minor.
- 1.5.2. In case of an account opened in the name of a guardian without production of guardianship certificate, the balance may be permitted to be withdrawn by the guardian
- 1.5.3. In the case of a joint account with the guardian, the balance will be held at the absolute disposal of the guardian. In each case, the minor's death certificate should be duly recorded

1.6. Claims In Respect of Missing Persons

- 1.6.1. Legal Position
 - 1.6.1.1. The settlement of claims in respect of missing persons shall be governed by the provisions of Sections 107/108 of the Indian Evidence Act, 1872. Section 107 deals with presumption of continuance and Section 108 deals with presumption of death. As per the provisions of Section 108 of Indian Evidence Act, presumption of death can be raised only after a lapse of seven years from the date of his/her being reported missing. As such, nominee/legal heirs have to raise an express presumption of death of the depositor/customer under Section 107/108 of the Indian Evidence Act before a competent Court. If the Court presumes that he/she is dead, then the claim in respect of a missing person can be settled as is done for any other accounts of the deceased.

1.7. Safe Deposit Lockers

1.7.1. With Survivorship Clause

- 1.7.1.1. At present Banking Regulation Act does not provide nomination facility in respect of lockers with “Either or Survivor” / “Former or Survivor” / “Anyone or Survivors” / “Latter or Survivor” mandate. Hence operational instructions are not given in this regard. The claims shall be settled in terms of the survivorship mandate given by the customers.
- 1.7.1.2. In cases where there is valid nomination /clear survivorship clause, the claim from the nominees/survivors shall be settled at branch level itself duly observing the above mentioned procedure on the basis of nomination/survivorship clause. In such cases branches shall not insist for regular legal representation and also shall not obtain any bond of indemnity or surety from the survivor(s) / nominee(s).

1.7.2. Without Nomination

- 1.7.2.1. In the event of death of one (or more but not all) of the locker hirers, the surviving hirer(s) and legal heirs of the deceased hirer (or a person mandated by them) shall be allowed to access the locker and remove the contents on verification of authority of legal heirs and proof of death of hirer. The legal heir(s) shall have to produce documents to establish his/ their identity. Before permitting legal heir(s) to remove contents of the Safe Deposit Locker the Bank shall prepare an inventory of the articles in the presence of legal heir(s)/ mandate holder and two independent witnesses.
- 1.7.2.2. In the event of death of both / all the joint locker hirers, all the legal heirs (or any one of them as mandated by all the legal heirs) shall be allowed to access the locker and remove the contents on verification of authority of legal heirs and proof of death of locker hirers. The legal heir(s) shall have to produce documents to establish his/ their identity. Before permitting legal heir(s) to remove contents of the Safe Deposit Locker the Bank shall prepare an inventory of the articles in the presence of legal heir(s)/ mandate holder and two independent witnesses.

1.7.3. Safe Custody Articles

- 1.7.3.1. Generally, safe custody articles are not accepted in joint names. Even if accepted in joint names, nomination facility is not provided. Nomination facility is available only in the case of individual depositor / sole proprietary concern.

1.8. Settlement Of Other Claims:

1.8.1. Gold Loan Accounts

- 1.8.1.1. Request from legal heirs of deceased customers for closure of accounts and redemption of ornaments shall be allowed to be settled at various levels subject to the limits as in the case of deposit accounts treating the market value of the ornaments pledged with the bank as the amount of claim in such cases
- 1.8.1.2. Proper receipts/acknowledgment specifically stating the particulars with proper description and gross/net weight of the ornaments shall be furnished by the legal heirs/claimants.

1.8.2. Property Documents



- 1.8.2.1. With regard to the claims by the legal heirs of the mortgagors in respect of the property taken as security to the Bank in borrowal accounts, for return of title deeds deposited with the branches on settlement of dues, and if the deceased property owners are not liable to the Bank in any other accounts, Head Office is empowered to dispose of such cases.

1.9. Nomination Facility

1.9.1. Introduction

- 1.9.1.1. Nomination is the facility made available to depositors whereby in case of death of depositors, the nominee can easily withdraw the deposits without going through the cumbersome procedures of obtaining succession certificates or letter of administration or probate of Will etc. The nomination facility was introduced with the intention of minimizing the hardships caused to the family members on the death of depositor.
- 1.9.1.2. The Banking Company (Nomination) Rules form part of the Banking Regulation Act. The nomination facility simplifies the procedure for settlement of claims of deceased depositors as the Bank shall get a valid discharge by making payment of the balance outstanding in a depositor's account at the time of his death or delivering contents of locker or articles kept in safe custody to the nominee.
- 1.9.1.3. Nomination facility is purely voluntary and at the discretion of the depositor(s)/hirer(s). Nomination facilitates hassle free settlement of claims in the unfortunate event of death of depositor/hirer. It is made clear to the depositors/hirers that the nomination is introduced solely for the purpose of simplifying the procedure for settlement of claims of deceased depositors and nomination facility does not take away the rights of legal heirs on the estate of the deceased. The nominee shall be receiving the money/stock from the bank as a trustee of the legal heirs.

1.9.2. Types of accounts

- 1.9.2.1. Nomination can be made in respect of all types of deposit accounts held jointly or singly including sole proprietorship accounts. However, nomination facility is not available for the following types of deposit accounts.
- Accounts held in the representative capacity – e.g. as trustee, as liquidator, as treasurer etc.
 - Accounts held in the capacity of partnership firm
 - Accounts of joint stock companies/associations/clubs and such other organizations
- 1.9.2.2. The essence of the rule is that the facility shall be available only to individual account holders in their own capacity singly or jointly. Since an overdraft account is not a deposit account, no nomination facility is available for credit balance held in overdraft accounts. Settlement of credit balance shall be processed through the usual legal process.
- 1.9.2.3. Nomination facility is available for non-resident accounts also, i.e. for NRE, NRO, FCNR, RFC and the following types of accounts:
- Accounts opened by foreign nationals who are permanently resident in India



- Accounts opened by foreign nationals who are staying in India for pursuing studies, employment, business etc.
- Accounts opened by foreign nationals who are on a temporary visit to India for tour purposes

1.9.3. Who can nominate and when?

- 1.9.3.1. The account holder(s) only can nominate. In the case of joint deposits with other individuals, the nomination shall be done by the depositors jointly. In the case of joint deposits, the right to the nominee arises only on the death of all the joint depositors.
- 1.9.3.2. Nomination can be accepted either at the time of opening the account or at any time subsequently during the period in which the deposit is held by the Bank to the credit of the depositor.
- 1.9.3.3. A nominee cannot appoint another nominee as the right to make nomination vests with the depositor(s) alone.
- 1.9.3.4. If the depositor is a minor, the nomination shall be made by a person lawfully entitled to act on behalf of the minor. In such cases the nomination shall be made by the natural guardian or the person who is lawfully entitled to act on behalf of the minor. When the minor attains majority a fresh nomination form or a consent letter shall be given by the depositor (erstwhile minor).

1.9.4. Who can be a Nominee?

- 1.9.4.1. Nomination can be accepted in favour of an individual only. Nomination can be made in favour of only one person and nomination in favour of more than one person shall never be accepted, even if deposit is held by two or more individuals jointly. Further a nominee cannot be an Association, Society, Trustee or any other organization or Office bearer in his official capacity
- 1.9.4.2. A minor can also be appointed as a nominee. However, in such cases, the depositor may appoint another individual, not being a minor, to receive the amount of deposit on behalf of the nominee in the event of death of the depositor(s) during the minority of the nominee

1.9.5. Rights of a Nominee

- 1.9.5.1. The Bank shall follow Banking Company (Nomination) Rules wherever applicable. As per the Banking Company (Nomination) Rules, on the death of the sole depositor or all the depositors as the case may be, the nominee shall be entitled to the following rights:-
 - The nominee shall be entitled to receive the principal money along with accrued interest on account of the deposit in respect of which he is nominated.
 - The nominee shall not be entitled to receive the periodical interest during the currency of deposit. However, on maturity of the deposit, the principal as well as accrued interest may be paid to the nominee at the time of settling the claim.
 - The nominee shall be entitled to get the account closed prematurely, subject to identification and other procedures mentioned above. Wherever nominee has to



sign, the word “Nominee” may be added beneath his signature to indicate the capacity in which he is claiming.

- The nominee shall not be entitled to raise loan on the security of deposit.

1.9.6. Nomination Rules In Respect Of Safe Deposit Lockers And Safe Custody Articles:

1.9.6.1. Types of lockers/safe custody articles

- The facility is available to lockers held in individual capacity either singly or jointly. Hence lockers hired in representative capacity such as Trustee, Liquidator or in the name of Companies, Associations etc. are not eligible for this facility. In the case of Safe Custody Articles also, the facility is available to only a depositor who has deposited the article for safe custody in his individual capacity. The facility is not available if the safe custody article is deposited jointly by more than one individual.

1.9.6.2. Who can nominate and when?

1.9.6.2.1. Only the locker hirer/depositor of safe custody article can make nomination. If locker is hired by more than one individual, the nomination shall be made jointly by all the hirers.

1.9.6.2.2. Nomination can be accepted at any time as long as all the hirers are alive and the contract of locker hire is in force. So also, nomination in respect of the safe custody articles can be accepted at any time as long as the article is in Bank’s custody.

1.9.6.2.3. For each locker/safe custody article, a separate nomination application shall be required. However, where there are already some lockers/safe custody articles held/deposited by an individual and no nomination has been made in respect of them, then nomination for all such lockers/articles can be exercised through a single nomination application form provided the same individual is appointed as a nominee for all the lockers/articles.

1.9.6.2.4. A nominee cannot appoint another nominee.

1.9.6.2.5. Where the locker/article is hired/deposited by a minor, the nomination in such cases shall be made by a person lawfully entitled to act on behalf of the minor.

1.9.6.2.6. In the case of jointly hired lockers, on the death of one of the hirers, no further operations shall be allowed. The locker shall be vacated observing the prescribed procedure and the contents of the locker shall be handed over to the nominee and the surviving hirers jointly.

1.9.6.3. Who can be a nominee?

1.9.6.3.1. Nomination shall be accepted in favour of individuals only. A nominee cannot be an Association, Society, Trustee or any other organization or Office bearer in his official capacity.

1.9.6.3.2. In the case of lockers/safe custody articles hired/deposited by sole hirer/depositor,



nomination shall be accepted in favour of one individual only.

- 1.9.6.3.3. In the case of lockers hired jointly by two or more individuals, nomination can be made in favour of more than one person.
- 1.9.6.3.4. A minor can also be appointed as a nominee to receive the contents of a SDL/SCA. But at the time of nomination itself, the person who is entitled to receive the contents of SDL/SCA on behalf of the minor nominee shall be specified.
- 1.9.6.3.5. Illiterate persons can also be appointed as a nominee.

1.10. **Miscellaneous**

1.10.1. Splitting Of Term Deposit

- 1.10.1.1. On the death of the depositor, the Bank may on the request from the legal heirs split the amount of Deposit standing in the name of the deceased depositor, and issue deposit receipts individually in the name of the legal heirs. Such splitting of deposits shall not be construed as premature withdrawal of the term deposit, provided the period and aggregate amount of the deposit do not undergo any change. The procedure is as under:-
 - Fresh application is not required from legal heirs/representatives. However, separate specimen signature cards to be provided by all the legal heirs/representatives.
 - The legal heir(s) in possession of the split deposit receipt may encash before maturity or obtain duplicate receipt or deal with deposit individually.