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Karnataka Vikas Grameena Bank

A Scheduled Bank Owned by Government- Sponsored by Canara Bank

ಪ್ರಧಾನ ಕಛೇರಿ : ಧಾರವಾಡ

Head Office : Dharwad

LAW & RECOVERY DIVISION

Circular No: 101/04/2024/LRD

Date: 30.03.2024

POLICY GUIDELINES FOR SETTLEMENT OF CLAIMS IN RESPECT OF DECEASED DEPOSITORS FOR THE FINANCIAL YEAR 2024-25

The settlement of claims in favour of the legal heirs/nominees of deceased depositors/customers of bank shall be given priority and the same has to be done without delay as it may cause considerable hardship to legal heirs/nominees. Such Claims by legal heirs could be in respect of money deposits, safe custody articles or contents of lockers. With a view to speed up these claim settlements and to avoid hardships faced by common people, the RBI Committee on Procedures and Performance Audit on Public Services (CPPAPS) had advised the Bank to formulate a comprehensive simplified policy/procedures relating to settlement of claims of the deceased constituents with the approval of Board. Accordingly revised/simplified policy is formulated in accordance with the sponsor bank policy and placing before the Board for kind perusal and for Approval.

1. NOMINATION FACILITY:

It is an ideal tool to mitigate hardship of common man in settlement of claims in the event of death of the account holder. Nomination facility simplifies the procedure for settlement of claims of deceased depositors as Bank get a valid discharge by making payment to the nominee. Since nomination is optional, the branches should popularize nomination facility and educate the customers regarding the advantages of nomination while opening the account itself. It should be made clear to the depositors that nomination is introduced solely for the purpose of simplifying the procedure for settlement of Death claim and nomination facility does not take away the rights of legal heirs on the estate of the deceased and the nominee would be receiving the amount of deposit / balance outstanding in the account from the Bank as a Trustee of the legal heirs only and the Legal heirs can claim / receive their share from the Nominee. Nominee need not be necessarily a Legal heir. However it may be taken note that the Nominee shall be a natural person and only one individual can be nominated with respect to one deposit account.

2. SURVIVORSHIP CLAUSE:

A joint account opened as “either or survivor” or “any one or survivors” or “former or survivor” or “latter or survivor” will permit the surviving account holder/s to have unimpeded access to the account if one of the co-account holders dies. If the mandate of survivorship is given/ provided, the survivor/s can give valid discharge to the Bank in the case of “either or survivor” or “any one or survivors” or “former or survivor” or “latter or survivor” joint accounts provided that there is no order from a competent court restraining the Bank from making such payment.

3. Action to be taken on receipt of Notice of Death:

i) Immediately on receipt of Notice of Death of a depositor, the Branch should get itself satisfied on the basis of reliable information from an interested persons or any notification etc., that the depositor is dead. On confirmation of the death, the operations of all the deposit accounts should be stopped immediately.

ii) a) In case of death of a borrower, if such borrower is party to any overdraft or Jewel OD account the operation of such accounts should be stopped immediately and cheques drawn on overdraft accounts should not be paid.

(b) However, credits from Legal heirs/interested parties for credit to the loan accounts shall be accepted and credited to the loan accounts without dispensing with the securities. The said credits shall be accepted on the distinct understanding that, they cannot claim securities as a matter of right. Such securities may be handed over / disposed off as per the usual procedure after settling the claim.

(c) In case of death of a **borrower** irrespective of the settlement of claims, Branches should obtain Debt Acknowledgement (AOD) from all the legal heirs of the deceased persons as per the guidelines in force.

4. Who can submit the claims?

A. The legal representatives of the deceased person who fall under one or other of the following categories may submit claims.

- i) Claims by legatee under a 'Will' if deceased has left behind him a 'Will' which may or may not be supported by Letters of Administration, Succession Certificate or Probate of will granted by a Competent Court.
 - ii) Claims supported by Succession Certificate issued by a Competent Court of law/Legal Heirs Certificate issued by Revenue Authorities of rank not lower than that of a Thashildar.
- B.** In any case, when there is a claim from legal representatives of a deceased depositor or a borrower, they should be requested to furnish all the information in the prescribed form (No.KG-25) and the said form may be supplied to them for that purpose. They should also be requested to submit Death Certificate in form No.10 and Legal heirs Certificate duly issued by the Competent Authorities. i.e., Tashildar as the case may be, succession Certificate, Will etc., if any as referred supra. The Branches should render all possible assistance to the claimants in filling-up of the forms.

5. Claim Application (KG-25)

On receipt of claim from the claimants the Branch Manager should ensure that the form is filled-up properly in all respective in the manner noted below:

- I) No column in claim form shall be kept blank, i.e., all columns must invariably be specifically answered. Simply a dash (-) mark should not be used as which will not convey any meaning. Proper words like 'Dead'. 'Will", 'Not applicable' etc., may be used wherever necessary.
- II) If the space provided in the claim form is insufficient for furnishing required particulars, separate sheet of paper may be used for the same as annexure.
- III) Where there is involvement of Jewels, all the particulars like gross weight, net weight, present market value, amount advanced, amount outstanding etc., should be furnished clearly.

- IV) Particulars of direct / indirect liabilities of the deceased and of the claimants, like loan Account No., name of the borrowers and sureties, purpose of advance, date of advance, amount outstanding, overdue amount etc., should be furnished. Branches should also make a specific note as to whether the parties are ready to get the loan account closed or otherwise the steps proposed by the claimants for the closure/ regularization.
- V) In case the deceased is a “Mohammedan” whether he belongs to ‘Sunny’ or ‘Shiya’ sects shall be furnished in claim form.
- VI) In respect of all the deposits held in the name of deceased, particulars like deposit account No., amount, nature of deposit, date of maturity and maturity value etc., in case if the deposit accounts are jointly held with Other / others the particulars like name/s of the other joint deposit account holder/s, their relation with the deceased, terms of operation of the account, other terms of repayment if any etc., should be furnished distinctly.
- VII) Name of the Mother, Father Brothers, Sisters, etc., of the deceased should be furnished in the appropriate columns even if they are dead, if living, their age should be furnished. If dead, it should also be specifically mentioned.
- VIII) In most of the cases, even if the Mother of the deceased (specially in case of Hindu male or unmarried daughters) is alive, if her name is not included in the legal heirs/Varsa Certificates issued by the Competent Authorities, irrespective of whether the name of the Mother is included or not in the Varsa / Legal heirs Certificate, if living should invariably be included under the column provided in the claim form and her signature should be obtained as claimant.
- IX) The signature of all the claimants should be obtained and the name of the claimants signed should be written under their signature in the space provided in the claim form. In case of thumb impressions, LHTI should be obtained by using Pad Ink and should be identified by a person known to the Bank. In case of minor claimants, the signature of the natural guardian must be obtained as M/G on behalf of the minor claimants.
- X) The name, designation and SB Account No. of the person certifying the facts stated in claim form as true and correct and date, must be furnished without fail.

XI) Under the Manager's Report in claim application all the points mentioned therein should be specifically answered.

6. Scrutiny of claim application:

- i) The contents of claim application should be verified thoroughly with that of the certificates / records produced. Name/s furnished in claim form should tally with that mentioned in the Death/Varsha Certificates. The date of Death of the deceased furnished in claim form should also tally with the date mentioned in Death Certificate (FormNo.10).
- ii) As far as possible, all Certificates / Records shall be obtained in original. Only under the unavoidable circumstances at the discretion / satisfaction of the Branch Manager/s, Xerox copies duly verified and signed by the Branch Manager as "Verified with the original and found correct", may be obtained.
- iii) The Branch Manager should also as far as possible, make independent enquiries regarding the facts stated in claim form and draw-up his report on the basis of information gathered. He should also ensure the inclusion of all assets and liabilities of the deceased and LRs and check-up all the details.

7. Settlement of Claims in various types of accounts:

7.1 Saving Account /Current Account;

With Nomination:

The Balance outstanding will be paid to the nominee on verification of his /her identity (such as election ID card, PAN card, Passport, Aadhar Card etc.) Proof of death of the depositor and declaration by the nominee as per the format given in this circular.

Without Nomination:

The balance outstanding will be paid to the legal heirs (or any one of them as mandated by all the legal heirs) on verification of the title of the legal heirs to claim the amount and proof of death of depositor.

7.2 Term Deposit Account [Single holding]:

With Nomination:

The Balance outstanding will be paid to the nominee on verification of his / her identity (such as election ID card, PAN card, Passport, Aadhar Card, etc.) Proof of death of the depositor and declaration by the nominee as per the format given in this circular.

Without Nomination:

The balance outstanding will be paid to all the legal heirs (or any of them as mandated by all the legal heirs) on verification of the title of the legal heirs to claim the amount and proof of death of depositor on maturity of deposit.

7.3 Premature termination of Term Deposit Account:

Premature termination of Term Deposit Account as per terms of contract will be permitted at the request of the nominee/legal heirs on verification of his/her/their identity (such as election ID card, PAN card, Passport, Aadhar card, etc.) / verification of the authority of the legal heirs and proof of death of the depositor.

7.4 Safe Deposit Lockers.

With Nomination:

The nominee will be allowed to access the locker and remove the contents on identification/KYC compliance (such as Election ID Card, PAN Card, Passport, UID/Adhar Card etc.) and verification of proof of death/original death certificate of the locker hirer. Before permitting the nominee to remove contents of the Safe Deposit Locker, the bank would prepare an inventory of

the articles in the presence of nominee(s) and two independent witnesses. Form for taking inventory is enclosed as ANNEXURE-VI.

Without Nomination:

Legal heir(s) of the deceased locker hirer or a person mandated by the legal heir(s) will be allowed to access the locker and remove the contents on verification of proof of death/original death certificate of locker hirer. The legal heir(s) will have to produce documents to establish his / their identity. Before permitting legal heir(s) to remove contents of the Safe Deposit Locker the bank would prepare an inventory of the articles in the presence of legal heir(s)/mandate holder and two independent witnesses. Form for taking inventory is enclosed as ANNEXURE-VII.

CLAIMS IN SAFE DEPOSIT LOCKERS AND SAFE CUSTODY ARTICLES

In the case of safe deposit lockers, a claim will arise when;

- i. The sole locker hirer dies.
- ii. The jointly hired lockers, the agreement does not provide for access to the lockers by the surviving hirers when one of the joint hirers dies.

The method of preferring claims is similar to that as in the case of deposit. However, the following additional points are to be taken care of.

a. In the case of solely hired lockers:

In the absence of nomination, the legal heirs will submit the claim form.

- i. In case no claim comes forth and there is some arrears of rent to be collected, then a notice is to be addressed to the legal heirs asking them to pay the up to date arrears of rent and to surrender the key if the legal heirs are in possession of it. The notice should also state that in the event of non-compliance, the Bank would take steps to break open the locker, dispose of the contents if any, and recover the rent due and that which may fall due.
- ii. In case the Branch is unable to ascertain the names and address of the legal heirs even after making local enquiries, a public notice is to be given before proceeding to break open the locker.

b. In the case of lockers held jointly:

- i. If there is a clause in the Safe Deposit Locker Agreement entitling the surviving hirer/s to access to the locker then the surviving hirers should be entitled to access to the locker and to continue the locker in their names or remove the contents of the locker and give a valid discharge

to the Bank without intervention of the heirs/legal representatives of the deceased joint hirer. The legal heirs of the deceased joint hirer shall have no power to cancel or vary such instruction and shall not be recognized by the Bank for this purpose except under an order from a Court of competent jurisdiction.

- ii. If there is no such clause or such clause has been struck off under the executant/s signature or where notice in writing cancelling the above clause has been received by the Bank from any one of the joint hirers, then the claim has to be preferred by all the legal heirs jointly with the surviving joint hirer. No operations should be allowed until the consent from the legal heirs or Executors or Administrator of the deceased is got.
- iii. In the absence of nomination, in the event of death of any of the joint hirers the survivor/s of them shall be entitled to have access to the locker for removing the contents of the locker and give discharge to the Bank without the intervention of the heirs / legal representatives of the deceased joint hirer or to continue the hire in his / their name / s on the same terms and conditions excepting rent.

c.Lockers held by Firms (REGISTERED OR UNREGISTERED) :

- i. In case the firm is reconstituted, the locker may be allowed to be continued in the reconstituted firm's name after obtaining fresh operational instructions and fresh partnership letter.
- ii. In case of dissolution of the firm, after the dissolution, the locker may be allowed to be operated for the purpose of closing the locker by all partners jointly or as provided in the deed of dissolution, which will be, signed by all the partners.
- iii. In case of dissolution by operation of law like death, after obtaining proof of death, the surviving partner/s may be permitted to operate the locker for closing the same. There is no need to obtain consent of legal heirs / representatives.

d. Safe Custody Articles:

- i. If the article is deposited by an individual solely, then no problem arises. On the death of the sole depositor after the Bank makes reasonable enquiries and get it confirmed, a letter is to be addressed to the depositor's legal heirs asking them to call on the Branch to complete the formalities of preferring a claim.
- ii. When the legal heirs call on the Branch, the procedure as detailed in the case of Deposits is to be followed.
- iii. In case the safe custody article is deposited by more than one person jointly, then if one of the joint depositors die, the application for safe custody originally made should be verified.
- iv. If the application authorizes the Bank to return the article on production of the safe custody receipt to any one of the joint depositors

in the event of death of any one of them, then the article may be returned accordingly.

v. In the absence of such instructions, then a claim has to be preferred by the representatives of the deceased, jointly with the surviving depositor.

vi. The procedure for preferring a claim will be the same as in the case of Deposits.

vii. In case the claimants (in the case of sole depositor) or the surviving depositor and the legal heirs jointly claiming are not able to produce the safe custody receipt, then an indemnity letter on non-judicial stamp paper as contained in **Annexure - VIII** should be obtained.

SAFE DEPOSIT LOCKERS AND SAFE CUSTODY ARTICLES:

NOMINATION RULES IN RESPECT OF SAFE DEPOSIT LOCKERS AND SAFE CUSTODY ARTICLES:

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 on the name of Companies, Associations or in Proprietary capacity 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.

Settlement of Claims under Nomination: In the matter of settlement of claims also, all the procedural aspects remain the same as in the case of deposits. However, the following additional aspects have to be ensured. The nominee who is in possession of the locker key may be requested to call on the branch on a convenient day for him and the Branch to remove and receive the contents of the locker.

II. In case the locker is hired to more than one person and if one of the joint hirers dies, then the nominees as well as the surviving hirers should be called to the branch for the above purpose. The surviving

hirers alone should not be permitted to take away the contents of the locker.

III. In case, the nominee is not in possession of the key, a letter from the nominee to the effect that he is not in possession of the key and requesting the bank to arrange for breaking open the locker has to be obtained. A suitable date for breaking open the locker is to be fixed. Necessary charges should be collected and kept in Suspense Account.

IV. While removing the contents of the locker and releasing them, the following procedure should be observed:

i. Any dues towards the locker rent should be collected from the nominee.

ii. The locker should be opened/broken open in the presence of the nominee and in the presence of the survivor if any and two witnesses who are well known and acceptable to the bank and an official of the Bank.

iii. The details of the articles removed from the locker should be noted in the form as detailed in **Annexure –VI**. However, sealed packets found in the locker are not to be opened.

iv. The form should be got signed by the nominee, survivor/s if any and the witness.

v. After obtaining the receipt duly stamped and signed by the nominee and the survivor, if any, as mentioned above, the contents are to be handed over to the nominee.

vi. The locker account should be closed observing our usual formalities.

vii. In case the nominee and or survivor/s request for a locker, the same locker or any other locker (subject to the availability) may be allotted by obtaining a fresh agreement and by observing our usual procedure.

viii. In the case of Safe Custody Articles the nominee should be asked to produce the Safe Custody Receipt. In case he is not in possession of the same, indemnity need not be insisted upon. The claim to the nominee may be settled duly identifying the nominee as per procedure.

ix. Arrears of safe custody charges if any should be collected from the nominee.

x. The article has to be produced before the nominee in the presence of two witnesses who are well known and acceptable to the bank along with the original application for safe custody to enable the nominee to identify the article. This is to be followed in case the article is a sealed packet. If the safe custody article entrusted is sealed packet, the bank need not insist on opening of the packet before handing over.

xi. All other procedural formalities are as in the case of nomination for deposits.

xii. All papers and receipts should be kept in a separate file as done in the case of our normal death claim papers. The relevant entry in the nomination register should be rounded off duly noting the date of settlement of the claim under 'Remarks' column.

xiii. Claims submitted for settlement including under nomination should be entered in the death claim register.

In case of minor as nominee in safe deposit lockers, an inventory of the articles shall be prepared in the presence of two independent witnesses, one officer of the bank who is not associated with the locker facility or safe deposit of articles and the claimant (s), who may be a nominee or an individual receiving the articles, on behalf of a minor.

A separate statement shall be obtained from the nominee (claimant) or the person competent to receive articles on behalf of the minor, as the case may be, that all the contents in the locker or in the safe custody of the bank, as the case may be, are received and the locker is empty and they have no objection to allotment of the locker to any other customer as per norms.

While giving access to the survivor(s) / nominee(s) of the deceased locker hirer / depositor of the safe custody articles, the production of succession certificate, letter of administration or probate, etc., or obtain any bond of indemnity or surety from the survivor(s)/nominee(s), should not be insisted upon unless there is any discrepancy in nomination.

Following to be ensured before giving access to the contents to nominee / survivor:

- a) To exercise due care and caution in establishing the identity of the survivor(s) / nominee(s) and the fact of death of the locker hirer by obtaining appropriate documentary evidence;
- b) To make diligent effort to find out whether there is any order or direction from Courts/Forums restraining it from giving access to the locker of the deceased; and
- c) To make it clear to the survivor(s) / nominee(s) that access to articles in the locker / safe custody articles is given to them only as a trustee of the legal heirs of the deceased locker hirer i.e., such access given to them shall not affect the right or claim which any person may have against the survivor(s) / nominee(s) to whom the access is given.

- d) The sealed/closed packets left with safe custody or found in locker shall not be opened by Bank while releasing them to the nominee(s) and surviving locker hirers / depositor of safe custody article, unless required by law.

Delegation of Power :

Settling claim irrespective of the amount involved in the safe deposit lockers and safe custody articles vested with Regional Office-LRD.

7.5 Joint account with or without nomination and without survivorship mandate (Operated jointly)

Nomination in respect of joint account will be effective only on the death of all the joint account holders.

7.5.1 Savings Account / Current Account;

With nomination:

- i) In the event of death of one (or more but not all) of the joint account holders, the balance outstanding will be paid jointly to survivor(s) and the legal heirs of the deceased joint account holder (or any of them as mandated by all the legal heirs) against their joint claim on verification of the authority of the legal heirs and proof of the death of the depositors.
- ii) In the event of death of both/all joint account holders, the balance outstanding at the time of death of the depositors will be paid to the nominee on verification of his identity (such as election card, PAN card, Passport, Aadhar card, etc.) proof of death of depositors and declaration by the nominee as per the format given in this circular.

Without Nomination:

- i) In the event of death of one (or more but not all) of the joint account holders, the amount outstanding will be paid jointly to survivor(s) and the legal heirs of the deceased account holder (or any of them as mandated by all the legal heirs) against their joint claim on verification of the authority of the legal heirs and proof of the death of the depositors.
- ii) In the event of death of both/all joint account holders, the balance outstanding will be paid jointly to the legal heir(s) of all the deceased depositors (or any of them as mandated by all the legal heirs) on verification of authority of the legal heirs and proof of death of depositors.

7.5.2 Term Deposit Account [Joint holding]:

With Nomination:

i) In the event of death of one (or more but not all) of the joint account holders the balance outstanding will be paid jointly to survivor(s) and the legal heirs of the deceased joint account holder (or any one of them as mandated by all the legal heirs) on verification of identity of the legal heirs and proof of death of the depositor on maturity of the deposit.

ii) In the event of death of both/all the joint account holders, the balance outstanding at the time of death of the depositors will be paid to the nominee on verification of his/her identity (such as election ID card, PAN card, Passport, Aadhar Card, etc.) proof of death of depositors and declaration by the nominee as per the format given in this circular on maturity of the deposit.

Without Nomination:

i) In the event of death of one (or more but not all) of the joint account holders the balance outstanding will be paid jointly to survivor(s) and the legal heir(s) of the deceased joint account holders (or any one of them as mandated by all the legal heirs) against their joint claim on verification of authority of the legal heirs and proof of death of the depositor on maturity of the deposit.

ii) In the event of death of both/all the joint account holders, the balance outstanding will be paid jointly to the legal heirs of all the deceased depositors (or any one of them as mandated by all legal heirs) on verification of authority of the legal heirs and proof of death of depositors on the maturity of the deposit.

7.5.3 Premature termination of Term Deposit Account:

With Nomination:

i) In the event of death of one (or more but not all) of the joint account holders premature termination will be permitted against joint request of the survivor(s) and the legal heir(s) (or any one of them as mandated by all legal heirs) as per

the terms of contract on verification of identity of the legal heirs and proof of death of depositor.

ii) In the event of death of both/all the joint account holders premature termination of term deposit account as per the terms of contract will be permitted at the request of the nominee on verification of his/her/their identity (such as election ID card, PAN card, Passport, Aadhar Card, etc.) Proof of the death of the depositors and declaration by the nominee as per the format given in this circular on maturity of the deposit.

Without Nomination:

i) In the event of death of one (or more but not all) of the joint account holders, premature termination will be permitted against joint request by the survivor(s) and the legal heir(s) of all the deceased depositors (or any one of them as mandated by all legal heirs) as per the terms of contract on verification of authority of legal heirs and proof of death of depositor.

ii) In the event of death of both / all the joint account holders, premature termination will be permitted against joint request by all the legal heirs of the deceased depositors (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 the death of the depositors.

7.6 Joint account with mandate 'either or survivor', 'former or survivor', 'Anyone or survivors', 'Latter or survivors' with or without nomination.

7.6.1 Savings Account / Current Account:

With Nomination:

i) In the event of death of one (or more but not all) of the depositors, the balance outstanding will be paid to survivor/s on verification of proof of death of the depositor/s.

ii) In the event of death of both /all the joint depositors, the balance outstanding will be paid to the nominee on verification of his / her identity (such as Election ID card, PAN card, Passport, Aadhar Card, etc.) proof of death of depositors and declaration by the nominee as per the format given in this circular on maturity of the deposit.

Without Nomination:

i) In the event of death of one (or more but not all) of the depositors, the balance outstanding will be paid to survivor/s on verification of proof of death of the depositor/s.

ii) In the event of death of both /all the joint depositors, the balance outstanding will be paid jointly to the legal heirs (or any of them as mandated by all the legal heirs) on verification of their title to the claim and proof of death of depositors.

7.6.2 Premature termination of Term Deposit Account:

With Nomination:

i) In the event of death of one (or more but not all) of the depositors, the survivor/s will have the right to seek premature termination of term deposit account as per the terms of contract. In such cases pre-payment of the fixed/Term deposit may be allowed to survivor with the concurrence of the legal heirs of the deceased joint holder. This however would not stand in the way of making payment to the survivor on maturity.

ii) In the event of death of all the joint depositors, the nominee will have right to seek premature termination of term deposit account as per the terms of the contract on verification of his / her identity (such as Election ID card, PAN card, Passport, Aadhar Card, etc.) Proof of death of depositors and declaration by the nominee as per the format given in this circular.

Without Nomination:

i) In the event of death of one (or more but not all) of the depositors, the premature termination will be allowed against request from surviving depositor/s as per the terms of contract. In such cases pre-payment of the fixed/Term deposit may be allowed to survivor with the concurrence of the legal heirs of the deceased joint holder. This however would not stand in the way of making payment to the survivor on maturity.

ii) In the event of death of all the joint depositors, premature termination will be permitted against joint request by all legal heirs of the depositors (or any of them as mandated by all the legal heirs) as per the terms of the contract on

verification of their title to the claim and proof of death of depositors.

8. Minor Claimants:

A. 'Minor' means a person who has not completed the age of 18 years.

B I) In case of Hindu minor and an unmarried girl, in respect of minor's person and property, the Father is the natural guardian. After him, the Mother.

ii) In case of an illegitimate boy / unmarried girl, the mother is the natural guardian and after her, the father.

iii) In case of minor married girl, the husband is the natural guardian.

iv) For the adopted minors, the adoptive father is the natural guardian and after him the adoptive mother.

v) In case if the guardian is appointed by the Court, the age of majority of the minor is 21 years.

vi) In all other cases also i.e., Christians etc., except Muslim the 1st natural guardian is the father. If the father is no more or is not capable of acting on account of being lunatic or insolvent, then minors mother is the natural guardian. In case of Muslims, 1st natural guardian is the father and after him the paternal grandfather i.e., Father's father of minor.

9. Computation of discretionary limits:

The discretionary limit in respect of settlement of claims to the assets of the deceased shall be computed as under: -

While arriving at the net gross limit, the total sum of all the items (a), (b) and (c) furnished hereunder total shall be considered:

- a) In respect of demand deposits, total of all the demand deposit accounts shall be taken into account.
- b) In respect of term deposits the face value, of all the term deposits and the interest accrued thereon till the date of application of the claim shall be taken into account.
- c) In case of jewels, the present market value of the jewels pledged shall be taken into account irrespective of the account sanctioned.

10. Disposal of Claim Application/s:

1) Immediately on receipt of the claim application it should be verified thoroughly and recorded in the claim register (see Annexure II for the Proforma of claim Register). Every application should be given a serial number with reference to the register. The particulars of disposal of the claim also should be recorded in the said register.

2) Claims falling within the discretionary limits of the Branch Manager should be settled within a week's time from the date of registration of the application. In case claimants failure to approach the Bank, Branches themselves must take the initiation and ensure the prompt settlement of claims.

3) Irrespective of any claim amount in the following circumstances / cases, Branches should forward the claim forms to Regional Office for settlement:

- (a) If there is any difficulty in deciding any claim or any other legal issues are involved.
- (b) If there are no legal heirs to claim in the 1st degree in case of Muslims and Christians as per the Schedule.
- (c) If any one or more of the claimant/s is/are a minor and that, there is no natural guardian to represent the minor/s.
- (d) If there are no persons to claim under 'Class-I*' to the deceased male Hindu, and if there are no sons, daughter and wife of the deceased male Hindu, and if there are no sons, daughter and husband of the deceased female Hindu.

- (e) In case of complaints lodged against the claimants by 3rd persons requesting the Bank to withhold the settlement.
- (f) If the claimants produce 'Will', and/or Succession Certificate, such claim applications.
- (g) All the claims involving assets of more than the Branch Manager's discretionary powers should invariably be forwarded to respective Regional Office.

(*See the schedule enclosed)

10) A. (1) All demand deposits and Nirantara Deposit amounts shall be settled by obtaining proper discharge on stamped receipt from all the eligible claimants.

(2) All term deposit accounts shall be settled by obtaining proper stamped discharge on the respective deposit receipts / pass book (in case of CD).

(3) The Jewels pledged with the Bank may be settled by obtaining proper discharge on stamped receipt for the present market value of the jewels and also by obtaining discharge on the relevant jewel loan ledger folio and jewels may be delivered against joint acknowledgement (mention all the particulars of jewels like description of the ornaments, net weight, gross weight, present market value etc., in acknowledgement) after getting the concerned jewel loan account/s closed.

B. The claims as stated above shall be settled subject to the following guidelines in respect of direct and indirect liabilities of the deceased and /or LRs.

(a) Direct liabilities of the deceased:

In case, direct liabilities of the deceased are outstanding with the Branches, the deposit amount settled in favour of the claimants shall be adjusted to the loan accounts with information to the claimants. Efforts should be made to get all such loan accounts closed by collecting the balance amount if any from the claimants/legal heirs in excess of the deposit amount adjusted. However, if the loan account is not closed immediately proper AOD should be obtained by all LRs, as referred supra and documents should be kept in force.

(b) Indirect liabilities of the deceased:

Proper acknowledgement of debt shall be obtained from all the LRs of the deceased, and all the documents shall be kept in force. As far as possible Branches should make efforts to get closed all the indirect liabilities of the deceased by pursuing both the borrowers and the LRs of the deceased. However, if it is not possible to get such loan accounts closed, claim may be settled only after regularizing such liabilities. In any case, if legal action is initiated for recovery of such loan accounts, claims should not be settled under any circumstances till the closure of such loan accounts.

(c) Direct and indirect liabilities of claimants:

If the claimants are having any direct/indirect liabilities with the Bank, claim applications should be settled only after regularization/closure of all such liabilities.

(d) Release of Jewels pledged:

When the direct and indirect liabilities of the deceased and LRs are outstanding settlement/release of jewels shall also be made subject to the above guidelines only.

11. Claimants eligible for settlement: -

1) In respect of assets / property of a male Hindu dying intestate:

Such claim should be settled firstly upon the LRs being relatives of deceased specified in Class-I of the Schedule (Schedule enclosed). If there are no heirs in Class-I, then upon the heirs, being the relations in Class-2 of the Schedule.

If there are no heirs either of Class-I or Class-II, there upon the cognates of the deceased. However, as furnished under Point No.10 (3) (d), Branches should forward to Regional Office if there are no LRs to claim under Class-I.

2) All the surviving LRs under Class-I are entitled simultaneously, to the exclusion of all other LRs mention in other than Class-I.

3) As furnished under point No.10 (1), Branches shall take discharge of all the LRs under Class-I and make the payment settle the claim jointly, against joint acknowledgement.

For example: -

A. a). If the male Hindu died intestate i.e., without executing any will leaving behind him his father, mother widow, sons and daughters, claim should be settled by obtaining joint discharge and against joint acknowledgement by mother of the deceased, widow, all sons and daughters. Claim in favour of father of the deceased should not be settled, as he is a LR under Class-II. Hence, all other LRs who are coming under Class-I will take their share simultaneously to the exclusion of the father of the deceased. If there are minor sons and daughters, they are to be represented by their natural guardian.

b). In case male Hindu dying intestate, leaving behind him minor female child and a major son, the claim should be forwarded to Regional Office as there is no natural guardian to represent the minor daughter.

c) In case male Hindu dying intestate, leaving behind him widow, pre-deceased daughter (married) and pre-deceased daughter dying intestate leaving behind her husband "Mr.x" and minor son "Y", claim should be settled in favour of widow, "Mr.X" and "Y". "Y" is to be represented by Mr.X who is the natural guardian.

B. 1) In respect of properties and assets of a female Hindu dying intestate, the claim should be settled firstly, in favour of sons, daughters and the husband of the deceased (including children of any pre-deceased son or application shall be forwarded to Regional Office (See Sec. 15 in Annexure-III).

For example: -

1) In the case of Hindu female dying intestate leaving behind her major son, minor female child, mother, father and husband, the claim shall be settled jointly in favour

or major son, minor daughter (represented natural guardian) and the husband to the exclusion of father and mother of the deceased.

2) If there are no sons and daughter (including the children of any pre-deceased sons or daughter) and the husband to claim the assets of deceased Hindu female dying intestate, then the claim shall be settled in favour of heirs of the husband of the deceased. And if there are no heirs of the husband also, claim may be settled in favour of her mother and father of the deceased and so on. But all such claim applications shall be forwarded to Regional office as stated under Point No.10 (3) (d),

C. In respect of assets/properties of deceased persons who are Muslims, claim shall be settled in favour of 1st degree legal heirs as furnished in the Schedule. If there are no persons to claim under 1st degree or if Branches face any difficulties or doubtful as to in whose favour the claim should be settled, such claim applications must be forwarded to Regional Office for settlement.

D. In the case of death of a Christian male or female claim to the assets / properties of deceased persons shall be settled in favour of 1st degree legal heirs as furnished under the Schedule. If there are no persons to claim under 1st degree such claim applications must be forwarded to Regional Office for settlement, where Branches are doubtful as to in whose favour the claim shall be settled, then also such claim applications must be forwarded to Regional Office for settlement.

12. For information of the Branches, with an intention to equip them with the knowledge of few provisions of Hindu Succession Act, 1956, the few relevant Sections i.e., Sec. Nos. 8,9,10,11,14,15,16 are reproduced in Annexure – III. However, Branches are advised to settle the claim application strictly as per the above guidelines.

13. General guidelines: -

1) If the claimants want to continue the term deposits to avail interest benefit an endorsement can be made on the over side of the deposit receipts to the effect that “consequent upon the death of Sri /Smt.....the rights and interest in the deposit vest with the LRs (1)(2).....(3).....on maturity “.

2) In respect of other deposits also claimants/LRs are to be convinced and persuaded to continue to keep the deposit in our Bank only.

3) Securities, if any, coming in the hands of the Bank, in the usual course of the Banking business should not be divested with under any circumstances till the closure of all the direct liabilities of the deceased and full settlement / regularization of the indirect liabilities.

4) All the direct / indirect liabilities of the LRs of deceased should be closed / regularized before settlement.

5) In case it is not possible for any of the LRs to receive the assets or to take delivery of the Jewels of the deceased, they may give consent letter as per the specimen given in Annexure-IV and the Branch may act upon the same provided there is no doubt about genuineness of such consent letter. The consent letter as stated supra shall be kept attached to the stamped receipt / discharge of the person so authorized.

Note: - Whenever a consent letter or an authority letter is given for any purpose whatsoever, needless to add that it should be genuine to the utmost satisfaction of the Branch Manager and for this purpose it will not be beyond the competence of the Branch to stipulate that such consent letter should be authenticated either by a Government Gazetted Officer or by a Manager of any one of our Branches or by known respectable person. If the consent letter is not genuine it should not be acted upon. If, however, the Manager is otherwise personally satisfied about the genuineness of such consent letter, he may act upon such consequent letter and made note accordingly on the relevant papers, even though such consent letter has not been attested as aforesaid.

6) When one of the heirs of the deceased dies before disposal of the claim, then Branch shall obtain claim application and other relevant records from the legal representatives, of such legal representative of the deceased customer as per guidelines given. Persons claiming as such, if coming under the Manger's discretionary limits, Branches can settle the claims as per the guidelines. Otherwise, claim application should be forwarded to Regional Office.

7) The relevant records issued by other than the competent authorities should not be considered / relied upon for settling the claims.

8) After settling the claims, payments / adjustments of deposits shall be made, including eligible upto date interest as per the guidelines in force as to the rate of interest. In case Branch requires clarification as to the rate of interest to be paid, same can be referred to the Planning & Development Division at Head Office.

9) In respect of natural guardians, the expressions "Father" and "Mother" do not include as step Father and Step Mother.

10) Intestate: - The person dying 'intestate' means: A person is deemed to die intestate in respect of property of which he or she has not made a testamentary disposition capable of taking effect.

11) After settlement of the claims, the claim application along with all the records obtained should be filed and preserved permanently and separately with relevant register number in a claim file along with acknowledgement obtained, after making the entry in the claim register (Annexure-II). The discharge vouchers obtained shall be kept with the relative debit vouchers in the slip bundles.

12) All the above guidelines should be followed scrupulously and only the regular Managers shall settle claim application. In case, the regular Branch Manager is on long leave, in-charge-Manager shall forward the claim application to Regional Office as usual for any amount.

NOMINATION FACILITY

In the last few years' Branches have acquainted fairly well with these procedures. Keeping the provisions of nomination rules in view on one hand, and the inconvenience caused to the branches on the other hand, **irrespective of the claim amount Branches are permitted to settle accounts, where nomination is available for deceased depositor a/cs at Branch level only.**

Therefore, branches are advised to go through the procedure laid down carefully pertaining to death claim settlement of deposit A/cs. Where nomination is available for the deposit a/cs, which is given hereunder.

1. NOMINATION REGISTER:

Nomination Register has to be kept upto date in all respects, and the Sl. No. Of the nomination shall be recorded in the A/c opening Form.

2. ON THE DEATH OF DEPOSITOR:

i) On receipt of the information about the death of the depositor, the same shall be confirmed by the Manager /Officer-in-charge by an independent enquiry.

ii) To note the death of the depositor in the deposit a/c ledger folio the notice of death of the depositor need not necessarily come in the written application form. But the source of information should be authenticated and very reliable. Even personal knowledge of the Branch staff / Manager / Officer-in-charge, is sufficient to record the same in the ledger folio.

3. INFORMATION ABOUT CLAIMS TO DECEASED DEPOSIT ACCOUNTS:

i) When any person approaches the bank with a view to seek information / claim the Deposit A/c of the deceased customer, the Manager/ Officer-in-charge shall in the first stage enquire about the details of such-person (if not known).

ii) No information shall be furnished to any person even to the person claiming himself /herself as the nominee of the said deceased depositor unless all the records necessary for settlement of the a/cs are collected.

4. RECORDS TO BE COLLECTED FOR SETTLEMENT OF THE A/CS/-

i) A written application from the nominee / natural Guardian of the nominee duly witnessed and containing the following details, is to be collected by the branch.

- a) Claim form – KG-25 available in the branch has to be filled up with all the information without leaving any column blank.
- b) Name & address of the nominee.
- c) Details of the deceased depositor, date of death etc.,
- c) Relation of the nominee with the deceased depositor.
- d) Details of the deposit a/c (if known to the nominee).

ii) Death Certificate issued by the competent authority (only in the Government prescribed Proforma-Form 10).

iii) Identification of the nominee / natural guardian of the nominee.

1v) Date of birth Certificate of a minor nominee.

5. IDENTIFICATION OF THE NOMINEE:

i) If the nominee has already a duly introduced deposit a/c with the same branch no need to insist for separate identification letter.

ii) In the absence of any deposit a/c the identity of the nominee / natural guardian of the nominee shall be confirmed by any one of the below mentioned officials.

a) Member of the Parliament.

b) Member of the legislative Assembly / Council.

c) Any person holding the responsible position not below the rank of a Gazetted Officer, in Central Government / State Government or in the public sector undertakings.

d) Mandal Pradhan of the area in which the nominee normally resides or by the Mandal Pradhan of the villages which come under branch area of operation.

6. THE RIGHT OF THE NOMINEE:

Branches shall note that, as long as the depositor is alive, the nominee does not possess any right.

- a) To claim the deposit amount.
- b) To avail loan on the security of the deposit a/c of the deceased customer.
- c) To have the details of the A/c. his/her right is purely contingent and gets validity death of the depositor.

7. ARRANGING LDs TO THE NOMINEE BEFORE SETTLEMENT OF THE DEPOSIT A/C:

In the event of the death of the depositor, before settlement of the a/c in favour of the nominee, LD shall not be arranged on the security of such deceased depositors a/c, No such deposit shall be accepted as a security for any of the transactions.

8. NO CLAIM ON THE DECEASED DEPOSITOR A/C:

I. After a reasonable time from the date of receipt of the notice of the death of the depositor, if the nominee / natural guardian of the nominee / claimant does not claim the deposit: -

a) As a first step if possible and easily accessible, Branch Manager / Officer in-charge shall try to personally contact the above said persons and should apprise them of the situation for early settlement of the account.

b) If the personal contact is not materialized / cannot be undertaken for any valid reasons. Bank may inform the nominee / natural guardian of the nominee/claimant

(to his / her last known address as available in the branch) of the receipt of notice of the death of the depositor, under a certificate of posting at the cost of the Bank.

II. The reasonable time for this purpose is 6 months from the date of receipt of the notice of death of the depositor.

III. Natural Guardian means and includes only parents given birth to a child but does not include step father, step mother, brothers / sisters uncle aunt etc.

9. DEATH OF THE NOMINEE:

i). If the nominee deceased before the death of the depositor, the a/c is to be treated as if no nomination is available to the said deposit a/c, and settlement process shall be undertaken as usual, the death claim settlement a/cs.

ii). If the nominee deceases, after the death of the depositor but before the settlement or such deposit a/c, in that case claim is to be settled in favour of the legal heirs/legal representatives of the deceased depositor/s, but not the legal heirs of the nominee. However, no such accounts are to be settled at branch level without seeking prior permission from Regional Office.

10. DISPUTES BETWEEN NOMINEE & LEGAL HEIRS OF THE DECEASED DEPOSITOR:

i). In terms of the Banking Companies (Nomination) Rules-1985, on the death of the depositor, any payment due by the bank to the deceased depositor, if paid to the nominee/guardian of the nominee, it will be a valid discharge against all legal heirs concerned with respect to such deposit a/cs.

ii). If the bank receives the claim of the legal heirs and the nominee simultaneously in respect of the deposit, bank should take note of the legal heirs holding succession certificate. However legal heirs should also be advised to bring the Court injunction restraining the Bank from effecting payment to the nominee.

11. VERIFICATION OF RECORDS:

i). On receipt of all the requisite records as stated under item No.4 & 5 above, Branch Manager / Officer-in-charge shall verify them about their correctness / genuineness in the light of the particulars available in the branch books of accounts.

ii). It shall also be ensured that the name of the claimant has been duly recorded under the nomination Register against the said deposit a/c.

iii). Only having satisfied about the death of the depositor, identification of the nominee / claimant, availability of the nomination for that particular a/c, the deposit a/c of the deceased customer shall be settled.

iv). (a) Branches shall note that, if the deceased depositor has any direct and /or indirect liability/ies to the bank, as a banker. We have the privilege to exercise our right over the said deceased customer's deposit account/s. in preference over the rights of the other claimants/even over the right of the nominee.

b) Therefore, before settling the deceased 'customer's Deposit a/c in favour of the nominee/claimants, branches shall satisfy that the said deposit a/c is/are free from any general / special lien / encumbrances.

c) In the event of any such lien/ encumbrances, after setting off the a/cs of the deceased customer, the surplus left over if any, shall be disposed off in favour of the nominee/claimants as narrated above.

d) If the nominee is also having any director / and indirect overdue liability/ies at the time of settlement of the a/c, soon after settling the a/c in favour of the nominee, Bank may exercise its lien over the said settled account till over dues are cleared off by the nominee.

e) If more than one deposit a/c are standing in the name of the deceased customer, while settling the a/c, branches shall confirm that each deposit a/c going to be settled in favour of the nominee/claimant, will have a separate nomination for that particular deposit a/c. On the strength of availability of nomination to one a/c, claim shall not

be settled in favour of the nominee / claimant in respect of other deposit accounts which does/do not have nominations.

f) The deposit accounts which are having nomination shall be entertained at branch level. Remaining deposit accounts standing in the name of the same deceased depositor which are not having nomination can also be entertained in favour of legal heirs at branch level, if it comes under sanctioning powers of the Branch.

g) If the Nomination is available for the deposit a/cs unless the same is altered/cancelled specifically by the depositor, the same nomination holds good for subsequent renewal/s of the said deposit account.

h) As per the Nomination rules in force, nomination facility is available only in respect of deposit a/cs opened in the individual capacity of a depositor: but not for the deposit a/cs opened in the representative capacity as a trustee, head of the organizations partner etc.,

12. At the time of settling the accounts in addition to the records as stated under item No.4 &5 the duly discharged deposit receipt / certificate/ Pass book /stamped receipt (KG-8) shall be collected from the Nominee /claimant.

13. At the Branch level only Manager / Regular-in-charge is authorized to settle the deceased customer's account; but none else.

14. Before settlement claim of Nominee, a declaration needs to be obtained from the Nominee as per the Proforma furnished hereunder.

Declaration by the Nominee

I Shri/Smt/Kum_____Nominee/appointed on behalf of the minor nominee hereby declare that I am the nominee of the deceased Shri/Smt_____. I further declare that I am nominated to claim the deposit monies held with _____Branch by Shri/Smt_____deceased and would be receiving the payment from the Bank as a trustee of the legal heirs of deceased

depositor. The deposit monies are held in Account No:_____ /receipt No._____ of Shri/Smt_____ deceased.

Shri /Smt_____

Signature

(Nominee/appointed on behalf

Date

of minor nominee)

Address: _____

Witness:

- | | | |
|--|----|---------------------------|
| 1. Magistrates or Judicial Official | OR | 1. Signature Name Address |
| 2. An Officer of the Central or State Government | OR | 2. Signature Name Address |
| 3. An Officer of a Bank | OR | 3. Signature Name Address |
| 4. Two persons acceptable to the Bank | | 4. Signature Name Address |

15. SETTLEMENT OF DEPOSIT A/Cs:

A. NOMINEE/CLAIMANT IS WILLING TO CONTINUE THE DEPOSIT A/C WITH THE BANK EVEN AFTER SETTLEMENT OF THE A/C

I). Before the date of maturity:

a) If the nominee/claimant is willing to continue the deposit a/c with our bank even after the settlement of the deposit a/c, soon after completion of all the formalities of settlement like obtaining discharged Deposit Receipt/Certificate/Pass book Stamped Receipt from the nominee/claimant for having received the proceeds in full satisfaction of all his/her claims over the said deposit a/c, branches may insert the name of the nominee/claimant in the existing deposit a/c by deleting the name of the deceased depositor.

b) It is needless to say to authenticate the corrections in all the necessary forms/receipts/registers.

c) On account of such insertions in the existing deposit a/c if the deposit receipt/certificate gets defaced, after collecting the original receipt/certificate from the nominee/claimant, a fresh receipt/certificate may be issued without collecting any charges.

ii. After the date of maturity:

a) Duly discharged receipt/certificate/pass book/ stamped receipt has to be collected from the nominee/claimant in satisfaction of all his claims over the same. After settlement of the a/c, a fresh a/c may be opened in the name of the nominee, as if a new a/c: taking consideration from the proceeds of the a/c settled.

b) In that case, the date of acceptance of the deposit will be the date of settlement: but not the date of maturity.

B. NOMINEE/CLAIMANT IS NOT WILLING TO CONTINUE THE DEPOSIT A/C WITH THE BANK AFTER THE SETTLEMENT:

i. Before the date of maturity:

a) If the deposit a/c has to be settled before the date of maturity all the conditions as stipulated under the item No.4&5 are to be fulfilled.

b) After collecting the duly discharged receipt/certificate/pass book and the Stamped Receipt for having received the amount in full satisfaction of his/her claims over the deposit payment-has to be effected to the nominee/claimant by prematurely closing the deposit a/c without applying the penalty clause.

ii. After the date of maturity:

After fulfilling the conditions as narrated under item 4 & 5 collecting duly discharged receipt/certificate and the Stamped Receipt for having received the proceeds in full satisfaction of all hi/her claims over the deposit a/c. the payment is to be effected.

INTEREST PAYABLE ON THE DECEASED DEPOSITOR'S TERM DEPOSIT ACCOUNT/S.

In case of term deposit/s standing in the name of deceased depositor, interest shall be paid in the following manner.

a. If the payment of deposit is claimed before the maturity.

The interest is payable at the rate prevalent on the date of deposit and as applicable to the period for which the deposit remained with the Bank, without charging any penalty.

b. If death of depositor before maturity and claim after maturity.

I The interest is payable at the contracted rate up to the date of maturity.

II From the date of maturity till the date of payment of the deposit, the Bank shall pay interest at simple rate of interest prevalent on the date of maturity as applicable to the period for which the deposit remained with the Bank.

c. If the death of the depositor after maturity.

i) The interest is payable at the contracted rate up to the date of maturity.

ii) The Bank shall pay interest at savings deposit rate operative on the date of maturity from the date of maturity till the date of payment.

RELAXATION IN SETTLEMENT OF DEATH CLAIMS- RBI GUIDELINES.

Branches / Offices shall note that, recently Reserve Bank of India has issued the following instructions, to facilitate expeditious and hassle free settlement of claims of the Legal Heirs of the deceased depositor on the assets of the deceased depositor with the sole intention for bringing about significant improvement in the quality of customer service provided to survivor(s) / nominees of the deceased depositor.

1. ACCOUNTS WITH SURVIVOR/NOMINEE CLAUSE

In the case of deposit accounts where the depositor had utilized the nomination facility and made a valid nomination or where the account was opened with the survivorship clause (“either or survivor” or “anyone or survivor” or “former or survivor” or “latter or survivor”), the payment of the balance in the deposit account to the survivor(s)/nominee of a deceased deposit account holder represent a valid discharge of the Bank’s liability provided.

The bank has exercised due care and caution in establishing the identity of the survivor(s) / nominee and the fact of death of the account holder, through appropriate documentary evidence.

There is no order from the competent court restraining the bank from making the payment from the account of the deceased and

It has been made clear to the survivor(s)/nominee that he would be receiving the payment from the bank as a trustee of the legal heirs of the deceased depositor, i.e.,

such payment to him shall not affect the right or claim which any person may have against the survivor (s)/nominee to whom the payment is made.

2. Accounts without the survivor/nominee clause

In case where the deceased depositor had not made any nomination or for the accounts other than those styled as “either or survivor” (such as single or jointly operated accounts), banks are advised to adopt a simplified procedure for payment to legal heir(s) of the depositor keeping in view the imperative need to avoid inconvenience and undue hardship to the common person. In this context banks may keeping in view their risk management systems, fix a minimum threshold limit, for the balance in the account of the deceased depositors, up to which claims in respect of the deceased depositors could be settled without insisting on production of any documentation other than death certificate & a letter of indemnity.

Whenever there is absolutely no doubt regarding title of the legal heirs/claimants for the assets of the deceased customers, Branches shall dispose of the claims of the legal heirs of the deceased depositor/s for the assets of the deceased depositor/s without insisting on production of any documents other than **death certificate and a letter of indemnity** where the amount involved in the claim does not exceed Rs. 25000/-.

However, there is absolutely no doubt regarding title of the legal heirs/claimants for the assets of the deceased customers, where the amount involved in the claim does not exceed Rs. 2000/-, branches shall dispose of the claim by mere obtaining Death Certificate, without insisting for third party indemnity.

All branches / Offices are advised to obtain the following documents to settle the claims of the legal heirs of the deceased depositor/s on the assets of the deceased depositor/s where the amount involved in the claim exceeds Rs 25000/-.

- a. Death Certificate in Form No 10 or 6
- b. Legal heir certificate issued by the Tahasildar concerned.
- c. A letter of indemnity of the requisite value from a third party well known to the Bank.

d. Succession certificates in case of disputes and doubt.

3. Premature termination of Term Deposit Accounts

In case of term deposits, branches are advised to incorporate a clause in the account opening form itself to the effect that in the event of the death of the depositor, premature termination of term deposits would be allowed. The conditions subject to which such premature withdrawal would be permitted may also be specified in the account opening form. Such premature withdrawal would not attract any penal charge.

In case the LRs of the deceased depositor desire to continue the term deposits to avail interest benefit, such request may be considered by making an endorsement on the over side/reverse side of the deposit receipt to the effect that “ Consequent upon the death of Sri.....the rights and interest in the deposit vest with the LRs 12).....3).....on maturity.

4. Treatment of flows in the name of the deceased depositor

In order to avoid hardship to the survivor(s)/nominee of a deposit account, branches are advised to obtain appropriate agreement/authorization from the survivor (s) / nominee with regard to the treatment of pipeline flow (future credits to be received) in the name of the deceased account holder. In this regard branches shall be authorized by the survivor(s)/nominee of a deceased account holder to open an account styled as “Estate of Shri..... the Deceased’ where all the pipeline flows in the name of the deceased account holder could be allowed to be credited provided no withdrawals are made.

5 Access to the safe deposit lockers/safe custody articles

For dealing with the requests from the nominee(s) of the deceased locker-heirs/depositors of the safe custody articles (where as such a nomination had been made) or by the survivor(s) of the deceased (where the locker/safe custody article was accessible under the survivorship clause), for access to the contents of the locker/safe custody article on the death of a locker hirer/depositor of the article, the

banks are advised to adopt generally the foregoing approach, mutatis mutandis, as indicated for the deposit accounts.

6 Delegation of powers for settlement of death claims:
(Net asset value after deducting direct/indirect liability)

Sl.No.	Designation	Sanctioning Powers
1	Scale-1 Manager (Branch Head)	Up to Rs. 1,00,000/-
2	Scale – II Manager (Branch Head)	Up to Rs. 1,50,000/-
3	Scale – III Manager (Branch Head)	Up to Rs. 2,00,000/-
4	Chief Manager at Branches	Full Powers
5	Regional Manager	Full Powers

Time limit for settlement of claims

All branches / Regional Offices are advised to settle the claim in respect of deceased depositors and 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 proof of death of the depositor and suitable identification of the claims), to the bank's satisfaction.

7 Customer Guidance and publicity

All branches are advised to give wide publicity and provide guidance to deposit account holders on the benefits of the nomination facility and the survivorship clause illustratively, it should be highlighted in the publicity material that in the event of the death of one of the joint account holders, the right to the deposit proceeds does not automatically devolve on the surviving joint deposit account holder, unless there is a survivorship clause.

Branches are advised to follow the above guidelines and settle the cases as early as possible by giving quick service to our depositor. Further, Branches are advised to submit a statement of death claims in ANNEXURE-I on quarterly basis to Regional Offices.

The schedule

LEGAL HEIRS IN CLASS – I AND CLASS - II

NATURAL HEIRS: ORDER OF SUCCESSION

A. (a) Disposal of assets of a Hindu male dying intestate (without leaving a Will)

I. Firstly upon Son; Daughter; Widow; Mother; Son of a predeceased son; Daughter of a predeceased son; Son of a predeceased daughter; Daughter of a predeceased daughter; Widow of the predeceased son; Son of a predeceased son of a predeceased son; Daughter of a predeceased son of a predeceased son; Widow of a predeceased son of a predeceased son.

II. Secondly upon Father.

III. Thirdly upon –

1) Son's daughter's son,

2) Son's daughter's daughter,

3) Brother

4) Sister.

IV. Fourthly upon –

1) Daughter's Son's Son

2) Daughter's son's daughter,

3) Daughter's daughter's son

4) Daughter's daughter's daughter.

V. Fifthly upon –

- | | |
|-----------------------|-----------------------|
| 1) Brother's son | 2) Sister's son, |
| 3) Brother's Daughter | 4) Sister's daughter. |

VI. Sixthly upon –

- | | |
|---------------------|---------------------|
| 1) Father's father, | 2) Father's mother. |
|---------------------|---------------------|

VII. Seventhly upon –

- | | |
|---------------------------------|---------------------|
| 1) Father's widow (Step mother) | 2) Brother's widow. |
|---------------------------------|---------------------|

VIII. Eighthly upon –

- | | |
|----------------------|---------------------|
| 1) Father's brother, | 2) Father's sister. |
|----------------------|---------------------|

IX. Ninthly upon –

- | | |
|---------------------|---------------------|
| 1) Mother's father, | 2) Mother's mother. |
|---------------------|---------------------|

X. Lastly upon –

- | | |
|----------------------|---------------------|
| 1) Mother's brother, | 2) Mother's sister. |
|----------------------|---------------------|

(b) Disposal of assets of Hindu Female dying intestate

I. Firstly upon the sons and daughters (including the children of any predeceased son or daughter) and husband.

II. Secondly upon the heirs of the husband.

III. Thirdly upon the mother and father.

IV. Fourthly upon the heirs of the father.

V. Lastly upon the heirs of the mother.

B. Disposal of Assets of persons governed under Indian Succession Act 1925 (Christian - Male or Female)

I. Firstly upon widow/widower and children including children of predeceased son or daughter.

II. If the deceased is not survived by any lineal descendants (children and children by a predeceased son or daughter), then widow/widower and father. (in case the father is not alive then the assets shall be paid to the widow/widower and mother, brother/s, sister/s, including children of predeceased brothers or sisters).

III. Thirdly upon Father.

IV. Fourthly upon Mother, Brother/s, Sister/s including children of predeceased brother/s and sister/s.

C. Disposal of assets in case of Muslims (Male or Female)

- I. Firstly upon parents, widow/widower and children or grand children (children of predeceased son or daughter will come into picture only when there are no living children)
- II. If parents are dead and there are no children or grand children by predeceased son or daughter then the assets should be paid to the widower/widow and brothers and sisters.

Please note that the widow/widower will share the assets with parents and/or children or with brother and sister, as the case may be. She/he will never have the exclusive right unless there are no other legal heirs.

Note:

All the persons mentioned in I or those living amongst them shall be preferred to those in succeeding entry and in case none of the persons mentioned in I are alive, then the persons mentioned in II or those living amongst them shall be preferred and so on, subject to the explanation given therein (except in the case of Muslims.)


(SATHYA PRASAD N)
GENERAL MANAGER

ANNEXURE – I

KARNATAKA VIKAS GRAMEENA BANK

HEAD OFFICE: BELGAUM ROAD, DHARWAD - 580 008

LAW AND RECOVERY DIVISION

(Proforma of statement to be sent to Regional Office on the last day of every Quarter furnishing the details of claims settled at the Branch level under the Manager's discretionary powers).

QUARTERLY STATEMENT OF DEATH CLAIMS

Claims pending at the beginning of the Quarter	Claims received during the Quarter	Claims settled during the Quarter	Claims pending at the end of the Quarter	Total amount of claims settled	RAMARKS

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BRANCH:

PREPARED BY

MANAGER

DATE:

ANNEXURE – II

KARNATAKA VIKAS GRAMEENA BANK

HEAD OFFICE: BELGAUM ROAD, DHARWAD - 580 008

LAW AND RECOVERY DIVISION

Proforma of Register to be maintained by the Branches.

Sl.No	Full name and Address of the deceased person	Place and Date of Death	Particulars of assets including Jewels and other securities held with the Bank (furnish A/c No., nature of deposit and amount)	Particulars of all direct and indirect liabilities of the deceased	Particulars of all direct and indirect liabilities of the LRs/ claimants	Full names of all the claimants /LRs and their relation with the deceased	Name of claimants in whose favour claim is settled and mode of discharge obtained	Remark	Full signature of the Branch Manager
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- * (1) Steps initiated as to the closure/regularization of direct and indirect liabilities of the deceased and all the legal heirs to be furnished.
- (2) Date of settlement of the claim, claim file numbers shall also be furnished.

ANNEXURE-III

True extract of relevant provisions of Hindu Succession Act, 1956

Section 8: General rules of succession in the case of males: -

The property of a male Hindu dying intestate shall devolve according to the provisions of this Chapter: -

- (a) Firstly, upon the heirs, being the relatives specified in Class-I of the Schedule;
- (b) Secondly, if there is no heir of Class-I, then upon the heirs, being the relatives specified in Class-II of the Schedule;
- (c) Thirdly, if there is no heir of any of the two classes, then upon the agnates of the deceased; and
- (d) Lastly, if there is no agnate; then upon the cognates of the deceased.

Section 9 : Order of succession among heirs in the Schedule:-

Among the heirs specified in the Schedule, those in Class-I shall take simultaneously and to the exclusion of all other heirs; those in the first entry in Class-II shall be preferred to those in the third entry; and so on in succession.

Section 10 : Distribution of property among heirs in Class-I of the Schedule:-

The property of an intestate shall be divided among the heirs in Class-I of the Schedule in accordance with the following rules:

Rule – 1: - The intestate's widow, or if there are more widows than one, all the widows together, shall take one share.

Rule – 2: - The surviving sons and daughters and the mother of the intestate shall each take one share.

Rule – 3: -The heirs in the branch of each pre-deceased son or each pre-deceased daughter of the intestate shall take between them one share.

Rule – 4: - The distribution of the share referred to in Rule 3 :-

- (i) Among the heirs in the branch of the pre-deceased son shall be so made that his widow (or widows together) and the surviving sons and daughters get equal portion;
- (ii) Among the heirs in the branch of the pre-deceased daughter shall be so made that the surviving sons and daughters get equal portions.

Section - 11: Distribution of property among heirs in Class – II of the Schedule: -

The property of an intestate shall be divided between the heirs specified in any one entry in Class-II of the Schedule so that they share equally.

Section – 14 : Property of a female Hindu to be her absolute property.

(1) Any property possessed by a female Hindu, whether acquired before or after the commencement of this Act, shall be held by her as full owner thereof and not as a limited owner.

Explanation:-

In this sub-section, “property” includes both movable and immovable property acquired by a female Hindu by inheritance or device, or at a partition, or in lieu of maintenance or arrears of maintenance or by gift from any person, whether a relative or not, before, at or after her marriage, or by her own skill or exertion, or by purchase or by prescription, or in any other manner whatsoever, and also any such property held by her as stridhana immediately before the commencement of this Act.

(2) Nothing contained in sub-section (1) shall apply to any property acquired by way of gift or under a will or any other instrument or under a decree or order of a civil Court or under an award where the terms of the gift, will or other instrument or the decree, order or award prescribe a restricted estate in such property.

Section – 15 : General rules of succession in case of female Hindu.

(1) The property of female Hindu dying intestate shall devolve according to the rules set out in Section 16 :-

- (a) Firstly, upon the sons and daughters (including the children of any pre-deceased son or daughter) and the husband;
- (b) Secondly, upon the heirs of the husband;
- (c) Thirdly, upon the mother and father;
- (d) Fourthly, upon the heirs of the father; and
- (e) Lastly, upon the heirs of the mother.

(2) Notwithstanding anything contained in sub-section (1) :-

- (a) Any property inherited by a female Hindu from her father or mother shall devolve, in the absence of any son or daughter of the deceased (including the children of any pre-deceased son or daughter), not upon the other heirs referred to in sub-section (1) in the order specified therein, but upon the heirs of the father; and
- (b) Any property inherited by a female Hindu from her husband or from her father-in-law shall devolve, in the absence of any son or daughter of the deceased (including the children or any pre-deceased son or daughter) not upon the other heirs referred to in sub-section (1) in the order specified therein, but upon the heirs of the husband.

Section – 16 : Order of succession and manner of distribution among heirs of a female Hindu:-

The order of succession among the heirs referred to in Section 15 shall be, and the distribution of the intestate's property among those heirs shall take place, according to the following rules, namely:

Rule – 1: - Among the heirs specified in sub-section (1) of Section 15, those in one entry shall be preferred to those in any succeeding entry, and those included in the same entry shall take simultaneously.

Rule – 2: - If any son or daughter of the intestate had pre-deceased the intestate leaving his or her own children alive at the time of the intestate's death, the children of such son or daughter shall take between them the share which such son or daughter would have taken if living at the intestate's death.

Rule – 3: - The devolution of the property of the intestate on the heirs referred to in clauses (b), (d) and (e) or sub-section (1) and in sub-section (2) of Section 15 shall be in the same order and according the same rules as would have applied if the property had been the father's or the mother's or the husband's as the case may be, and such person had died intestate in respect thereof immediately after the intestate's death.

Section – 29: Failure of heirs: -

If an intestate has left no heir qualified to succeed to his or her property in accordance with the provisions of this Act, such property shall devolve on the Government; and the Government shall

take the property subject to all the obligations and liabilities to which an heir would have been subject.

Section – 30 : Testamentary succession :-

Any Hindu may dispose of by will or other testamentary disposition any property, which is capable of being so disposed of by him in accordance with the provisions of the Indian Succession Act, 1925 (39 of 1925), or any other law for the time being in force and applicable to Hindus.

Explanation:- The interest of a male Hindu in a Mitakshra coparcenary property or the interest of a member of a tarwad, tovazhi, kutumba, or kavaru shall, notwithstanding anything contained in this Act, or in any other law for the time being in force, be deemed to be property capable of being disposed of by him or by her within the meaning of this Section.

ANNEXURE – IV

SPECIMEN OF CONSENT LETTER TO MAKE OVER ASSETS TO THIRD PARTY

The Manager,
Karnataka Vikas Grameena Bank,
_____Branch.

Dear Sir,

SUB: Assets of Late Shri /Smt _____deceased.

Claim to _____.

I regret to inform you that Shri / Smt _____ who was a customer of your Branch expired on _____ leaving behind his mother, widow, son, daughter (relationship to the deceased) as his heirs.

I am the widow of the deceased named above, as you are aware the deceased is having a savings bank account No. _____ FD account No. _____ (full particulars of the assets may be mentioned) with you. It is not possible for me to come to the Branch, and receive the assets or the deceased named above lying with you. Therefore, I request you to pay the balance lying in credit to the Savings Bank A/c No. _____ periodical interest as and when due in respect of the fixed Deposit A/c.No. _____ and proceeds of the same on maturity to Shri / Smt _____. I confirm that I shall not claim any title, right or interest in respect of the assets of the deceased lying with you. I hereby authorize you to act upon this letter and agree to meet all the consequences of your acting on this letter.

Thanking you,

Yours faithfully,

1. The consent letter shall be attested by a person known to the Branch and capable or identifying the party or it may be attested by a Gazetted Officer.
2. The Natural guardian shall sign for self and also as guardian of the minor heirs of the deceases.

ANNEXURE-V

SPECIMEN OF DEED OF INDEMNITY

(ON NON-JUDICIAL STAMP PAPER OF REQUISITE VALUE)

This Deed of Indemnity is made and executed by _____ (full name and complete address of the Indemnifier) _____ hereinafter called the 'Indemnifier' of the one part in favour of Karnataka Vikas Grameena Bank, a bank constituted and functioning under the RRB Act 1976 with its Head Office situated at Dharwad of Karnataka State with branches at various places amongst others at * _____, hereinafter called the 'Bank' of the other part. The expression the 'Indemnifier' and the 'Bank' where the context so admits shall mean and include their heirs, legal representatives, successors-in-interest, executors, administrators and assigns.

WHEREAS Shri/Smt. @ _____ was a customer of the Bank at its * _____ Branch till his/her death on _____ 1, and

WHEREAS the aforesaid Shri/Smt. @ _____ died intestate/testate leaving behind him/her, his/her 2 _____ as heirs/legatees according to the law governing him/her Will dated _____, and

WHEREAS the aforesaid Shri/Smt. @ _____ had 3. _____ in the Bank at its * _____ branch.

WHEREAS the heirs/legatees of the aforesaid deceased mentioned above have now claimed amounts/jewels and though the bank in the ordinary course insists on formal proof of title of the heirs/legatees, the bank in this case has agreed to 4. _____ to the heirs/legatees against their joint stamped receipt, minors amongst them being represented by their natural guardian 5. _____ provided the bank is given Indemnity as is here-in-after contained in case there shall hereafter be a claim against the Bank from any other person or persons whomsoever in respect of the said amount/jewels or any portion thereof.

NOW THEREFORE THIS DEED IS EXECUTED AND WITNESSED AS FOLLOWS:

That in pursuance of the aforesaid agreement and in consideration of the Bank paying the amount/delivering the jewels to the aforesaid heirs/legatees of the deceased in the manner stated above, the Indemnifier hereby agrees with the Bank that he shall at all times indemnify and keep indemnified and harmless the Bank from any claims and demands made by and all actions and proceedings taken against the Bank by any person or persons whomsoever in respect of the said amount/jewels or any part thereof and also against all expenses, costs, losses or damages which may be incurred or suffered by the Bank in relation thereto.

ANNEXURE -VI

Form of Inventory of Contents of Safety Locker Hired from Banking Company
(Section 45ZE (4) of the Banking Regulation Act, 1949)

(To be used where there is nomination or survivorship clause)

The following inventory of contents of Safe Locker No. _____ located in the Safe
Deposit Vault of _____ Branch at _____.

* Hired by Shri/Smt. _____ (deceased) in his/her sole
name.

* hired by Shri/Smt. i) _____ (deceased)

ii) _____ Jointly

iii) _____

was taken on this _____ day of _____ 20____.

Sr. No.	Description of Articles in Safety Locker	Other Identifying Particulars, if any

For the purpose of inventory, access to the locker was given to the Nominee/and the surviving hirers

- By breaking open the locker under his/her/their instructions.
- Who produced the key to the locker. (Delete whichever is not applicable)

It is made clear that access to locker is given to survivor(s) / nominee(s) only as a trustee of the legal heirs of the deceased locker hirer on the condition that such access if given to survivor(s) / nominee(s) shall not affect the right or claim which any person may have against the survivor(s) / nominee(s) to whom the access is given.

The above inventory was taken in the presence of:

1. Shri/Smt. _____(Nominee)

Address _____

(Signature)

Shri/Smt. _____(Nominee) _____

Address _____

(Signature)

And

Shri/Smt. _____ Survivors
of joint hirers

(Signature)

Address

Shri/Smt.

Address _____

(Signature)

2. Witness (es) with name, address and signature:

1.

2.

* I, Shri/Smt. _____ (Nominee)

* We, Shri/Smt. _____ (Nominee),

Shri/Smt. _____ and Shri/Smt. _____ the

survivors of the joint hirers, hereby acknowledge the receipt of the contents of the safety locker comprised in and set out in the above inventory together with a copy of the said inventory.

Shri/Smt. _____ (Nominee)

Shri/Smt. _____ (Survivor)

Signature _____

Signature; _____

Date;

Place;

ANNEXURE -VII

Form of Inventory of Contents of Safety Locker Hired from
Banking Company

(To be used where there is no nomination or survivorship clause)

The following inventory of contents of Safe Locker No. _____ located in
the Safe Deposit Vault of _____ Branch at _____.

* Hired by Shri/Smt. _____ (deceased) in
his/her sole name.

* hired by Shri/Smt. i) _____ (deceased)

ii) _____ Jointly

iii) _____

was taken on this _____ day of _____

Sr. No.	Description of Articles in Safety Locker	Other identifying particulars, if any

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For the purpose of inventory, access to the locker was given to the legal heir(s)/a person mandated by the legal heir(s) and surviving hirers

- By breaking open the locker under his/her/their instructions.
- Who produced the key to the locker.(Delete whichever is not applicable)

The above inventory was taken in the presence of:

Legal heirs of deceased joint hirer(s)/person mandated by legal heirs

1. Shri/Smt. _____(Signature)

Address .

Shri/Smt. _____(Signature)

Address .

And

Shri/Smt. _____ Survivors of Joint hirers (Signature)

Address

Shri/Smt. _____(Signature)

Address.

2. Witness (es) with name, address and signature:

1. Shri/Smt. _____ (Signature)

Address .

2. Shri/Smt. _____ (Signature)

Address .

ACKNOWLEDGEMENT

* I, Shri/Smt. _____ legal heir/mandate holder

* We, Shri/Smt. _____

_____ legal heirs
and _____

Shri/Smt. _____

_____ surviving heirs

hereby acknowledge the receipt of the contents of the safety locker comprised in and set out in the above inventory together with a copy of the said inventory.

Shri/Smt. _____ (Legal Heir/Mandate Holder)

Shri/Smt. _____ Signature

Shri/Smt. _____ Signature

Shri/Smt. . _____ Signature

Date & Place (* Delete whichever is not applicable)