

RBI/2004-05/156

RPCD.PLFS.BC.NO 24/05.05.09/2004-05
August 28,2004

The Chairman & Managing Director/CEO
All Scheduled Commercial Banks
(excluding RRBs)

Dear Sir,

Personal Accident Insurance Scheme (PAIS) For KCC holders - Renewal of Master Policy

Please refer to our Circular RPCD.PLFS.BC.NO. 1/05.05.09/2000-01 dated July 2, 2001, introducing the Personal Accident Insurance Scheme (PAIS) for KCC holders for uniform adoption by all scheduled commercial banks throughout the country. The Master Policy under the Scheme was valid for a period of three years from its effective date, and modification/alteration of any of or all the terms and conditions of the policy was to be made at the end of the three year period. It is heartening to note that banks, by and large, have adopted/implemented the Scheme and provided personal accident insurance cover to the KCC holders since 2001. The three year Master Policy has now fallen due for renewal.

2. In view of the urgent need to provide personal accident insurance coverage to KCC holders, on an ongoing basis, General Insurers' (Public Sector) Association of India (GIPSA) has, as an interim measure, agreed to renew the Master Policy for a period of one year, on the existing terms/rates and conditions, pending a review of the Scheme in detail.

3. Banks may, therefore, initiate action at their level to get the Master Policy under PAIS renewed for a period of one year, on the existing terms and conditions. The Scheme would continue to be serviced by the designated General Insurance Co. on a zonal basis, as per the existing arrangements. Banks may make all possible efforts to cover all the KCC holders under the Scheme. For this purpose, banks may give wide publicity to PAIS during their KCC campaign.

4. Further, clarifications given by GIPSA on certain operational problems/ issues concerning PAIS, are indicated in the Annexure. GIPSA would also be issuing suitable instructions in the matter to their offices/member General Insurance Cos., thus paving the way for effective and smooth implementation of the Scheme.

Yours faithfully,

(K.Bhattacharya)
General Manager

Annexure

PAIS - Operational Problems/Issues - Clarifications by GIPSA

(a) Delay in settlement of claims -

It will be the endeavour of Insurance Cos. to settle the claims within a period of 30 days from receipt of claims. In case of non-settlement of claims within 30 days, interest @2% p.a. over and above the Bank Rate would be paid to the beneficiaries/nominees. GIPSA would be issuing suitable instructions to their offices/member General Insurance Cos., to handle personal accident insurance claims under KCC, on priority basis.

**(b) Denial of claims for death due to snake bite, murder,
etc. as also accidental deaths occurring outside rural area**

The Scheme covers KCC holders against death or permanent disability resulting from accidents caused by external, violent and visible means and occurring within the geographical jurisdiction of India. Accidental death/ permanent disability (provided it does not occur on account of the insured committing any breach of law), including death arising due to snake bite, murder (except murder on account of provocation by the deceased based on circumstantial evidence) are covered. However, in case of specific instances of non-settlement of claims in such cases or on the ground that the accident did not occur in the rural area, Insurance Co. would reopen/reconsider the genuine/deserving cases, depending on facts of each case.

(C) Age criteria/age proof

If there are specific instances of insurance cos. having prescribed different age criteria for coverage under PAIS (as against 70 years under the Scheme), the anomalies would be corrected by GIPSA. The prescribed outer age limit is applicable only at the time of entry to the Scheme and not at the time of accident.

Further, age proof is an essential document for claim settlement. Banks could collect the age proof at the time of issuance of KCC holder under PAIS itself. Even ration card is an acceptable age proof.