

RBI/2005-06/42

RPCD.PLFS.BC.No.8 /05.05.09(PAIS)/2005-06

July 5, 2005

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

Dear Sir,

**Personal Accident Insurance Scheme (PAIS) for KCC holders**

Please refer to our circular RPCD.PLFS.BC.No 24 / 05.05.09/2004-05 dated August 28, 2004, advising that General Insurers' (Public Sector) Association of India (GIPSA) had, as an interim measure, agreed to renew the Master Policy for a period of one year, on the then existing terms/rates and conditions.

2. In order to safeguard the interest of the KCC holders by providing personal accident insurance coverage on an ongoing basis at competitive rates/terms, it has been decided that banks may be allowed the discretion to approach either any GIPSA member general insurance company or any private sector general insurance company, to take advantage of the competitive offers. However, the banks may, while negotiating with the insurers, keep in mind the guiding principles of PAIS, especially the premium sharing formula, coverage etc.

3. With the banks having the freedom to opt for any insurance company of their choice to provide personal accident insurance cover to the KCC holders it is hoped that the banks will play a proactive role in providing this social security cover to the farmers. This 'add on' benefit to the farmers under the KCC Scheme is expected to bring in an increasing large number of farmers under the KCC fold, thereby leading to complete coverage.

4. The banks may, therefore, initiate immediate steps in this regard, with a view to provide continued accident insurance coverage to the KCC holders.

Yours faithfully,  
(K.K.Saraf)  
General Manager