



Annex III - Settlement of Claims (existing instructions)

A. Settlement of claims in respect of deceased depositors – Simplification of procedure

A.1 Provisions of the Banking Regulation Act, 1949

1.A PB shall adhere to the provisions of Sections 45ZA to 45ZF of the Banking Regulation Act, 1949 and the Banking Companies (Nomination) Rules, 1985.

A.2 Accounts with survivor / nominee clause

2.The payment of the balance in the deposit account to the survivor(s) / nominee of a deceased deposit account holder represents a valid discharge of the PB's liability in the case of deposit accounts where the depositor had utilised 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"):

- (1) Provided the PB 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;
- (2) Provided there is no order from the competent court restraining the PB from making the payment from the account of the deceased; and
- (3) Provided it has been made clear to the survivor(s) / nominee that he / she would be receiving the payment from the PB as a trustee of the legal heirs of the deceased depositor, i.e., such payment to him / her shall not affect the right or claim which any person may have against the survivor(s) / nominee to whom the payment is made.

3.Since payment made to the survivor(s) / nominee, subject to the foregoing conditions, would constitute a full discharge of the PB's liability, the PB shall desist from insisting on production of succession certificate, letter of administration or probate, etc., or obtain any bond of indemnity or surety from the survivor(s)/nominee, while making payment to the survivor(s) / nominee of the deceased depositor, irrespective of the amount standing to the credit of the deceased account holder.



A.3 Accounts without the survivor / nominee clause

4. A PB shall adopt a simplified procedure for repayment to legal heir(s) of the depositor in cases 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). A PB shall keep its 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 a letter of indemnity.

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

5. In order to avoid hardship to the survivor(s) / nominee of a deposit account, a PB shall obtain appropriate agreement / authorisation from the survivor(s) / nominee regarding the treatment of pipeline flows in the name of the deceased account holder. In this regard, the PB could consider adopting either of the following two approaches:

The PB could be authorised 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.

OR

The PB could be authorised by the survivor(s) / nominee to return the pipeline flows to the remitter with the remark "Account holder deceased" and to intimate the survivor(s) / nominee accordingly. The survivor(s) / nominee / legal heir(s) could then approach the remitter to effect payment through a negotiable instrument or through ECS transfer in the name of the appropriate beneficiary.

A.5 Time limit for settlement of claims

6. A PB shall settle the claims 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 the claim(s), to the PB's satisfaction.

7. A PB shall report to the Customer Service Committee of the Board, at appropriate intervals, on an ongoing basis, the details of the number of claims received pertaining



to deceased depositors / locker-hirers / depositors of safe custody article accounts and those pending beyond the stipulated period, giving reasons therefor.

B. Settlement of Claims in case of death of a Customer in respect of Safe Deposit Locker / Safe Custody Article Facility

8.A PB shall have a Board approved policy for settlement of claims. The policy shall be in conformity with the regulatory instructions and the Model Operational Procedure (MOP) for settlement of claims of the deceased constituents formulated by the IBA.

9.A PB shall have a Board approved policy for nomination and release of contents of safety lockers / safe custody article to the nominee and protection against notice of claims of other persons in accordance with the provisions of Sections 45 ZC to 45 ZF of the Banking Regulation Act, 1949 and the Banking Companies (Nomination) Rules, 1985 and the relevant provisions of Indian Contract Act and Indian Succession Act.

10.In order to ensure that the articles left in safe custody and contents of lockers are returned to the genuine nominee, as also to verify the proof of death, a PB shall devise its own claim formats, in terms of applicable laws and regulatory instructions.

11.A PB shall settle the claims in respect of deceased locker hirers and shall release contents of the locker to survivor(s) / nominee(s), as the case may be, within a period not exceeding 15 days from the date of receipt of the claim subject to the production of proof of death of the depositor and suitable identification of the claimant(s) with reference to nomination, to the PB's satisfaction.

12.A PB shall report to the Customer Service Committee of the Board, at appropriate intervals, on an ongoing basis, the details of the number of claims received pertaining to deceased locker-hirers / depositors of safe custody article accounts and those pending beyond the stipulated period, with reasons therefor. Customer Service Committee of the Board of the PB shall review the settlement of claims and make suggestions to ensure that the claims are settled as early as possible unless there is any litigation pending before the Courts or any difficulty is being faced in identifying the true claimant with reference to nomination.

B.1 Access to the articles in the safe deposit lockers / return of safe custody articles

13.If the sole locker hirer nominates an individual to receive the contents in the locker, in case of his death, after verification of the death certificate and satisfying the identity



and genuineness of such individual approached, a PB shall give access of the locker to such nominee with liberty to remove the contents of the locker, after an inventory was taken in the prescribed manner. In case the locker was hired jointly with the instructions to operate it under joint signatures, and the locker hirer(s) nominates any other individual(s), in the event of death of any of the locker hirers, the PB shall give access of the locker and the liberty to remove the contents jointly to the survivor(s) and the nominee(s) after an inventory was taken in the prescribed manner. In case the locker was hired jointly with survivorship clause and the hirers instructed that the access of the locker should be given to "either or survivor", "anyone or survivor" or "former or survivor" or according to any other survivorship clause permissible under the provisions of the Banking Regulation Act, 1949, the PB shall follow the mandate in the event of death of one or more of the joint locker-hirers.

14. A PB shall, however, ensure the following before giving access to the contents to nominee / survivor:

- (1) 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;
- (2) 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
- (3) 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.

15. Similar procedure shall be followed for return of articles placed in the safe custody of a PB.

16. A PB shall ensure that, the contents of locker, when sought to be removed on behalf of a minor nominee, are handed over to a person who is, in law, competent to receive the articles on behalf of such minor. Further, the PB shall prepare an inventory of the articles in the presence of two independent witnesses, one officer of the PB 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.

17. A PB shall obtain a separate statement 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.

18. While giving access to the survivor(s) / nominee(s) of the deceased locker hirer / depositor of the safe custody articles, a PB may avoid insisting on 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), unless there is any discrepancy in nomination. In this regard, the PB shall take note of the instructions under **paragraph 14.**

19. In case where the deceased locker hirer had not made any nomination or where the joint hirers had not given any mandate that the access may be given to one or more of the survivors by a clear survivorship clause, the PB shall adopt a Board approved policy to facilitate access to legal heir(s) / legal representative of the deceased locker hirer. In this regard, the PB shall take note of the instructions under **paragraph 14.**

20. Similar procedure shall be followed for the articles under safe custody of a PB.

C. Settlement of claims in respect of missing persons

21. A PB shall follow the following system in case a claim is received from a nominee / legal heirs for settlement of claim in respect of missing persons:

(1) The settlement of claims in respect of missing persons shall be governed by the provisions of Section 110 / 111 of the Bharatiya Sakshya Adhiniyam, 2023. Section 110 deals with presumption of continuance and Section 111 deals with presumption of death. As per the provisions of Section 111 of the Bharatiya Sakshya Adhiniyam, 2023, presumption of death can be raised only after a lapse of seven years from the date of his / her being reported missing. As such, the nominee / legal heirs have to raise an express presumption of death of the subscriber under Section 110/111 of the Bharatiya Sakshya Adhiniyam, 2023 before a competent court. If the court



presumes that the missing person is dead, then the respective claim can be settled on the basis of the same.

(2) A PB shall formulate a policy which would enable them to settle the claims of a missing person after considering the legal opinion and taking into account the facts and circumstances of each case. Further, keeping in view the imperative need to avoid inconvenience and undue hardship to the common person, a PB shall, keeping in view its risk management systems, fix a threshold limit, up to which claims in respect of missing persons could be settled without insisting on production of any documentation other than (i) FIR and the non-traceable report issued by police authorities and (ii) letter of indemnity.

D. Claim Forms to be made available

22. A PB shall provide claim forms for settlement of claims of the deceased accounts, to any person/s who is/are approaching the PB / branches for forms. Claim forms may also be put on the PB's website prominently so that claimants of the deceased depositor can access and download the forms without having to visit the concerned PB / branch for obtaining such forms for filing claim with the PB.