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**Deceased Depositors' Accounts:
Avoid Inconvenience and Hardships in Settlement of Claims:
RBI tells Banks**

In order to facilitate expeditious and hassle-free settlement of claims on the death of a depositor the Reserve Bank of India has asked the banks to follow a simple procedure with minimum documentation for release of the balance in deceased account holders' accounts which operate under 'Either or Survivor' clause or in accounts which have a nomination. The Reserve Bank has advised banks to release the balance amounts in the deceased depositors' accounts to the "Survivor(s)"/named in the Either or Survivor clause or Nominee without insisting on production of succession certificate, letter of administration, probate or obtaining any bond of indemnity or surety from the "Survivor(s)" or nominee irrespective of the amount standing to the credit of the deceased account holder. Since this will alleviate hardships faced by people, banks have been advised to give wide publicity and guidance to account holders about the benefit of operating the account under an "Either or Survivor" clause or appointing a nominee.

For accounts which do not have 'Either or Survivor' clause nor have a nomination, the Reserve Bank has asked banks to fix a minimum threshold limit upto which they could release the balance amount lying in the deceased account holders' account after obtaining a letter of indemnity and without insisting upon production of any other documents.

What else has the Reserve Bank said?

The Reserve Bank of India's instructions also cover term deposit accounts, treatment of flows and access to safe deposit lockers.

For Term Deposit Accounts:

In the case of term deposits of the deceased depositors, the Reserve Bank of India has asked banks to allow premature termination without any penal charge in the event of the death of the term deposit holder. The Reserve Bank has asked banks to incorporate such a clause in the term deposit account opening form itself.

For Income flows received after the death of a depositor:

For pipeline flows, that is, any income, such as, interest or dividend warrants, that may continue to be received for credit to the deceased depositors' accounts, the Reserve Bank has suggested some courses of action which banks may consider taking only after being authorized to do so by the legal heirs. The banks may open an account styled as "Estate of Shri _____, the Deceased" in which all such payments could be credited provided no withdrawals are made from such accounts. Alternatively, the banks could return such payment advices to the remitter with the remark "account holder deceased" and intimate the survivor/nominee/legal heir of

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such return so that the survivor/nominee/legal heir could take the necessary action to get the payment made to the appropriate beneficiary.

For allowing Access to Locker:

The Reserve Bank has asked banks to generally follow the same procedure while allowing access to safe deposit lockers or safe custody articles to the 'survivor' or nominee of the deceased depositor.

Time limit for Settlement of Claims:

The Reserve Bank has further asked banks to settle the claims and release the payments to the "Survivor" under the Either or Survivor clause or nominee in respect of the deceased depositors accounts within 15 days from the date of receipt of the claim on production of proof of death of the depositor and suitable and satisfactory identification of the claimant. Banks have been advised that any unwarranted inconvenience or hardships to such claimants would invite serious supervisory disapproval.

What more do the banks need to do?

The banks are required to report, at regular intervals, the number of claims received pertaining to the deceased depositors and locker-hirer accounts and pending beyond 15 days to their Customer Service Committee of their Boards along with the reasons for which they are pending. The Reserve Bank has further asked the Indian Banks' Association to formulate, on the basis of RBI instructions, a model operational procedure for settlement of claims of the deceased constituents under various instances for adoption by banks. The banks have also been asked to publicise and guide the deposit account holders about the benefits of nomination facility and survivorship clause.

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