**Settlement of Death Claims Policy (Generalized)**

**PART I: Introduction and General Guidelines**

**1.1 Introduction**

The death of an individual is a challenging period, both mentally and financially, for the bereaved family. Swift processing of claim petitions from deceased depositors provides comfort to the legal heirs, nominees, or survivors of the deceased depositor. Effective and efficient handling of claim petitions by branches is crucial for maintaining and improving the goodwill of the Financial Institution among survivors of deceased depositors and the public. It also helps ensure that the deceased depositor's funds are claimed by the rightful person.

Considering the difficulties faced by claimants of funds deposited by deceased customers, the Committee on Procedures and Performance Audit on Public Services (CPPAPS) constituted by the central bank had suggested comprehensive guidelines. A Working Group was formed to review existing procedures for claim settlements by legal heirs of deceased constituents and to draft a model operational procedure. This Model Operational Procedure (MOP), approved by the relevant authority and the central bank, has been circulated to Financial Institutions for adoption. The MOP has been revised to incorporate guidelines for claims in respect of deceased locker-hirers, depositors of safe custody articles, and missing persons. This revised Manual incorporates these subsequent guidelines.

**1.2 Legal Position**

The legal position regarding the settlement of claims upon an individual's death is clear. If there is no nomination, a clear mandate in a joint account, or a Will left by the deceased depositor, the Financial Institution is required to pay the outstanding balance at the time of death to all legal heirs. Refer to relevant legal tables for understanding legal expressions pertaining to claim settlements.

Historically, Financial Institutions often required legal representation (such as a succession certificate, letter of administration, or probate) for claim settlements due to the inherent risks. The practice of obtaining operational mandates in joint accounts emerged to simplify claim settlements for deceased accounts. Subsequently, statutes were amended in 1985 to provide for a nomination facility in deposits, safe deposit lockers, and safe custody articles. However, as the nomination facility is optional, problems and difficulties in claim settlements persist in the event of an individual's death.

**1.3 General Guidelines for Settlement of Claims**

Payment of claims where there is a valid nomination or survivorship clause is relatively straightforward, allowing claimants to receive funds expeditiously while providing the Financial Institution with a valid discharge. However, in cases without a nomination or survivorship clause, careful attention is required to prevent payments to individuals not legally entitled to the funds, or to ensure all legitimate claimants are included, thereby securing a valid discharge for the Financial Institution. Genuine legal heirs or representatives should not experience undue hardship.

Claimants should be clearly guided from the outset regarding the correct set of claim papers and other prerequisites for settlement. This initial guidance helps facilitate expeditious claim settlement and avoids piecemeal requests for information, which can lead to inconvenience and delays. Once the required claim papers and particulars are furnished, the branch should proceed with processing the claim, following established procedures.

Claimants are generally the legal heirs of the deceased or beneficiaries under a Will or Settlement. When a depositor dies intestate (without executing a Will), the legal heirs are the claimants as per Intestate Succession. Inheritance of assets depends on the deceased's personal law (religion) and relevant Succession Acts. Therefore, when parties approach for claim settlement, branches should inquire about:

* The religion of the deceased depositor/account holder to establish the applicable Personal Law.
* Whether the deceased died intestate (i.e., without making a Will).
* If the deceased left a Will, whether it has been probated (probate is not mandatory in all cases).
* Who the legal heirs of the deceased are.
* The age and relationship of the legal heirs.
* Details of deposits in the name of the deceased.
* Details of loan liabilities in the name of the deceased (as Borrower or Surety).
* Any other necessary data.

**1.4 Minor as a Claimant**

A minor is any person who has not completed 18 years of age. If a Court has appointed a guardian, the minor attains majority only upon completing 21 years of age. A minor is incompetent to enter into any contract as per relevant contract acts. A guardian is a person caring for a minor's person, property, or both. Guardians can be Natural, Testamentary, Court-appointed, or De-Facto.

If there are minors among the deceased's legal heirs, the following guidelines apply:

* **For Individuals under Hindu/Christian Law:**
  + The father is the natural guardian of his minor sons/daughters. If the father is not alive, the mother is the natural guardian.
  + If both parents are deceased, only a Court-appointed person can act as the minor's guardian.
* **For Individuals under Mohammedan Law:**
  + The order of guardianship is:
    - Father
    - Person appointed by Father's Will
    - Father's father
    - Person appointed by the Will of Father's Father.
  + The mother cannot act as a guardian.
  + In the absence of the above persons, only a Court-appointed person can act as guardian of the minor's property.

**PART II: Settlement of Claims in Various Types of Accounts/Facilities**

**2.1 Single Account (Savings/Current)**

* **With Nomination:** The outstanding balance will be paid to the nominee upon identity verification and proof of the depositor's death.
* **Without Nomination:** The outstanding balance will be paid to the legal heirs (or one of them as mandated by all legal heirs) upon verification of their authority and proof of the depositor's death.

**2.2 Term Deposit Account**

* **With Nomination:** The outstanding balance will be paid to the nominee upon identity verification and proof of the depositor's death at deposit maturity.
* **Without Nomination:** The outstanding balance will be paid to the legal heirs (or one of them as mandated by all legal heirs) upon verification of their authority and proof of the depositor's death at deposit maturity.

**2.3 Premature Termination of Term Deposit Account**

* **With Nomination:** Premature termination, as per contract terms, will be permitted at the nominee's request upon identity verification and proof of the depositor's death.
* **Without Nomination:** Premature termination will be permitted upon a joint request by all legal heirs (or one of them as mandated by all legal heirs) as per contract terms, upon verification of their authority and proof of the depositor's death.

**2.4 Safe Deposit Lockers**

* **With Nomination:** The nominee will be granted access to the locker and allowed to remove contents upon identity verification and proof of the locker hirer's death.
* **Without Nomination:** The deceased locker hirer's legal heir(s) or a person mandated in writing by the legal heir(s) will be granted access to the locker and allowed to remove contents upon verification of the locker hirer's death. Legal heir(s) must produce relevant documents to establish heirship and identity.

**2.5 Safe Custody Articles**

* **With Nomination:** Safe custody articles will be delivered to the nominee upon identification and verification of the depositor's death.
* **Without Nomination:** Safe custody articles will be delivered to the legal heir(s) or a person mandated in writing by the legal heir(s) upon establishing their identification and verification of the depositor's death. Legal heir(s) must produce relevant documents to establish heirship and identity.

**2.6 Joint Account with or without Nomination and without Survivorship Mandate (operated jointly)**

**Savings Account/Current Account**

* **With Nomination:**
  + If one (or more, but not all) joint account holders die, the outstanding balance will be paid jointly to the survivor(s) and the deceased joint account holder's legal heirs (or one of them as mandated by all legal heirs) against their joint claim, upon verification of legal heirs' authority and proof of death.
  + If both/all joint account holders die, the outstanding balance will be paid to the nominee upon identity verification and proof of death of depositors.
* **Without Nomination:**
  + If one (or more, but not all) joint account holders die, the outstanding amount will be paid jointly to the survivor(s) and the deceased account holder's legal heirs (or one of them as mandated by all legal heirs) against their joint claim, upon verification of legal heirs' authority and proof of death.
  + If both/all joint account holders die, the outstanding balance will be paid jointly to the legal heir(s) of all deceased depositors (or one of them as mandated by all legal heirs), upon verification of legal heirs' authority and proof of death of depositors.

**2.7 Term Deposit Account**

* **With Nomination:**
  + If one (or more, but not all) joint account holders die, the outstanding balance will be paid jointly to the survivor(s) and the deceased joint account holder's legal heirs (or one of them as mandated by all legal heirs) upon verification of legal heirs' identity and proof of death, on maturity of the deposit.
  + If both/all joint account holders die, the outstanding balance will be paid to the nominee upon identity verification and proof of death of depositors on maturity of the deposit.
* **Without Nomination:**
  + If one (or more, but not all) joint account holders die, the outstanding balance will be paid jointly to the survivor(s) and the deceased joint account holders' legal heir(s) (or one of them as mandated by all legal heirs) against their joint claim, upon verification of legal heirs' authority and proof of death on maturity of the deposit.
  + If both/all joint account holders die, the outstanding balance will be paid jointly to the legal heirs of all deceased depositors (or one of them as mandated by all legal heirs), upon verification of legal heirs' authority and proof of death on maturity of the deposit.

**2.8 Premature Termination of Term Deposit Account**

* **With Nomination:**
  + If one (or more, but not all) joint account holders die, premature termination will be permitted against joint request of the survivor(s) and the legal heir(s) (or one of them as mandated by all legal heirs) as per contract terms, upon verification of legal heirs' identity and proof of death.
  + If both/all joint account holders die, premature termination as per contract terms will be permitted at the nominee's request upon identity verification and proof of death of depositors.
* **Without Nomination:**
  + If one (or more, but not all) joint account holders die, premature termination will be permitted against joint request by the survivor(s) and the legal heir(s) of all deceased depositors as per contract terms, upon verification of legal heirs' authority and proof of death.
  + If both/all joint account holders die, premature termination will be permitted against joint request by all legal heirs of the deceased depositors (or one of them as mandated by all legal heirs) as per contract terms, upon verification of legal heirs' authority and proof of death.

**2.9 Safe Deposit Lockers**

* **With Nomination:**
  + If one (or more, but not all) joint locker hirers die, the nominee(s) will be jointly allowed to access the locker and remove contents, along with the surviving hirer(s), upon identification and verification of proof of death.
  + If both/all joint locker hirers die, the nominee(s) will be allowed to access the locker and remove contents upon establishing identity and verification of proof of death.
* **Without Nomination:**
  + If one (or more, but not all) locker hirers die, the surviving hirer(s) and legal heirs of the deceased hirer (or a person mandated by them) would be allowed to access the locker and remove contents upon verification of legal heirs' authority and proof of death.
  + If both/all joint locker hirers die, all legal heirs (or one of them as mandated by all legal heirs) would be allowed to access the locker and remove contents upon verification of legal heirs' authority and proof of death.

**2.10 Safe Custody Article(s)**

Generally, safe custody articles are not accepted in joint names. Even if accepted in joint names, nomination facility is not provided.

**2.11 Joint account with mandate “Either or Survivor”/“Former or survivor”/ “Anyone or Survivors”/ “Latter or Survivor” - with or without nomination:**

**A. Savings Account / Current Account**

* **With Nomination:**
  + If one (or more but not all) of the depositors die, the balance outstanding will be paid to survivor(s) on verification of proof of death of the depositor.
  + If both/all the joint depositors die, the balance outstanding will be paid to the nominee on verification of his/her identity and proof of death of depositors.
* **Without Nomination:**
  + If one (or more but not all) of the depositors die, the balance outstanding will be paid to survivor on verification of proof of death of the depositor.
  + If both/all the joint depositors die, the balance outstanding will be paid jointly to the legal heirs (or any one of them as mandated by all the legal heirs) on verification of authority of legal heirs and proof of death of depositors.

**B. Term Deposit Account**

* **With Nomination:**
  + If one (or more but not all) of the depositors die, the balance outstanding will be paid to survivor(s) on verification of proof of death of the depositors on maturity of deposit or as agreed at the time of opening of deposit.
  + If all joint depositors die, the balance outstanding will be paid to the nominee on verification of his/her identity and proof of death of depositors on maturity of deposit or as agreed at the time of opening of deposit.
* **Without Nomination:**
  + If one of the depositors (or more, but not all) die, the balance outstanding will be paid to the survivors on verification of proof of death of the depositor on maturity of deposit or as agreed at the time of opening of deposit.
  + If all joint depositors die, the balance outstanding will be paid to the legal heir(s) of all the deceased depositors (or any one of them as mandated by all the legal heirs of joint holders) on verification of authority of legal heirs and proof of death of depositors on maturity of deposit.

**C. Premature termination of Term Deposit Account with Nomination:**

* If one (or more but not all) of the depositors die, the survivor(s) will have the right to seek premature termination of term deposit account as per the terms of contract on verification of proof of death of the depositor.
* If all the joint depositors die, 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 and proof of death of depositors.
* **Without Nomination:**
  + If one (or more but not all) of the depositors die, premature termination will be allowed against request from surviving depositor(s) as per the terms of the contract on verification of the proof of the death of the depositor.
  + If all joint depositors die, premature termination will be permitted against joint request by all 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 death of depositors.

**Safe Deposit Lockers**

* **With Nomination:** Relevant acts may not provide nomination facility in respect of lockers with “Either or Survivor” / “Former or Survivor”/“Anyone or Survivors”/ “Latter or Survivor” mandate. Hence operational instructions may not be given in this regard.
* **Without Nomination:**
  + If one (or more but not all) of the joint hirers die, the surviving hirer(s) will be allowed to access the locker and remove the contents on verification of proof of death of the joint hirer(s).
  + If all the locker hirers die, all the legal heirs of the deceased joint hirers (or any one of them as mandated by all legal heirs) would be allowed to access the locker and remove the contents on verification of the authority of legal heirs and proof of death of the locker hirers.

**Safe Custody Article(s)**

Generally safe custody articles are not accepted in joint names. Even if accepted in joint names nomination facility is not provided.

**2.12. HUF Accounts – Death of Karta**

In the event of death of a Karta, HUF account may be settled as under:

* Obtaining affidavit cum indemnity from surviving members and legal heirs with two guarantors confirming their acceptance to one of the members as a new Karta. Financial Institutions shall allow the new Karta to continue to operate the existing account on the basis of such documents, in HUF accounts having small balances up to a specified limit (e.g., Rs.2.00 Lakhs in the original document).
* Similar procedure to be followed in cases where the account is to be closed and the balance in the account to be paid to the new Karta.

**Settlement of Claims in Various types of Operational Instructions**

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| --- | --- | --- | --- | --- |
| **Account in the Name of** | **Operational Instructions** | **Nominee** | **Situation** | **What is to be done** |
| A (Self) | X | X | A dies | X will receive the outstanding. |
| A, B | Either or Survivor | X | A dies | Balance outstanding will be payable to B. |
| A, B | Either or Survivor | X | B dies | Balance outstanding will be payable to A. |
| A, B | Either or Survivor | X | A & B die | X will receive the outstanding. |
| A, B | Jointly | X | A dies | Payable to B and legal heirs of A jointly. |
| A, B | Jointly | X | B dies | Payable to A and legal heirs of B jointly. |
| A, B | Jointly | X | A & B die | Payable to X. |

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| --- | --- | --- | --- |
| **Account in the Name of** | **Operational Instructions** | **Situation** | **What is to be done** |
| A (Self) |  | A dies | Outstanding will be payable to the legal heirs or any one of them mandated by all of the legal heirs. |
| A, B | Either or Survivor | A dies | Outstanding will be payable to B. |
| A, B | Either or Survivor | B dies | Outstanding will be payable to A. |
| A, B | Either or Survivor | A & B die | Jointly payable to legal heirs of A & B (or any of them mandated by all the legal heirs). |
| A, B | Jointly | A dies | Jointly payable to B and legal heirs of A (or any one of them mandated by all the legal heirs). |
| A, B | Jointly | B dies | Jointly payable to A and legal heirs of the B (or any one of them mandated by all the legal heirs). |
| A, B | Jointly | A & B die | Jointly payable to legal heirs of A & B (or any of them mandated by all the legal heirs). |

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**Locker with Nomination**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Locker in the Name of** | **Operational Instructions** | **Nominee** | **Situation** | **What is to be done** |
| A (Self) | X | X | A dies | X will be given access to the locker and liberty to remove contents. |
| A,B | Jointly | X | A dies | B and X will be given access to the locker and liberty to remove contents jointly. |
| A,B | Jointly | X | B dies | A and X will be given access to the locker and liberty to remove contents jointly. |
| A, B | Jointly | X | A & B die | X will be given access to the locker and liberty to remove contents. |
| A,B | Jointly | X & Y | A dies | B along with X and Y will be given access to the locker and liberty to remove contents jointly. |
| A, B | Jointly | X & Y | B dies | A along with X and Y will be given access to the locker and liberty to remove contents jointly. |
| A,B | Jointly | X & Y | A & B die | X and Y jointly will be given access to the locker and liberty to remove the contents. |