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DICGC gives further relief to bank customers: amends Policy to repay joint account holders

The Deposit Insurance and Credit Guarantee Corporation (DICGC) has reviewed its policy for settlement of claims of joint account holders in the event of liquidation of a bank. As per the revised policy the deposits held in two separate joint accounts in combination of say "A" and "B" and "B" and "A"; will now be treated as two separate accounts, and each category of the joint account will be eligible for a claim upto Rs. one lakh. Similarly, a joint account of "X", "Y" and "Z" will be treated as different from the joint account of "Y", "Z" and "X" or "Z". "X" and "Y", for the purpose of settlement of claims and claims in each category account will be paid upto Rs. one lakh. The policy has been revised in response to representations received from affected depositors. Often husband and wife having independent source of income maintained joint accounts for operational convenience. The revised policy is expected to bring relief to depositors who maintain such accounts.

It may be noted that deposits of all banks are insured upto Rs. one lakh. The DICGC pays insurance claims of depositors upto Rs. one lakh in the event a bank is taken for liquidation. So far, DICGC used to settle the claims of all joint accounts in "the same capacity and the same right" upto Rs. one lakh, for all combinations of the same set of depositors. This meant that joint accounts of "A" and "B" and "B" and "A" in the same bank were treated as one account and the claims were settled for only upto Rs. one lakh aggregating the balance in both accounts together. Thus, if a husband and a wife having independent sources of income opened two joint accounts for operational convenience as "A" and "B" and "B" and "A", their claim was payable only upto Rs. one lakh.

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