PERSONAL ACCIDENT INSURANCE COVER TO S.B. A/C HOLDERS - OBTAINING CONSENT LETTERS FROM THE ACCOUNT HOLDERS.

Branches are well aware that our Bank has introduced a Personal Accident Death Cover to all the existing as well as new Savings Bank Account holders of the Bank by entering an Agreement under Group Master Policy ion 30.3.2009 effective from 01.04.2009 with M/S United India Insurance Company Limited, Divisional Office, Kadapa to withstand the competition in the market, since other Banks in the market have been extending some value added services and also to fabulously expand low cost deposit base in the Bank. The Agreement entered under a Group Master Policy is effective for 3 years from 01.04.2009 and one year was elapsed by 31.03.2010. The 2nd term from 01.04.2010 to 31.03.2011 was commenced and we have communicated the same to our Branches to debit enhanced premium of Rs.22/- per SB a/c before 28th of March 2010 vide Circular No.56-2010-BC-PDD, 09.03.2010.

Now the Sponsor Bank has informed that the Reserve Bank of India that debiting customers’ account without their express consent is not in order.

In this connection, we would like to inform the Branches that the Sponsor Bank has decided not to renew the scheme and discontinued the ‘Personal Accident Insurance Cover’ to SB a/c holders in their Bank, since issuing individual intimation and obtaining individual consent from account holders was felt not feasible and cost effective considering the huge client base vis-à-vis nominal premium structure of the scheme.

At this juncture, it is appropriate to inform the Branches that in our Bank, during the last one year about 70 claims were received and those families were being benefitted in view of Insurance coverage. Further, almost about 354 Branches have already remitted the premium and the coverage is for a period of one year effective from 01.04.2010 to 31.03.2011, and, at this stage, withdrawing from the scheme is a loss to the customers. Hence, it is decided to continue the scheme for the current Financial
Year 2010-11 and review the position in case of renewal for next financial year. Obtaining individual consent from account holders was felt not feasible and cost effective considering the huge client base vis-à-vis nominal premium structure of the scheme.

However, we advise all the Branches to obtain consent letter from the customer appended to the Circular as annexure, while opening new SB a/cs for debiting the premium by explaining the benefits of the social security, the schemes has, with a nominal premium.

Clarifications required if any, on the circular may be sought from PLANNING & DEVELOPMENT DEPARTMENT at Head Office, Kadapa through respective Regional Offices as per extant guidelines.

[K.PREETAM LAL]
CHAIRMAN

ANNEXURE

To
PLACE:

The Manager,
DATE :

Andhra Pragathi Grameena Bank,
______________ Branch.

Dear Sir,

Sub: Authorisation to debit Rs.22/- to my SB a/c ______ being the premium for

Personal Accident Insurance Policy for the year 2010-11.
I came to know that Andhra Pragathi Grameena Bank introduced Personal Accident Insurance Policy and I know the rules and regulations of the Scheme.

I hereby authorize you to debit Rs.22/- to my SB a/c ______________ being the premium for Personal Accident Insurance Policy for the year 2010-11.

Yours faithfully,

DEPOSITOR
Branches are aware that the Bank has introduced a Personal Accident Insurance Cover to all the existing as well as new Savings Bank Account holders of the Bank by entering an Agreement under Group Master Policy on 30.3.2009 effective from 01.04.2009 with M/S United India Insurance Company Limited, Divisional Office, Kadapa to provide social security to the customers and to expand low-cost deposit base of the Bank.

The Agreement entered under a Group Master Policy is effective for 3 years from 01.04.2009 and one year was elapsed by 31.03.2010. The 2nd year of policy is commenced from 01.04.2010 and the Branches were advised through the circular cited to debit a premium amount of Rs.22/- per SB a/c before 28th of March 2010. In this connection, the Head Office has received 3 to 4 representations of the customers duly forwarded by the Branches, requesting for refund of the premium debited. The said Branches were permitted to refund the same.

At this juncture, it is appropriate to inform the Branches that during the last one year about 70 claims were received and 47 number of claims were settled by the UII Co., and those families are heaving a sigh of relief in view of the insurance, lest their families would have been put to lot of hardship.

Hence, the Branches are advised to convince such account holders about the need to continue the Insurance coverage. If they persist for refund, the Managers are advised to obtain a letter from such account holders and debit the Head Office account by raising Dr. IBA on Head Office Accounts Dept., and credit the same to the SB a/c of respective account holder. The Branches shall submit a statement at monthly intervals, to HO:PDD along with Dr. IBA in the proforma furnished in Annexure-II of the circular. If no statement is received by Head Office from any Branch by 05th of succeeding month, it will be deemed that the Branches have not refunded any amount.

However, all the Branches are advised to obtain consent letter from the customer, as per the proforma in Annexure-I, appended to the Circular, while opening new SB a/cs,
for debiting the premium by explaining the benefits of the social security, the scheme has, with a nominal premium.

Further all the Branches are advised to keep all the consent letters obtained from the SB a/c holders and refund requests in a separate file for the verification by the inspecting Officials and for production of the same in case of need.

Clarifications required if any, on the circular may be sought from PLANNING & DEVELOPMENT DEPARTMENT at Head Office, Kadapa through respective Regional Offices as per extant guidelines.

[K.PREETAM LAL]
CHAIRMAN

ANNEXURE-I

To
PLACE:
The Manager,
DATE :
Andhra Pragathi Grameena Bank,
_______________________ Branch.

Dear Sir,

Sub: Authorisation to debit Rs.22/- to my SB a/c __________ being the premium for Personal Accident Insurance Cover for the year 2010-11.

I came to know that Andhra Pragathi Grameena Bank introduced Personal Accident Insurance Cover [Death] by entering an Agreement with M/S United India Insurance Co., Ltd. and I know the rules and regulations of the Scheme. I
hereby authorize you to debit Rs.22/- to my SB a/c No.______________
being the premium for Personal Accident Insurance Policy for the year 2010-11.
I also agree to debit the premium, as decided by the Bank, from time to time every year as long as the Group Personal Accident Insurance policy is in force in the Bank.

Name & Address of the Depositor

Yours faithfully,

Name:

S/O

Signature of the Depositor

Age: _______/Date of Birth:______________

Door No.

Street:

_______________ Village

_______________Mandal

_______________Dist.

ANNEXURE-II

LIST OF SB A/C HOLDERS, WHO REQUESTED FOR REFUND OF PREMIUM OF Rs.22/- DEBITED UNDER PAIS DURING THE MONTH OF _________________ 2010.
<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the SB a/c holder</th>
<th>SB a/c No.</th>
<th>Date of debit of premium to SB a/c</th>
<th>Cr. IBA No. and date through which the premium sent to HO</th>
<th>Date of request of the SB a/c holder</th>
<th>Dr. IBA No. &amp; Date</th>
<th>Date of Refund.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Place: 

Date: 

Signature of the Manager