



# **DHANLAXMI BANK LTD**

## **SAFE DEPOSIT LOCKERS POLICY**

**Version 5.0**

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## **1. Introduction**

Amongst the general utility services rendered by banks, the facility of providing 'safe deposit lockers' is an important one. The Bank extends this utility service to all customers desirous of keeping their valuables in the Bank's strong room.

## **2 General Principles**

The legal position of the banker and hirer is that of a bailer and bailee. The bank will exercise due care and take reasonable precautions for the conduct of the locker operations.

The locker room shall be kept clean and decently furnished so that it will look good in appearance.

The lockers shall be allotted by the branches on first come first served basis.

The lockers shall not be let out for commercial use and in cases of request for facility by any partnership firm/private or public companies, an undertaking shall be obtained that they would not utilize the facility of locker for commercial purposes and their operations would not hinder the functioning of the branch.

### **2.1 Renting of Lockers**

A. Lockers shall be rented out to persons who are properly introduced to the Bank. Rules governing Safe Deposit Locker shall be brought to the notice of the hirer. Submission of Required Application form is necessary for renting out lockers.

B. Lockers shall to be rented out to a person solely in his name or in joint names. In case of joint names, the agreement must be signed by all the joint hirers. Clear instructions as to the operation of the locker shall be obtained from the hirers. If instructions regarding operation of a locker in joint names are cancelled by any one of the hirers, access to the locker shall be allowed to all the hirers jointly.

C. In case the hirer is a partnership firm, it shall be clearly noted as to which of the partners shall have access to the locker.

D. In case of limited companies, the request shall be supported by appropriate Board Resolutions duly specifying the names of the authorized persons who are to be permitted to operate the locker.

E. The rent of the lockers is payable in advance every year. On January 1<sup>st</sup>, the locker rent becomes payable and the rent for the year will be debited to the account/ collected from the hirer, in the month of January itself.

F. The system of opening a caution deposit for existing and future locker hirers has been introduced since June 2003.

At the time of hiring the locker, each hirer shall deposit an amount equivalent to 10 years rent of the locker as caution deposit. The amount of the Caution Deposit is fixed at 10 times the locker rent. Example:- If the rent is Rs.400, the caution deposit is Rs.4,000/-. The amount may be deposited, as Fixed Deposit for 3 years in the hirer's name and lien will be noted against the deposit. The deposit receipt shall be discharged and hirer shall hand over it along with the application form. The branch can pay the interest on the caution deposit.

G. A declaration has to be given by the customer, when he places the caution deposit, authorizing the bank to appropriate the said deposit to the arrears of rent in case of non payment of rent or for charges for breaking open the locker or other incidental expenses.

H. The hirers shall be requested to open a savings bank/current account with the branch and give standing instructions to debit the annual rental charges.

## **2.2 Daily Operations**

A. Operation of the locker shall be allowed only after the signature/s of the renter/s in the Safe Deposit Vault Daily Access Register is/are verified with that on the application form. The details of the locker have to be entered in the Daily Access Register. The hirer has to sign the register.

B. If the hirer is accompanied by a third party, the person shall be allowed to accompany the hirer, at the risk and responsibility of the hirer and at the discretion of the Branch Manager.

C. Where the locker rent is in arrears, operation on the said locker shall not be allowed until the dues are paid.

D. While opening the locker, custodian's key as well as renter's key have to be applied simultaneously.

## **2.3 Custody of Key**

A. The manufacturer will supply 2 different types of keys. Of the two keys supplied, one key is for the Bank, which is called the Master Key. The other key is for the hirer which is called the Hirer's Key.

B. The Master Key of the lockers shall be kept under the control of the branch manager.

## **2.4 Agent Appointed By a Renter**

A. A Renter may appoint an agent to have access to the locker. Letter of authority (as per specimen in prescribed by the Bank) should be signed by the renter/s. The renter/s has/have to authenticate the specimen signature of the person so appointed. A careful note of such an appointment shall be made in the records. This authority will hold good only once.

B. If the locker is in joint names, unless all of them join in giving the power of access to the locker to the agent deputed, it cannot be acted upon. Death, insanity or insolvency of any of the joint renters will revoke the authority given in favour of a third party.

C. An agent or attorney will not automatically get the power to give instructions to the Bank to break open the locker in case the key is lost or under any other circumstances.

D. The original renter can revoke his authority at any time. Any instruction given by telephone or other modes of communication cancelling the agent's power to have access to the locker should immediately be followed by written confirmation from the renter/s and the access to the locker shall not be allowed to the agent in the meantime.

## **2.5 Addition or Deletion of Name**

The renter/s may be allowed to add the name of a person as a joint locker holder in which case a letter (as prescribed by the Bank) will have to be submitted by the renter/s. Bank may also allow deletion of the name of one of the joint locker holders at the written request of all the locker holders. In both the cases, fresh agreement will have to be submitted by all renter/s.

## **2.6 Legal Position of Joint Renters and of an Agent as Joint Operator**

A. If the renter desires that the locker be operated by another person, he can do so either by hiring the locker in the joint names to be operated by either or survivor or by renting the locker in his own name and appointing another person as his agent.

B. If a locker is rented in joint names, any changes will be effected only with the joint mandate of both the hirers.

C. The bank will not delete the name of the renter/s at the instance of the other renter or remaining renters.

D. If one of the joint renters informs the Bank that instructions regarding operation of the locker by either or any of them is to be cancelled, the bank shall take cognisance of such instructions and in that event access to the locker shall be allowed only to all renters jointly.

E. If a person is authorized to operate the locker merely as an agent of a sole renter, such renter can at any time revoke the authority given by him and the bank will not allow the agent to have access to the locker after receipt of notice of revocation of authority.

F. If the locker stands in joint names, the agent shall be appointed under the joint signatures of all renters but such authority can be revoked by any one of the renters. Such authority is also determined automatically on the death, insanity or bankruptcy of the sole renter or anyone of the joint renters.

## **2.7 Articles left behind in the Strong room after the locker has been operated**

A.If some articles are found lying in the vault, the articles, after conducting an inventory, shall be kept in safe custody along with a list of lockers which were operated on that day.

B.When a hirer intimates that some article(s) are missing from his locker, he shall be asked first to describe the articles in detail. On being satisfied that the description tallies with that of the article(s) found in the vault, they shall be handed over to the hirer against a proper receipt and indemnity.

## **3. Nomination**

The Banking Regulation Act, 1949 has been amended by Section 37 of the Banking Laws (Amendment) Act, 1983 to enable a Banking company to release the contents of a Safe Deposit Locker to the nominee of the renter in the event of his death, after making an inventory of the contents of the Safe Deposit Locker in the manner directed by the Reserve Bank of India.

The Banking Companies (Nomination) Rules, 1985 framed by the Central Government, in consultation with Reserve Bank of India, have come into effect from 29.3.1985. These rules provide for registration, cancellation and variation of nomination.

The procedure pertaining to nomination in the case of Safe Deposit Lockers is detailed hereunder:

### ***3.1 Who can nominate?***

- A. Individuals, including non-residents who is the sole hirer.
- B. Two or more individuals including non-residents jointly
- C. When the locker is hired in the name of a minor, the nomination can be made by a person entitled to act on behalf of the minor.

### ***3.2 Who can be nominated?***

A. In case of a sole hirer, nomination can be made in favour of one individual. When the locker is hired by two or more individuals jointly, all such hirers may nominate one or more person.

B. Nomination can be made favouring a non-resident also

C. Non resident hirers can appoint a resident as a nominee

D.A minor can also be appointed as a nominee. Where the nominee is a minor, the hirer while making the nomination appoint another individual (adult) to receive the contents of the locker on behalf of the nominee, in the event of death of the depositor during the minority of the nominee.

As per the direction from Reserve Bank of India, nomination should be a rule while allotting lockers to customers. It should be ensured that “Nomination” is taken for all locker hirers in respect of lockers rented by the Bank. In case the customer does not want to nominate any one, a declaration to this effect should be obtained.

While allotting Safe Deposit Lockers to customers, it should be ensured that “Nomination” is captured in the Nomination Register and the Safe Deposit Locker Register.

A nomination or cancellation of nomination or variation of nomination can be made at anytime during which the locker is under hire. A nomination, cancellation or variation shall be made by all the joint hirers if the hirer is more than one. The same should be updated in the Nomination Register and the Safe Deposit Locker Register.

### **3.3 Nomination Cancellation or Variation**

A nomination or cancellation of nomination or variation of nomination can be made at anytime during which the locker is under hire. A nomination, cancellation or variation as aforesaid shall be made by all the joint hirers if the hirer is more than one

### **3.4 Delivery of Contents to the Nominee after the death of the Locker Hirer(s)**

In the case of death of a hirer, his nominee will have access to the locker only after completing all the necessary formalities.

A.A declaration in the prescribed format shall be obtained from the nominee when he comes to file a claim on the strength of the nomination given in his favour. Death certificate or any other satisfactory mode of proof of death acceptable to the bank will have to be furnished.

B. In the case of lockers hired jointly, the contents of the lockers will be allowed to be removed jointly by the nominee/s and the survivor(s) after an inventory is taken in the prescribed manner. The inventory of contents of the safe deposit locker has to be taken in the presence of the nominee and two independent witnesses.

C. After such removal preceded by an inventory, the nominee and the surviving hirer(s) may still keep the entire contents with the branch, if they so desire by entering into a fresh contract for hiring a locker.

D. Where the nominee is a minor, the branch shall ensure that when the contents of the locker are sought to be removed on behalf of the minor nominee, the articles are handed over to a person, not being a minor appointed by the hirer/s to receive the articles on behalf of the minor.

E. Bank will not open sealed/closed packets found in locker while releasing them. The inventory shall list the articles as ‘closed cover /packet, contents not known’

F. Application by non-resident nominees for taking out of India the articles held in safe lockers by deceased residents / non-residents shall be referred to Reserve Bank of India for prior permission.

#### **4. Death of a Hirer**

In the event of death of a hirer, access may be allowed for making an inventory of the contents with a view to obtaining necessary legal possession to the nominee/legal heirs of the deceased hirer, in the presence of the solicitors or lawyers and through persons authorized by a court for this purpose.

The death of a hirer automatically cancels the authority granted by him to the agent to operate the locker on his behalf.

In case of death of a sole hirer, the Bank shall not be bound to recognize any person except one who as executor, administrator or who by virtue of any law or order of competent court is entitled to represent the estate of the deceased.

In the event of death of sole hirer, his representative alone shall be entitled to have access to the locker, unless proper nomination has been registered with the bank.

In the case of death of one of the joint hirers, when the operating instruction is ‘Either or Survivor’, the Survivor will have access to the locker, without treating it as a claim case. Whereas in case of joint hirers with joint operation, the legal representative of the deceased along with the survivor shall be entitled to operate the locker.

#### **4.1 Delivery of Valuables Upon Death to Legal Heirs**

A claim application will have to be submitted by the legal heirs. On satisfaction about the genuineness of the claim, the locker shall be opened in the presence of a witness and the legal heirs. For this purpose, the legal heirs may authorize one or more of them to be present and to receive the contents of the lockers. The contents of the locker shall be delivered to the legal heirs under their joint discharge in the presence of the witness.

Whenever it is felt that an indemnity must be obtained from the legal heirs, the contents of the locker must be approximately valued and an indemnity bond obtained accordingly for the said valuation.

## **4.2 Inventory Under Court Order**

Where an inventory is to be taken in terms of a court order, it shall be done in the presence of (i) Court's representative (ii) the claimant/s to the contents of the locker held by the deceased renter (iii) the valuer and (iv) two officers of the bank. The inventory shall be signed by those in whose presence the locker has been opened. The valuer's assessment of the value of each item of the inventory will have to be in triplicate, one copy to the court, the second to the claimant and the third to be retained on bank record.

## **5. Restraint Order**

On receipt of a restraint order from a competent court prohibiting the operation of a locker, such locker will have to be sealed with the Bank's seal as a measure of precaution and must be ensured that it is not tampered with. The renter shall be informed in writing about the receipt of the prohibitory order.

If the contents of a locker are to be delivered under an order of a court, they will have to be handed over to the person named by the court after proper identification and approval from a counsel of the bank.

## **6. Loss of Key**

A. If the key of locker is lost by a renter, the renter will have to intimate the matter to the bank.

B. The renter/s will have to deposit an amount sufficient to cover the cost of breaking open the locker, changing of the lock. etc.

C. On receipt of the amount, the manufacturers shall be requested to send their mechanic on a certain day convenient to the renter/s.

D. The lock and the door of the locker which have been broken open in the presence of renter are to be sent to the manufactures' representative.

E. After the door and the lock are duly repaired and properly fixed in the locker cabinet, the balance of the deposit amount, after deducting company's charges and other incidental charges shall be refunded to the renter/s.

F. The locker shall be drilled open in the presence of the renter or all the renters, as the case may be.

G. If all the joint renters are unable to be present, they will have to sign a letter jointly authorizing the branch to allow the door to be broken open in absence of any one or more of them, as the case may be, and to deliver the contents to the authorized person/persons named in the letter.

## **7. Arrears of Rentals on Safe Deposit Lockers – Procedure for Breaking Open Such Lockers**

If locker holders fail to pay arrears of rentals or surrender the key held by them, the bank will have to break open the lockers. The following procedure shall be adopted in such cases:

A. Branches shall make a formal demand for the rental arrears by sending notices under certificate of posting. If there is no response within a reasonable time, branches shall send a notice by registered post acknowledgement due to the renter/s at the last registered address, referring to the notices already given and fixing the date and time for breaking open the locker and inviting him/her/them to remain present at the appointed time and place.

B. This schedule shall be adhered to and in the event of any change, another registered A.D. notice as per the same draft shall be sent to the renter/s incorporating therein the additional line “that the second notice is given as the locker could not be broken open on the first appointed day”. The day and time shall be decided in consultation with the manufacturer for breaking open the locker.

C. When the notice sent is returned unserved and the party cannot be traced, the bank may display a notice on the notice board of the branch, regarding breaking open of the locker. If there is no response from the renter within the stipulated time, the locker may be got drilled open by the manufacturer’s mechanic.

D. At the time of breaking open the locker, in addition to the Bank personnel, two respectable persons known to the bank shall also be present. They shall sign the inventory of the items found in the locker. If nothing is found in the locker, a statement to this effect shall be prepared and signed.

E. After making an inventory, the contents, if any, shall be put in a box or a packet which shall be sealed in the presence of the witnesses. The approximate weight of the packet so sealed shall be mentioned at the end of the inventory. The box or packet shall thereafter be held in safe custody. A note shall be made at the foot of the inventory that the contents mentioned therein have been put into a box/packet and sealed in the presence of the parties, and that the same has been kept in the safe custody.

F. The Bank shall send a letter to the renter to claim rent arrears.

## **8. Surrender of Lockers**

Lockers shall be surrendered in person by the renter/s and their discharge shall be obtained by the Bank. Lockers may also be surrendered by duly authorized persons on behalf of the renters but in such cases it would be necessary to get a letter of surrender signed by the renter /s. At times when renters write to the branch that their lockers are empty and wish to surrender them

and return the keys by registered post, the lockers shall be opened by the custodian in the presence of another officer to ascertain that they are in fact empty.

### **9. Search of Safe Deposit Lockers and Vaults by Officers of the Income – Tax Department**

The Commissioner of Income-tax has been empowered by law to authorize entry into and search of any building or place where he has reason to believe that secret documents, duplicate accounts, unaccounted cash, bullion, jewels or other valuable articles are kept. Bank locker and vaults may be searched under these powers.

- A. It should also be noted that when an authorized official of the Income-tax Department armed with the appropriate authority to carry out search visits the bank, he shall be given all possible co-operation.
  
- B. Branches shall, however, take care to satisfy themselves before the search that the persons (s) visiting them are authorized officials of the Income-Tax Department and their credentials are to be duly verified before parting the information.

### **10. Policy Revision**

This policy is subject to revision based on the extant RBI and IBA guidelines from time to time. Review of the policy will be carried out on an annual basis.

