

Human Resources Administration Division,
Human Resources Department, Central Office, Mumbai

STAFF CIRCULAR NO.07396

Date: March 24, 2021

To All Branches/ Offices

Group Insurance Cover for Staff Loans Accounts

viz. Staff Housing, Staff Vehicle (Active & Retired Staff) & Staff Overdraft (Active Staff)

Policy Period- 01.04.2021 to 31.03.2022

1. Introduction:

Attention is drawn to Staff Circular No. 7368 dated 17.02.2021 vide which 'Insurance Cover for Staff Loans viz. Housing, Vehicle and Staff Overdraft' was conveyed. The objective of the Group Insurance is to safeguard the bereaved families in the instances of untimely demise of an employee. Group Insurance cover against the staff loan portfolio shall provide the following benefits to the employees:

- Lower premium rates as compared to the individual term insurance.
- Easier & quick claim settlements.
- Financial support to the bereaved family during untimely demise of staff.

2. Applicability:

- All staff loans accounts including Staff Housing, Staff Conveyance and Staff Overdraft are mandatorily covered under group insurance.
- Subsequent sanctions, enhancements and disbursements will also be covered under the scheme by paying insurance premium on pro-rata basis.
- Staff housing loan of e-Corporation Bank, which are presently covered under existing policy of e-CB, will be covered under this Group Insurance Scheme w.e.f 01.09.2021 by deducting premium on pro-rata basis for the remaining policy period.

3. Insurer:

Star Union Dai-Ichi Insurance Company Limited (Sud Life).



4. Premium Rates:

Group Insurance premium rate applicable to cover all the staff loans will be Rs.2.8099 + GST per 1000 of sum assured. The premium as per the given rates will be directly debited from the respective staff loan Accounts.

5. Tenure:

The validity of this Group Insurance cover for all Staff Loans will be from 01.04.2021 to 31.03.2022, which will be renewed thereafter.

6. Sum Assured:

The quantum of sum assured for staff loan accounts will be as under:

- **Staff housing Loan:** Actual outstanding loan amount as on the date of policy premium payment or outstanding amount as on the date of demise of staff whichever is higher.
- **Staff Vehicle Loan:** Actual outstanding loan amount as on the date of policy premium payment or outstanding amount as on the date of demise of staff whichever is higher.
- **Staff Overdraft:** Actual Overdraft limit sanctioned (irrespective of outstanding balance).

7. Calculation of Premium:

Premium calculation from respective loan account will be done in following manner:

- For existing staff Loan Accounts-** For Staff Overdraft, the premium will be calculated on the basis of existing sanctioned limits, while for Staff Housing & Vehicle loans, the premium will be calculated on the basis of the outstanding limits.
- For addition of Staff Loan Accounts during the Policy Period:** In case of subsequent account opening/disbursement/limit enhancement, the premium is to be calculated by the respective branch. Examples to calculate pro-rata premium, is given as under:

Example for Calculation of premium by the Branches:

| Type of Loan | Type of addition and amount | Date to be considered for premium calculation | Date (taken for example only) | Remaining policy days | Calculation |
|--------------------|--|---|-------------------------------|------------------------------------|--|
| Staff Housing Loan | New account opened / subsequent disbursement with Rs.2000000/- | Amount disbursement date | 01.05.2021 | 365 - 30 days for april = 335 days | $\frac{2000000 \times 3.3157 \times 335}{1000 \times 365}$ = Rs.6086.35 |



| | | | | | |
|--------------------|---|---------------------------------------|------------|--|--|
| Staff Vehicle Loan | New account opened with Rs.900000/- | Amount disbursement date | 16.05.2021 | 365 - 45 days for april & may = 320 days | $900000 \times 3.3157 \times 320$ 1000*365 = Rs.2616.22 |
| Staff Overdraft | New account opened / Limit enhancement with Rs.550000/- | Account opened/limit enhancement date | 20.06.2021 | 365 - 80 days for april, may & june = 285 days | $550000 \times 3.3157 \times 285$ 1000*365 = Rs.1423.93 |

8. Deduction of Premium:

The premium in the existing / addition of staff loan accounts during the policy period will be deducted as under:

a. Existing Staff Loan Accounts:

In all existing Staff Loan Accounts, Bank will debit the premium centrally at Central Office level, directly from the staff loan accounts on 30th / 31st March 2021. As such, all employees are advised to maintain sufficient balance towards premium on their Staff OD Limits. Further, Staff Housing Loans of e-Corporation Bank, which are presently covered under existing policy, will be covered from 01.09.2021 by paying pro-rata premium for the remaining policy period.

b. Addition of Staff Loan Accounts during the Policy period:

Branch Head of such Branches, from where accounts are being added, should deduct the premium amount from the respective loans directly on pro-rata basis at the time of opening / disbursement / enhancement as the case may be and credit the amount to Sundry Deposit - Staff Loan Insurance (account number 800102850070150) of HRAD, CO. They will have to inform the details of these loans in the Format-A of Annexure-I to HRAD, CO immediately. Further, all Branch Head should also ensure that all eligible staff loans of their Branch are covered under the scheme and required premium has been debited from the account. If it is found that any of the eligible account is not covered under the schemes, they should inform such accounts in the same format to HRAD, CO by debiting full year premium from the accounts.

c. Deletion of Staff Loan Accounts during the Policy period:

Some Loan accounts may be required to be removed from the list of the accounts covered under the Insurance, due to closer of such accounts or decrease in the limit in case of Staff Overdraft Accounts. Such changes should invariably be informed by the concerned Branch Head to HRAD, CO in Format-B of Annexure-I.

9. Payment & Adjustment of Insurance Premium:

The premium amount will be directly deducted from the respective staff loan Accounts. It will be the responsibility of the concerned staff to adjust full amount debited from their staff loan accounts within one month either through their own sources

Or



By availing demand loan facility provided by the Bank, if the staff is unable to manage the premium from his/ her own sources. The details of said Demand Loan Scheme will be provided in due course.

10. Claim Settlement:

Human Resources Administrative Division, CO will take up the claim with insurance company. Insurance company will pay the settlement amount directly to the Bank. Bank after adjusting the outstanding amount in various loan accounts, will pay the balance amount, if any, to the nominee of the concerned employee.

11. Claim Procedure:

The details of the claim procedure, which will be adopted during any untimely demise of staff will be shared in due course.

12. Operational guidelines:

1. A List of the accounts along with the premium amount deducted from various staff loan accounts will be shared under the links as mentioned below:

UBINET>USEFUL LINKS>STAFF>GROUP INSURANCE PREMIUM DEDUCTION DETAILS

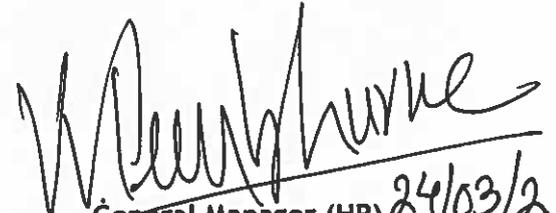
2. It is the responsibility of the Branch head, where staff loan A/c is maintained to ensure that the insurance premium deducted from the loan account is settled by the staff within 1 month of deduction, either from his/her own sources or by availing the facility of Demand Loan Scheme. If any staff fails to do so, such Branch Heads should inform the details of such staff along with the loan details to HRAD on the email id staffloan.insurance@unionbankofindia.com by 5th of next month.
3. All Branch Head should ensure to cover all additional staff loans A/c (active & retired) at their branches. Details of such staff loan accounts should be sent to the email id staffloan.insurance@unionbankofindia.com as per Format A of Annexure-I on daily basis under intimation to respective Regional Offices.

In case of closure of any staff loan a/c during the policy period, the details should also be sent to HRAD, CO on email id staffloan.insurance@unionbankofindia.com for arranging refund of the premium amount on pro-rata basis.

3. As, the purpose of the group insurance is to protect the bereaved family members from financial hardship at the time of any untimely demise of the staff, all staff members (active or retired) should ensure that their staff loan accounts are covered under the scheme including new sanction/ enhancement/ disbursement during the policy period i.e. 01.04.2021 to 31.03.2022. Please note that failure to add eligible staff loans in time may result in rejection of claims from the insurer.



4. Further, non-deduction of insurance premium of staff loan accounts opened/enhanced/disbursed during the policy period will result into under coverage or no coverage of the staff loan accounts, which will defeat the purpose of the group insurance coverage and the bereaved family will not get the benefit of the insurance coverage in case of untimely demise of the staff.
5. Any clarifications regarding the Group Insurance Cover for staff loan accounts shall be issued by HRAD, Central Office.
6. The contents of this circular may kindly be brought to the notice of all employees (serving as well as retired).



General Manager (HR)

24/03/21





ANNEXURE-I

Format-A - For Addition of Staff Loan Accounts

| | |
|--------------|--|
| Branch Name: | |
| Sol ID: | |
| RO: | |
| FGMO: | |

| Sr. No. | Emp. ID | Emp Name | Cust ID | Loan Account No. | Type of Loan (Staff Housing Loan / Vehicle Loan/ Staff Overdraft) | Old Sanctioned Limit | New Sanctioned Limit | Outstanding | Premium Amt. | Premium deduction txn no. | Transaction date | Reason for Additon (New Sanction/ enhancement/ disbursement) |
|---------|---------|----------|---------|------------------|---|----------------------|----------------------|-------------|--------------|---------------------------|------------------|--|
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
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Format-B- Deletion of Staff Loan A/c

| Emp. ID | Emp Name | Cust ID | Loan Account No. | Type of Loan A/c (Staff Housing Loan / Vehicle Loan/ Staff Overdraft) | Reason for Closure | Date of Closure |
|---------|----------|---------|------------------|---|--------------------|-----------------|
| | | | | | | |
| | | | | | | |
| | | | | | | |

Sign of BH:

Branch Head Name

Contact No.

Stamp

