

RAJASTHAN FINANCIAL CORPORATION
(F&R SECTION)

No. RFC/23FR/HO/Policy-118/30)

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CIRCULAR
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Sub : Insurance of assets of assisted units

Instructions already exist in P&G (Chapter FR-8) that the Branch Office should ensure that the assets of the assisted units (i.e. fire-prone Industries and Transport vehicles) are kept insured throughout and the insurance policies are renewed timely during the currency of the loan.

As per procedure, every Branch is required to keep an insurance intimation register like due date Register in which month-wise details of the insurance policies being expired shall be maintained to facilitate timely action to the assisted units for renewal of their insurance policies. Every assisted unit is to be sent an intimation (Proforma FR-52) for renewal of insurance so as to reach them the same at least 15 days in advance to enable them to renew the insurance policy before the date of expiry.

As regards the procedure for renewal, it is already prescribed that in case insurance policy is not renewed upto the date of expiry then a notice (Proforma FR -53) should be sent to the concern, giving 15 days time to get the policy renewed and it should be stated in the letter that in case of failure in getting the policy renewed within the stipulated period, the policy shall be got renewed by the Corporation and expenses so incurred on renewal shall be debited to their loan account. If even after issuance of such notice, the policies are not renewed by the loanee then the Branch Office should get the policy renewed from the same company to which the previous insurance policy belongs and debit the amount of premium and also liquidated damages (equal to the premium amount) to the loan account of the concern and intimation about it should be sent to the concern also (Proforma FR-54). A proper record of insurance of assets should be maintained by the Branch Office duly up-dated every month.

It has been observed that the aforesaid provisions contained in P&G are not being strictly followed by the Branches.

All concerned are advised to ensure compliance of the aforesaid provisions as contained in P&G.


(ATUL KUMAR GARG)

CHAIRMAN & MANAGING DIRECTOR

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