(1996) 08 NCDRC CK 0006

In the National Consumer Disputes Redressal Commission

Chandra Kanta Devi APPELLANT

Vs

Life Insurance Corpn. of India RESPONDENT

Date of Decision : 08-08-1996

Acts Referred:

Citation : 1996 3 CPJ 417

Hon'ble Judges : B.N.Sinha , Kalpana Ashok J.

Final Decision : Complaint dismissed

Judgement

1. THE complainant Smt. Chandrakanta Devi, widow of the insured Late Kishori Prasad has filed this complaint against the Life Insurance Corporation of India L.I.C. through its Divisional Manager (opposite party No. 1), and other Officers of the L.I.C. who have been impleaded as opposite party Nos. 2 and 3.

2. THE facts of the case as put in by the complainant may be briefly noticed. On 28.11.92 Late Kishori Prasad husband of the complainant took a L.I.C. Policy for Rs. 50,000/- and got himself insured under Policy No. 510658873 through opposite party No. 2, who happens to be an agent of the L.I.C. on payment of Rs. 1,270/- as its first premium. On 22.2.93 Late Kishori Prasad paid the second premium of Rs. 1270/- of the Policy to the opposite party No. 2 and the opposite party No. 2 assured him that the proper receipt acknowledging the payment will be supplied to him in a day or two. But no such receipt could be supplied to the insured by the opposite party No. 2 inspite of several reminders by the insured and his son. On 27.4.93 the insured expired all of a sudden and after his "Sradha" Awadh Kumar Sinha, son of the deceased contracted the opposite party Nos. 2 and 3 with regard to the settlement of claim under the Policy. But they always kept him in dark. THE complainant also approached those officers, but in vain. On 16.7.93 the said Awadh Kumar Sinha son of the deceased contacted the dealing assistant of the L.I.C. office, Danapur and he was shocked to know that the second premium of Rs. 1270/- had not been deposited by the opposite party Nos. 2 and 3 in the account of the deceased. Times without number the complainant and his son approached opposite party Nos. 1, 2 and 3 and sent

representations through registered post for the settlement of the claim under the Policy, but in vain. THE complainant also filed Criminal Case against the opposite party Nos. 2 and 3 in the Court of the Chief Judicial Magistrate, Patna in which the cognizance has been taken against the opposite party Nos. 2 and 3. Though there is no latches or negligence on the part of the deceased with regard to the payment of the premium, but still due to the negligence on the part of the opposite party Nos. 2 and 3, the premium was not deposited in the account of the insured. With these allegations the complainant has claimed Rs. 5,00,001/- as compensation which includes Rs. 50,000/- the assured amount and a compensation for the financial loss, mental anguish and harassment caused to the complainant due to negligence and deficiency in service on the part of the opposite party. On being noticed the opposite parties appeared and a joint written statement has been filed on behalf of the opposite party 2 and 3 controverting the allegations and challenging the claim made by the complainant. The opposite party Nos. 2 and 3 have not controverted that the Policy of Rs. 50,000/- had been secured by the deceased but they have denied the payment of second premium to opposite party No. 2 as alleged by the complainant stating that it is well settled law that the agents are not entitled to collect premium and that it cannot be believed that the insured could have given the premium to opposite party No. 2 without obtaining any receipt in respect thereof.

The opposite party No. 1 has filed separate written statement and denied the liability of the L.I.C. stating that it is well settled law that payment of premium to the agent shall not be deemed to be payment to the L.I.C. and that even if opposite party No. 2 had committed misappropriation it was question between the complainant and the opposite party No. 2 and the L.I.C. cannot be held liable for the same and hence the complaint may be dismissed.

3. NOW the only question involved in this case is whether the L.I.C. Agent receiving premium from the insured acts as the agent of the L.I.C. The questions stands answered in nega-tive by the decision of the National Commission in the case of L.I.C. and Anr. v. Consumer Education and Research Society and Others, I (1994) CPJ 95 (NC) (CP) (NCDRC)=(1994) 2 CTJ 781 in which it has been held by the National Commission that under The Agents Rules framed under the L.I.C. Act, Agents are prohibited from collecting insurance premium from the insured and to accept the risk on behalf of the Corporation and that in respect of any unauthorised collection, the agent acts as an agent of the party concerned and not as an agent of the Corporation. It has been further held by the National Commission that the Agent Rules framed under the L.I.C. Act are statutory rules and are binding on the Corporation and the policy holder who are deemed to have know-ledge of the said Rules. In the result we are constrained to dismiss this complaint/petition.

4. THERE is, however, no order as to cost. Complaint dismissed.