(1999) 02 NCDRC CK 0001

In the National Consumer Disputes Redressal Commission

Executive Engineer Environmental Engineering Cons Div APPELLANT

Vs

LIFE INSURANCE CORPORATION OF INDIA RESPONDENT

Date of Decision : 17-02-1999

Acts Referred:

Citation : 1999 1 CLT 600 : 1999 1 CPC 589 : 1999 1 CPJ 74 : 1999 1 CPR 84

Hon'ble Judges : S.C.SEN , R.THAMARAJAKSHI , S.P.BAGLA , C.L.CHAUDHRY , J.K.MEHRA J.

Judgement

1. SHRI Ramesh Digambar Panat was working in the Office of the Executive Engineer, Environmental Engineering Construction Division, Buldana. In the month of April, 1991, he took a Life Insurance Policy for Rs. 40,000/ - under the Salary Savings Scheme. The monthly premium payable under that policy was Rs. 139.80. Shri Panat paid two monthly premiums himself and gave a letter of authority to the Executive Engineer to deduct Rs. 139.80 every month from his salary and pay the same to the LIC as insurance premium under the said Scheme. Panat went on leave from 20.5.1991 to 18.6.1991 for 30 days. Thereafter, he remained on leave for a further period of 19.6.1991 to 5.8.1991 on which date he died of cancer. No premium was paid on this policy after the initial two monthly payments by the deceased The deceased had issued a letter of authorisation on the prescribed form of LIC authorising the Executive Engineer to deduct the premium amount from his salary and pay the same to the LIC.

2. LICS case is that it had forwarded the form to the Executive Engineer on 30.6,1991. The employer, however, failed to deduct and pay the premiums in due time. As a result of this, the policy lapsed. The case of the Executive Engineer is that he did not get any authorisation letter from LIC within time. Moreover, they said that the petitioner did not draw any salary during the period of leave. So, there could be no question of deduction from the salary. There are allegations and counter allegations between LIC and the Executive Engineer about the exact date when the letter of authorisation was forwarded to the Executive Engineer. There is also an allegation that there has been overwriting in the records of the LIC and also in the date of execution of the letter of authorisation. The mother of

the deceased, the complainant, had made both the LIC and the Executive Engineer respondent to this complaint. The case was heard on documentary evidence. After considering all the facts and circumstances and documentary evidence on record, and hearing the parties, the District Forum came to the conclusion that the LIC was at fault in not giving the information to the Executive Engineer for deducting the premium from his salary for the month of May, 1991 onwards. The District Forum directed the LIC to pay the insured sum of Rs. 40,000/ - to the complainant. A further sum of Rs. 10,000/ - was given to her as compensation for the sufferings she had to undergo for getting the amount. A further sum of Rs. 200/ - towards the cost.

3. LIC appealed to the State Commission which modified the order passed by the District Forum and Held that the liability for non -payment of the premium must be shared equally by the LIC and the Executive Engineer. State Commission directed 75% of Rs. 40,000/ - should be paid by LIC and the balance 25% would be paid by the Executive Engineer It was further directed that this amount shall carry interest @ 18% from the date of the order of the Commission till the realisation of the full amount. This was the only modification made to the order passed by the District Forum.

4. THE State Commission Held that even if the employee had gone on leave and salary was not paid, it was obligatory on the part of the employer to inform the LIC of the position. The premium has not been paid in the months of May and June. One instalment was paid in the month of July by deduction from his salary. Respondent No. 2 neither deducted the premium from the salary nor did he intimate their difficulty to the LIC and also to the deceased. The deceased was under the impression that henceforth monthly instalment will be paid by the Executive Engineer under the aforesaid Scheme. Negligence on the part of the LIC was also noted in sending information to the Executive Engineer but no final decision was given on the allegation of discrepancy in the record.

5. SOME sort of rough and ready justice appears to have been in this case. It is to be born in mind that there is no allegation of fraud in this case on the part of the claimant. The fact is that the policy lapsed because of non -payment of premium. For this the Executive Engineer or the LIC or both are responsible. Having considered all the facts, the State Commission directed the compensation to be paid on pro -rata basis by the LIC and the employer, the Executive Engineer at the ratio of 75% and 25%.

6. IN our view, this is the only way justice could be done in this case. The deceased was not a rich man. His LIC policy cover was only for Rs. 40,000 / -. He paid the first two instalments himself. Thereafter deductions from his salary was not made and the premium was not paid to the LIC. As a result of which, the policy lapsed. This lapse was due to the negligence of LIC or the Executive Engineer. It is a highly disputed fact. Neither of the two has maintained its records fairly and accurately. In the circumstances, in our view, the insured amount of Rs. 40,000/ - should be paid to the complainant in the proportion

indicated by the State Commission. The amount involved is very small and there is no allegation of fraud. The deceased employees mother will now be left with no sustenance and support. Having regard to all these circumstances, we sustain the order passed by the State Commission in principle. We order that the LIC will pay Rs. 30,000/ - and the employer will pay Rs. 10,000/ - of the insured amount to the respondent. This will be an equitable order. Direction to pay further compensation to the complainant on account of costs and mental agony will stand deleted as Well as the direction to pay Rs. 200/ - by way of cost.

7. REVISION Petition Nos. 975 and 1248 of 1996 are disposed of as above. There will be no order as costs. Revision Petitions disposed of.

