

(1999) 11 NCDRC CK 0016

In the National Consumer Disputes Redressal Commission

L.I.C. Of India

APPELLANT

Vs

V. LAKSHMINARAYANA RAO

RESPONDENT

Date of Decision : 03-11-1999

Acts Referred:

Citation : 2000 1 CPJ 330

Hon'ble Judges : S.Parvatha Rao , Mamata Lakshman J.

Final Decision : Appeal allowed

Judgement

1. THE only question raised in this appeal preferred by the opposite parties representing the Life Insurance Corporation of India ("LIC" for short) in O.P. No. 489/1995 questioning the order of the Khammam District Forum therein dated 5.11.1997 is whether the District Forum was right in directing the LIC to include bonus in calculating the surrender value payable to the complainant, who is the respondent in the appeal. THE fact that the policy bearing No. 62253696 for Rs. 1,00,000/- taken by the complainant on 28.1.1986 lapsed after 3 years is not in dispute. THE LIC already paid Rs. 6,203.40 ps. towards the surrender value on that policy to the complainant. THE complainant contends that in calculating the surrender value the appellant did not take into consideration the bonus payable to him. THE District Forum allowed the claim of the complainant purporting to rely on condition No. 7 of the policy extracted in the counter filed by the appellants before it. That condition extracted in the counter reads as follows : "Condition No. 7 : Guaranteed Surrender Value-This policy can be surrendered for cash after the premiums have been paid for atleast three years. THE minimum surrender value allowable under the policy is equal to 30 per cent of the total amount of the within-mentioned premiums paid excluding the premiums for the first year and all extra premiums and/or additional premium for Accident Benefit that may have been paid, provided that, if a portion of the sum assured had become payable or had been paid on the life assured surviving to the stipulated date(s) from the date of commencement, the premiums prior to the date(s) of such survival shall be excluded for calculating the surrender value. THE cash value of any existing vested bonus additions will also be allowed."

2. THE District Forum failed to appreciate the meaning and purport of "any existing vested bonus additions". THE District Forum assumed that "the cash value of any existing vested bonus additions will also be allowed to be paid in calculating the surrender value" meant that the complainant was having "vested bonus additions" by the time his policy lapsed in 3 years from the date of its commencement. THE District Forum ought to have enquired into the conditions under which the insured would be entitled to bonus. It cannot be disputed that bonus vests as per the conditions in force at the relevant time. THE condition relating to vesting of bonus at the relevant time is placed before us by the Counsel for the appellant. It reads as follows : "Bonus declared on the policies will vest in the policies, provided they have been in force for the full sum assured for a period of five years from the date of commencement of the policy. However, this condition shall not apply to the policies where, by reason of death occurring at any time within the said period of five years, claims are payable for the full sum assured."

In view of the above condition the complainant was not entitled to any vested bonus because the policy lapsed in 3 years. We, therefore, have to hold that the District Forum was not right in directing the appellants to pay further sum to the complainant towards surrender value on the basis of cash value of bonus vesting in his policy on the erroneous assumption that bonus vested in his policy. In the result, the order of the District Forum is set aside and the complaint is dismissed. THE appeal is accordingly allowed. No costs. Appeal allowed.