(2008) 08 NCDRC CK 0023

In the National Consumer Disputes Redressal Commission

LIFE INSURANCE CORPN OF INDIA APPELLANT

Vs

SIBA PRASAD DASH RESPONDENT

Date of Decision : 14-08-2008

Acts Referred:

Citation : 2008 4 CPJ 156

Hon'ble Judges : S.N.Kapoor , B.K.Taimni J.

Advocate : Mohinder Singh

Judgement

1. -PETITIONER was the opposite party before the District Forum, where the respondents have filed a complaint alleging deficiency in service on the part of the petitioner.

2. UNDISPUTED facts of the case are that the respondents had taken 10 different policies from the petitioner Life Insurance Corporation of India (LIC) in 1987. They paid quarterly premium upon September 1988 only. When the subsequent premiums were not paid, the policies lapsed and remained so for more than five years. After a gap of five years in 1993, the respondent asked LIC to refund the amount of premium, and when this was not done, a complaint was filed before the District Forum, who allowed the complaint and directed the petitioner to refund the amount paid by the complainant towards premium between March 1987 and September 1988 along with interest @ 12% p. a. from 1st October, 1988 till actual payment, along with cost of Rs. 500. Aggrieved by this order, the petitioner filed an appeal before the State Commission, who after relying upon their own order in CD Appeal No. 208 of 2001, dismissed the appeal, hence this revision petition before us. Despite service of notice on number of occasions, none appeared on behalf of the respondents, hence they are proceeded ex parte.

We heard the learned Counsel for the petitioner and gone through the terms of the Policy. It is clear that the respondent/complainant had paid premium for the period from March 1987 to March 1989 as recorded by the State Commission, whereas it was the case of the petitioner that the complainant has paid premium upto September, 1988, which in a manner of speech has been accepted by the

District Forum as they had awarded the interest from 1. 10. 1988.

3. WE find two things against the respondent/complainant, firstly, that there was no effort made by them to revive the Policy, which has lapsed in September 1988 itself, for five years. We are unable to appreciate as to on what ground the District Forum and State Commission could direct refund of premium? The premium is given by an insured, to cover the risk for a given period, and the insurer covers the risk for the period for which the premium has been paid. It is not the case of the complainant that the risk was not covered for the period for which the premium was given. If after that the policy lapsed, under no provision of terms of policy or law, could any Fora direct for refund of any premium for the simple reason, as already stated, that the risk stood covered for the period for which premium had been paid. The State Commission has also, in our view, wrongly appreciated ''the absence of any forfeiture clause in the policy''. Without being repetitive, in our view, this was not a question of forfeiture. This was not a question of any hypothecated goods, which were forfeited. This was a simple case of lapse of policy for non-payment of premium as a result of which the policy had lapsed. Insurer cannot be asked to refund the premium for the period when he had covered the risk. Introduction of element of ''forfeiture'' is a novation of the State Commission, when it was not warranted by the facts and circumstances of the case. Nothing is on record to show that any provision exists for refund of premium of a lapsed policy. The insured cannot be given advantage of ''risk coverage'' as also of refund of premium in the present circumstances. In view of above, we are unable to sustain the order passed by the District Forum and affirmed by the State Commission, which is set aside. The Revision Petition stands allowed and the complaint stands dismissed. Revision Petition allowed.