(2005) 10 NCDRC CK 0040

In the National Consumer Disputes Redressal Commission

LIFE INSURANCE CORPORATION OF INDIA	APPELLANT
Vs	
DEVI DAS SIRSODE	RESPONDENT

Date of Decision : 20-10-2005

Acts Referred:

Citation : 2005 0 NCDRC 54 : 2005 4 CPJ 212 : 2006 1 CPC 397

Hon'ble Judges : M.B.SHAH , P.D.SHENOY J.

Advocate : S.P.MITTAL

Judgement

1. IN both these Revision Applications question is with regard to interpretation of clause 10(a) of the "Endowment Assurance Policy with Profits (With Accident Benefit)". Complainant Shri Devi Das Sirsode, took the policy for a sum of Rs.25,000/- which carried accidental benefit. He had also taken second similar policy for a sum of Rs.50,000/-. Due to an accident on a railway track, his both legs were amputated from above the knee joint. His claim for accident benefit insurance coverage was however, repudiated by the petitioner - Life Insurance Corporation of India (LIC) on the ground that the disability suffered by the Complainant did not constitute permanent disability as contemplated under Clause 10 of the insurance policy because till today he was in employment and earning his livelihood. As the amount was not paid, Complainant approached the District Forum and in both the cases, the District Forum directed the LIC to pay the amount of accidental benefit as per the terms of the policy. Against the said judgment and order passed by the District Forum, the LIC preferred appeals No.1054 of 2004 and 1055 of 2004 before the State Commission, Madhya Pradesh. The State Commission, after appreciating the relevant term of the policy dismissed both the appeals by judgment and order dated 22.6.2005. Against that judgment and order the aforesaid Revision Petitions are filed The relevant part of the Clause 10(a) which gives benefit to the assured on account of disability is as under: "Accident Benefit: If at any time when this Policy is in force for the full Sum Assured, the Life Assured, before the expiry of the period for which the premium is payable or before the Policy anniversary on which the age nearer birthday of the Life Assured is 65 (whichever is earlier) is involved in

an accident resulting in either permanent disability as hereinafter defined or death and the same is proved to the satisfaction of the Corporation, the Corporation agrees in the case of: (a) Disability to the Life Assured:- (i) to pay in monthly instalments spread over 10 years an additional sum equal to the Sum Assured under this Policy. If the Policy becomes a claim before the expiry of the said period of 10 years, the disability benefit instalments which have not fallen due will be paid along with the claim; (ii) to waive the payment of future premiums. The disability above referred to must be disability which is the result of an accident and must be total and permanent and such that there is neither then nor at any time thereafter any work, occupation or profession that the Life Assured can ever sufficiently do or follow to earn or obtain any wages, compensation or profit Accidental injuries which independently of all other causes and within ninety days from the happening of such accident result in the irrecoverable loss of the entire sight of both eyes or in the amputation of both hands at or above the wrists, or in the amputation of both feet at or above ankles, or in the amputation of one hand at or above the wrist and one foot at or above the ankle, shall also be deemed to constitute such disability."

2. THE State Commission interpreted the clause 10(a) of the policy and arrived at a conclusion that in case of a permanent disability the aforesaid clause is required to be read in two parts both independent to each other and is required to be read disjunctively and it divided the clause as stated above and held that: (i) The first part relates to disability which should not only be total and permanent but should be such so as to render the insured incapable of doing any work, occupation or profession for whole of his life and (ii) the second part of the definition is illustrative in nature and provides that in case of accidental injuries resulting in irrecoverable loss of entire sight of both the eyes, or in amputation of both the hands at or above wrist, or in amputation of both feet at or above ankles or in amputation of one hand at or above wrist and one foot at or above ankle shall also be deemed to constitute permanent disability. The said part of the clause is very clear and it says that such disability constitute to permanent disability. The State Commission emphasised the words "shall also be" used in the latter part of clause giving meaning to the word ''disability'' and held that it makes abundantly clear that happening of any of these contingencies would also constitute disability as envisaged under the said clause.

In the above set of circumstances, once the disability under the second part is permanent, the LIC was unjustified in repudiating the claim. The State Commission also referred to the decision in the case of Asha Goel vs. vs. LIC - AIR 2001 SC 549 =(2001) 2 SCC 160 wherein the Apex Court cautioned the officers of the LIC against mechanical rejection of the claims of policy holders by observing as under: "In the course of time the Corporation has grown in size and at present it is one of the largest public sector financial undertakings. The public in general and crores of policy holders in particular look forward to prompt and efficient service from the Corporation. Therefore, the authorities-in-charge of management of the affairs of the Corporation should bear in mind that its credibility and reputation depend on its prompt and efficient service. Therefore the approach of the Corporation in the matter of repudiation of a policy admittedly issued by it should be one of extreme care and caution. It should not be dealt with in a mechanical and routine manner".

3. IN our view, the aforesaid reasoning and interpretation cannot be said in any way erroneous. The State Commission rightly read the clause giving meaning to the word ''disability'' by dividing it into two parts. Firstly, the disability which is the result of an accident should be total and permanent, such that after the accident assured cannot do any work. Occupation or profession to obtain any wages, compensation or profit. Secondly, if the accidental injuries has resulted in permanent loss of the limbs as mentioned therein, then it shall also be deemed to constitute such disability. Hence, first part deals with the capacity of the assured to earn livelihood, and the second part deals with the injury to the limbs as mentioned above. In our view, this is the only reasonable interpretation of the reading of the said condition of the insurance policy. May be that it is clumsily drafted by not providing the condition into two parts. However, it is to be noted that before the second part it is not provided that in addition to what is provided in the first part is required to be satisfied. On the contrary, the second part is a deeming fiction which provides that injuries to the limb, as mentioned in the said condition, would also deemed to be constituted such disability.

4. IN the present case, there is no dispute that disability was the result of accident. Secondly, it was permanent. The accidental injuries resulted in irrecoverable loss because of amputation of both the feet at or above the ankles. If this is so, then, if the employer continues the assured in service on compassionate ground or otherwise, it would not mean that the assured has not suffered permanent disability as defined under the clause. In any set of circumstances, in such a case, such ex gratia or on compassionate ground, continuing the assured in service by the employer (may be the Government or other statutory body or private individual) is not for the benefit of the Insurance Company. The Insurance Company cannot deprive the assured the benefit under the policy. Further, in any case if the terms of the policy are vague, it should be interpreted for the benefit of the assured as it would serve the purpose and object of getting insurance coverage. The law on this subject is settled by the Apex Court in Skandia Insurance Co. Ltd. Vs. Kokilaben Chandravadan & Ors. (1987) 2 SCC 654, Shashi Gupta vs. LIC of India -(1995) Suppl 1 SCC 754; B.V. Nagaraju vs. M/s. Oriental Insruance Co. Ltd. - (1996) 4 SCC 648; LIC vs. Raj Kumar Rajgarhia & Anr. (1999) 3 SCC 465. Finally, we observe that it is necessary for the officers of the LIC to change their negative approach in dealing with such claim and the insurance coverage should not be nullified by backward looking interpretation of the Act. The terms and conditions of the policy should not be read with a non-benevolent eye which would result in frustrating the purpose and philosophy of the legislation without being informed of the true goals sought to be achieved by the LIC Act. In this view of the matter, it cannot be said that the order passed by the State Commission confirming the order of

the District Forum, is in any way erroneous. In the result, these revision petitions are dismissed.

