(2006) 05 NCDRC CK 0051

In the National Consumer Disputes Redressal Commission

Life Insurance Corporation of India APPELLANT

Vs

KANTA RANI RESPONDENT

Date of Decision : 22-05-2006

Acts Referred:

Citation : 2006 4 CPJ 298

Hon'ble Judges : R.S.Mongia , C.P.Budhiraja , Jasbir Kapoor J.

Final Decision : Appeal disposed of

Judgement

1. THIS is an appeal by the Life Insurance Corporation of India (in short"LIC") against the judgment of the District Forum, Hoshiarpur dated 11.10.2005.

2. BRIEF facts are that Smt. Kanta Rani divorcee of Shri Ramesh Chander Mahajan and Shri Ramesh Chander Mahajan as complainant Nos. 1 and 2 filed a complaint before the District Forum against the LIC. Smt. Kanta had filed the complaint through her daugher Smt. Neelam Mahajan. Kanta Rani is stated to be mentally unsound and admitted in Punjab Mental Hospital, Amritsar. It is stated by the learned Counsel for Ramesh Chander Mahajan that in fact one of the primary grounds for seeking divorce from his wife Smt. Kanta Rani by Shri Ramesh Chander Mahajan was that Smt. Kanta Rani, his wife, was of unsound mind. Ramesh Chander Mahajan had taken an insurance in the sum of Rs. 50,000 of his son Pawan Kumar Mahajan on 25.12.1982 when Pawan Kumar Mahajan was a minor. Unfortunately, Pawan Kumar Mahajan died on 4.11.1989 when he had already attained majority. He was then unmarried. On 17.11.1989 the complainant is stated to have informed the LIC about the death of his son on 4.11.1989. The LIC was told that insurance policy No. 23037818 had been taken in the name of Pawan Kumar Mahajan. A request was made to the LIC to provide him with the claim format so that the claim regarding the policy should be settled. The complainant is stated to have been informed on 24.2.1990 by the LIC that in fact the claim form had been provided on 8.11.1989 and the same were awaited after filling in the same by the complainant Ramesh Chander. However, another set of forms was again sent to the complainant. It was further

mentioned that in case of any difficulty in filling the form the complainant could call on the office of LIC. A letter seems to have been addressed by the complainant to LIC on 16.7.1990, to which reply was sent to the complainant by the LIC on 26.7.1990, informing the complainant that a succession certificate of the deceased would be required and on receipt of the same the claim will be processed. On 6.1.1993, a letter was again addressed to the complainant that succession certificate be sent as also hospital treatment certificate and Last Medical Attendant Certificate as per form Nos. 3784 and 3816 which were enclosed. This was followed by another letter from the LIC dated 18.3.1993. When the claim was not settled Kanta Rani and Ramesh Chander Mahajan filed a complaint before the District Forum on 25.8.2004 which was allowed on 11.10.2005 in the following terms: "9. It is true that Neelam Mahajan is the natural guardian and next friend of complainant No. 1 and if she receives the amount in question from the opposite parties it is very necessary to protect the interest of Kanta Rani, complainant No. 1, who is admitted in Punjab Mental Hospital, Amritsar. It is, therefore, ordered that before the amount in question is released by the opposite parties Neelam Mahajan should furnish an Indemnity Bond in the sum of Rs. 1.00 lakh with one surety of the like amount undertaking to deposit this amount in the nationalized bank and to make payment to the Punjab Mental Hospital, Amritsar where Kanta Rani is admitted for her treatment to purchase the medicines or for day to day expenditure against receipt from the amount so received. Undertaking that she will utilize the amount only for the purpose of taking care of her mother Kanta Rani who is admitted in the Punjab Mental Hospital, Amritsar. If any amount is to be deposited for the purpose of purchasing clothes, medicines etc. in the hospital she should make payment to the hospital authorities against receipt and then this amount can be spent by the hospital authorities for the welfare of Kanta Rani from the amount received by Neelam Mahajan from the opposite parties and that, she should not spend any amount for her personal use. The amount to be released by the opposite parties only after Indemnity Bond is furnished before this Forum. 10. In view of the above discussion, the complaint of the complainant No. 1 is accepted and the opposite parties are required to make payment of a sum of Rs. 50,000.00 to the complainant No. 1 along with interest @ 6% p.a. from 4.11.1989 till payment and to pay a sum of Rs. 2,000.00 as litigation expenses on the various terms and conditions mentioned above. A copy of the order be sent to the parties free of cost and thereafter the file be arranged, paged, indexed and then consigned to the record room."

It is LIC which has come up in appeal. Ramesh Chander Mahajan has not filed any appeal. The present appeal has been filed by the LIC primarily on two grounds: one, the amount was not payable to complainant No. 1 through her natural guardian daughter but the amount of insurance was payable to the heirs of the deceased Pawan Kumar Mahajan, he having died after attaining majority; two, the interest awarded by the District Forum from 4.11.1989 is not well based as the respondent Ramesh Chander Mahajan never submitted the completed claim form neither provided the requisite information nor even the succession certificate.

3. SO far as the first point is concerned, no rule, regulation or law has been shown to us that in case of a death of the insured who was minor at the time of insurance was taken and has died after attaining majority then the amount of insurance has to be paid either to the nominee or to the legal heirs of the deceased insured. According to us, in such cases, the proposer is always the guardian who gets the minor child insured. In the policy, which has been appended and was produced as Annexure R-1 before the District Forum, against the column "To whom sum assured payable ?" It has been mentioned "the proposer or the assignees or nominees under Section 39 of the Insurance Act or the administrator or other legal representative who should or limited to the moneys payable under this policy from any account of Union of India." According to us, the reading of the aforesaid clause would go to show that if the insured survives till the maturity of the policy or dies before the maturity of the policy, even though the insured who dies might have attained majority, the sum assured is payable to the proposer or his assignees or the nominees as the case may be. In the present case, admittedly there is no nominee. According to us, the entire amount of the insurance policy on the death of the insured was payable to the proposer i.e. Shri Ramesh Chander Mahajan. Coming to the second point, there is nothing on the record to show as to when the complainant completed the formailities by submitting the claim form and death certificate and provided other information as asked for by the LIC. However, we feel that in such circumstances, as in the present case, the requirement of the claimant to submit a succession certificate of the deceased is not well based. Learned Counsel for the appellant LIC submitted that there was no fault on the part of the LIC in not releasing the amount as the respondents complainants had not completed all the formailities and, therefore, the District Forum went wrong in awarding interst from 4.11.1989. Even if the facts as stated by the learned Counsel for the appellant LIC and not controverted by the learned Counsel for the respondents complainants as he could not give the dates as to on which date the complainant completed all the formalities with the LIC the question still remains that the money which was lying with the LIC was to be used by somebody else; may be Ramesh Chander Mahajan or any of the other assignees, etc. The respondents complainants have been deprived of the user of the money for all this period. They must be compensated for that. If 6% p.a. interest is to be calculated from November 1989 till date it will roughly come to Rs. 51,000. We are of the view that interest of justice would be met if Rs. 25,000 are paid as compensation for depriving the respondents complainants of the user of the money for all this period. Further we hold that they will be entitled to litigation expenses before the District Forum as well as before this Commission which are quantified at Rs. 5,000.

4. LEARNED Counsel for the respondent has submitted an affidavit of Ramesh Chander Mahajan dated 20.5.2006 that he has no objection if the entire amount

as awarded by this Commission is given to his daughter Smt. Neelam Mahajan who should put the amount in a savings bank account to be utilized solely for the welfare and meeting the expenses of her mother Kanta Rani who is stated to be admitted in a mental hospital. This is a good gesture shown by Shri Ramesh Chander Mahajan, though on papers he has taken divorce from Smt. Kanta Rani on the ground of unsound mind of Kanta Rani. Accordingly, we order that a sum of Rs. 80,000 in all which will include the assured sum, the compensation and the litigation expenses be remitted by the LIC to Smt. Neelam Mahajan within a period of one month of the receipt of a copy of this order at the following address : "Smt. Neelam Mahajan w/o Shri Neeraj Mahajan, H.No. 1195-96, Sector-17, HUDA, Jagadhri, Haryana."

Along with the remittance of the money by way of draft/cheque, the LIC will also send a copy of this order to Smt. Neelam Mahajan and she would immediately deposit the amount in a savings bank account and would use the money for the welfare of her mother. On remitting the amount as aforesaid the LIC may move an application for withdrawal of the money deposited by it while filing the present appeal. A copy of this order be given Dasti to the Counsel for the parties free of charge and a copy of the order be sent to Smt. Neelam Mahajan at the aforesaid address.

5. THE appeal stands disposed of accordingly. . Appeal disposed of.