(2005) 10 NCDRC CK 0027

In the National Consumer Disputes Redressal Commission

LIFE INSURANCE CORPORATION OF INDIA — APPELLANT

Vs

N C Samantaray — RESPONDENT

Date of Decision : 04-10-2005

Acts Referred:

Citation : 2005 4 CPJ 497

Hon'ble Judges : R.K.PATRA , SUBASH MAHTAB J.

Judgement

1. THE order of the District Forum directing the appellant to pay to the respondent No. 1 a sum of Rs. 30,176.00 with interest thereon @ 12% per annum with effect from 1.2.1999 and to pay cost of Rs. 1,000 is under challenge in this appeal filed on behalf of the Life Insurance Corporation of India.

2. THE respondent No. 1 while serving as Traffic Manager under the Orissa State Road Transport Corporation took out an L.I.C. policy under salary saving scheme in the year 1991 on payment of two monthly instalments for May, 1991 and June, 1991 @ Rs. 328 per month. As per the procedure, the premium amount was to be deducted from his monthly salary by his employer, the O.S.R.T.C., which in its turn to deposit it with the appellant. The respondent No. 1 retired from service on 31.1.1999. As per the policy he is entitled to get a sum of Rs. 48,000 towards the maturity value under the salary saving scheme. As he did not receive the amount under the policy, he made claim with the appellant, but it was resisted on the plea that his employer did not deposit the premiums. In these circumstances, the complaint was filed. The appellant in the written version denied the claim of the respondent No. 1. Its case is that the policy lapsed in the year 1991. The employer having defaulted in deducting the premium and remitting the premium to the appellant, no liability can be fixed on it. The employer (O.S.R.T.C) in its written version pleaded that the monthly premium was being deducted from the salary, but the same could not be deposited with the appellant.

3. ON consideration of the matter, the District Forum held that the employer is the agent of the appellant (LIC) and the employer was authorized to collect the

premium from the respondent No. 1 and remit the same to the appellant and for its failure to remit the premium, the policy holder cannot suffer. Accordingly, the District Forum allowed the complaint.

4. IT is an admitted fact that as per the salary saving scheme, the employer was deducting the premium from the monthly salary of the respondent No. 1. The employer agreed to remit such premiums to the appellant. Thus, the employer acted as the agent of the appellant vide Delhi Electric Supply Undertaking v. Basanti Devi, III (1999) CPJ 15 (SC)=AIR 2000 SC 43. It is an undisputed fact that the employer was deducting the monthly premium from the salary of its employee i.e., respondent No. 1. It is, therefore, the employers duty to remit such amount to the appellant, which it did not do. Under law for the action or inaction of the agent, the principal is liable. In view of the admitted fact as mentioned above, the respondent No. 1 cannot suffer and liability has to be fixed on the appellant. For the reasons mentioned above, we do not find any wrong with the impugned order.

5. IN the result, by upholding the order of the District Forum, we dismiss the appeal with cost assessed at Rs. 2,000 (two thousand). Mr. Subash Mahtab, Member -I agree. Appeal dismissed.

