(1999) 12 NCDRC CK 0035

In the National Consumer Disputes Redressal Commission

Life Insurance Corporation of India APPELLANT

Vs

Paramjit Kaur RESPONDENT

Date of Decision : 28-12-1999

Acts Referred:

Citation : 2000 2 CLT 202 : 2000 2 CPC 116 : 2000 2 CPJ 561

Hon'ble Judges : H.S.Brar , Jasbir Singh , Davinder Kaur Bhamrahs J.

Final Decision : Appeal dismissed with costs

Judgement

1. ADMITTED facts are that Smt. Paramjit Kaur, complainant''s husband Avtar Singh, since deceased had purchased a life insurance policy for Rs. 50/- (Rs. 50,000/-) commencing from 15.7.1994. Premium was to be paid half yearly. Premium due on 15.7.1994, 15.1.1995, 15.7.1995 and 15.1.1996 were duly paid by the insured before his death on 24.8.1996. Premium which was due on 15.7.1996 was paid on 28.8.1996, i.e. after the death of Avtar Singh.

2. THE insurance claim filed by the wife of Avtar Singh, who is also nominee of her husband was repudiated by the opposite parties on the plea that as per Clause (2) of the insurance policy, the premium which was due on 15.7.1996 was not paid on that date and thus the policy stood lapsed with the death of the insured on 24.8.1996. Though in the reply, the opposite parties stated that the opposite party, Life Insurance Corporation was still willing to consider the case of the insured for ex-gratia payment on the policy and for that matter they had called for some factual information from the complainant. THE District Consumer Disputes Redressal Forum, Ropar (hereinafter called the District Forum), vide its order dated 13.8.1997 allowed the complaint on the basis of the order of the Hon''ble National Commission reported in II (1994) CPJ 45 (NC), Life Insurance Corporation of India & Anr. v. Smt. Shashi Gupta. The opposite parties have filed this appeal against the abovesaid order of the District Forum. Learned Counsel for the appellant before us has repeated the same ground for rejection of the claim of the complainant, which was taken before the District Forum. After hearing learned Counsel for the parties and going through the record of the case,

we do not find any infirmity in the order of the District Forum.

Hon''ble National Commission in Life Insurance Corporation''s case (supra), has referred to a Circular of the Life Insurance Corporation, providing relief to the claimant in cases where death takes place after the days of grace in the third year after payment of two full years'' premium. Relevant portion of the Circular reads as under : "At present the policies which have run for three years acquire surrender value with a corresponding vested right to paid-up value. Consequently, within a period of three years from the date of commencement of risk, if the premiums are not paid within the days of grace of the due premium, the policy lapses and nothing is payable thereunder. The matter has been reviewed and in order to provide relief to the claimants in cases where death takes place after the days of grace in the third year after payment of two full years'' premium it has now been decided to give the following relaxations in the matter of settlement of death claims arising by the death of the life assured on or after 1.10.1987. After at least two full years premiums have been paid under a policy : (a) If the death of the life assured were to occur after expiry of days of grace but within three months of the due date of the first unpaid premium, consideration of claim to the extent of the full sum assured together with the declared bonuses subject to recovery of the unpaid premiums...."

3. THE case of the complainant is squarely covered by the relief provided in this Circular of the Life Insurance Corporation. Before the issuance of the above referred Circular, the policies which had run for three years, acquired surrender value with the corresponding vested right to paid-up value. Consequently, within a period of three years from the date of commencement of risk, if the premiums were not paid within the days of grace of the due premium, the policy lapsed and nothing was payable thereunder. Vide the Circular mentioned above, the matter was reviewed by the Life Insurance Corporation and in order to provide relief to the claimants in cases where death took place after days of grace in the third year after payment of two full years'' premium, it was decided to give relaxations in the matter of settlement of death claims arising by the death of the life assured on or after 1.10.1987. The relaxation was that after atleast two full years'' premium have been paid under policy, if the death of the life assured was to occur after the expiry of grace days but within three months of the due date of the first unpaid premium, consideration of claim to the extent of the full sum assured together with the declared bonuses subject to the recovery of the unpaid premium.

4. THE case of the complainant is, thus, fully covered with this Circular, which has been upheld by the Hon''ble National Commission in the case Life Insurance Corporation (supra). As already mentioned above, the payment of full two years'' premium due was made on 15.1.1996 while the insured died in the 3rd year, i.e. on 24.8.1996. The death of the insured in the case in hand took place beyond the period of grace of 30 days but within three months of the due date, i.e. after 15.7.1996. Admittedly, the beneficiary of the said insurance policy was thus

entitled to an ex-gratia payment of Rs. 50,000/- (sum assured) besides bonuses due to the insured minus the amount of the premium due. In the case in hand, the said premium admittedly was paid on 26.8.1996, i.e. after the death of the insured, which occurred on 24.8.1996. District Forum has, thus, rightly held that the opposite party, Life Insurance Corporation was amiss in not processing the case of the complainant beneficiary in accordance with the necessary guidelines contained in the abovesaid Circular. In our view also, the deficiency in service by the opposite party is writ large in this case. We are sorry to note that it took years for the opposite parties, i.e. the Life Insurance Corporation in not settling the claim of the complainant in accordance with law and still they are pleading before us that they are ready to decide the case according to law but they have still to get some information from the complainant.

5. WE do not know as to what type of information they are expecting from the complainant. The insurance policy is with the opposite parties, the amount of premium stands admitted by them, death certificate has been produced before them by the complainant, and all the documents relating thereto have already been furnished by the complainant years back.

6. IT has been specifically stated in para No. 5 of the complaint that the complainant had furnished all documents to the opposite parties. IT has again been reiterated in her affidavit by the complainant that all the documents were furnished to the opposite parties. The opposite party has not repudiated this contention made by the complainant in her complaint as well as in the affidavit. Even no affidavit has been filed by the opposite parties to contest this fact that all the relevant documents were supplied by the complainant to the opposite parties. IT, thus, clearly shows that the opposite parties were never interested in settling the claim of the poor widow, whose husband has died many years back. This action of the Life Insurance Corporation is not appreciable. Their act in not deciding such cases within a reasonable time of the death of the insured needs condemnation. Resultantly, this appeal is dismissed with costs, which are quantified as Rs. 5,000/-. The costs shall also be paid alongwith the ex-gratia and other dues available to the complainant. Appeal dismissed with costs.