(2006) 12 NCDRC CK 0029

In the National Consumer Disputes Redressal Commission

P. INDIRA DEVI APPELLANT

Vs

L.I.C. of India RESPONDENT

Date of Decision : 08-12-2006

Acts Referred:

Citation : 2007 1 CPJ 205 : 2007 1 CPR 125

Hon'ble Judges : K.S.Gupta , P.D.Shenoy J.

Final Decision : Revision Petition allowed

Judgement

1. IN this revision against the order dated 21.7.1998 of Kerala State Consumer Disputes Redressal Commission, Thiruvananthapuram allowing appeal against the order dated 26.11.1997 of a District Forum, the relevant facts are these. Husband of the petitioner/complainant had taken a policy on 18.3.1993 for Rs. 25,000 from the respondent/opposite party. Policy taken was under the Salary Saving Scheme. Life assured died on 13.7.1993. Claim made under the policy was repudiated by the INsurance Company on the ground that premium from May, 1993 onward was not remitted and on the date of death of assured the policy was lying lapsed. Complaint filed by the petitioner was also contested by the INsurance Company on this ground. The District Forum allowed the complaint with direction to the INsurance Company to treat the policy as existing and pay the amount thereof to the petitioner which order in appeal was set aside by the State Commission.

2. HAVING considered the aforesaid order dated 21.7.1998 and the submissions advanced by parties'' Counsel we are of the view that the controversy in present revision centres around the issue if it was obligatory for the respondent Insurance Company to have intimated the assured of the consequences of non-receipt of premium from May, 1993 onward. This issue has been settled by the Apex Court in the decision in Chairman, LIC v. Rajiv Kumar Bhasker, V (2005) SLT 567=(2005) 6 SCC 188. This judgment was rendered with reference to Salary Saving Scheme. Para No. 32 of the decision at pages 198-199 of the report which is material is reproduced below : "The Scheme clearly provides that

in the event of cession of employment the employee concerned if continues his employment under a new employer, the former employer has to inform the Corporation thereabout. Furthermore, upon retirement or in situations other than taking up of any job with any other employer, the employee would be entitled to continue with the policy but, therefore, he will have to pay a higher premium. Even at that stage, the Corporation would have a duty to inform the employee concerned towards his right. Even in case of non-payment of premium for any reason whatsoever, in view of the object the Scheme seeks to achieve, it was the duty of the insurer to inform the employee about the consequences of non-receipt of such premium from the employer. The Corporation has failed or neglected to do so. In that view of the matter, we do not find any reason to take a different view."

Under the scheme the employer of the assured was held to be the agent of the Insurance Company. It is not the case of respondent Insurance Company that any notice was sent to the husband of the petitioner informing him of the consequences of non-receipt of premium for the month of May, 1993 onward from the employer. Thus, applying the above ratio, the order of State Commission is to be set aside being legally erroneous.

Accordingly, while allowing revision, aforesaid order dated 21.7.1998 is set aside. Respondent Insurance Company is directed to make payment of the amount of policy in question with interest @ 12% p.a. from the date of filing of complaint and cost of Rs. 5,000 to the petitioner. Revision Petition allowed.