(1998) 12 NCDRC CK 0063

In the National Consumer Disputes Redressal Commission

SHARAD JAISWAL APPELLANT

Vs

ADHYAKSHAK, BHARTIYA JEEWAN BEEMA NIGAM RESPONDENT

Date of Decision : 09-12-1998

Acts Referred:

Citation : 1999 1 CPJ 650

Hon'ble Judges : S.K.Dubey , Saroj Rajwade J.

Final Decision : Appeal dismissed

Judgement

1. THIS is a complainant''s appeal under Section 15 of the Consumer Protection Act, 1986 (for short the ''Act'') against the order dated 6.8.1996 passed in Case No. 397/1994 by the District Consumer Disputes Redressal Forum, Jabalpur (for short the ''District Forum'').

2. FACTS giving rise to this appeal are thus, that the complainant got assured his life by taking a Life Insurance Twenty Years Money Back Policy with Profits (With Accident Benefits) No. 57806297 commencing from 22.7.1982. Table and Term 75- 20 of the assured value of Rs. 50,000/- with annual premium payable of Rs. 3255/- maturing on 22.7.2002 on the terms and conditions mentioned in the Life Insurance Policy. During the period when the Money Back Policy remained valid and alive, the complainant was paid 24% of the assured value every after 5 years. He was paid Rs. 10,000/- on 26.8.1997 and Rs. 10,000/- on 17.7.1992. The complainant after payment of 10 yearly instalments of the premium applied vide application dated 16.12.1993 for the payment of the surrender value in terms of condition No. 7. The opposite party calculated the surrender value at Rs. 31,250/- in terms of condition No. 7 alongwith bonus payable on the date of maturity i.e. on 22.7.2002. The opposite party as per liberal prevailing practice in terms of Special Surrender Value, which was more beneficial to the complainant paid an excess amount of Rs. 837/- making the amount at Rs. 17861/-. The complainant averred that out of total amount of Rs. 32211/- he has been paid only Rs. 17861/- while the balance of Rs. 14350/-has not been paid to him due to deficiency in service, hence, claimed the amount of Rs. 14350/- with interest

thereon @ 1% p.a. from 10.12.1993. An amount of Rs. 2 lacs for mental pain and financial loss was also claimed. The claim was contested. The District Forum after considering the complaint, reply and condition No. 7 of the policy held that the appellant was entitled to earned bonus only at the time of maturity of the policy that is in the year 2002. As the complainant claimed the surrender value after 10 years the complainant could have got the earned bonus only on the maturity of the policy, which was paid on its present value worked out according to condition No. 7 and the Table of Special Surrender Values, hence found no deficiency in service and dismissed the complaint.

The question for our consideration is as regard to the cash value of the existing bonus addition in terms of condition No. 7, should be the same as the accrued bonus thereon at the time of maturity. The condition No. 7 of the policy reads thus: "7. Guaranteed Surrender Value : This policy can be surrendered for cash after the premiums have been paid for at least three years. The minimum surrender value allowable under this policy is equal to 30% of the total amount of the within mentioned premiums paid excluding the premiums for the first year and all extra premiums and / or additional premiums for Accident Benefit that may have been paid, provided that if a portion of the sum assured has become payable or had been paid on the life assured surviving to the stipulated date prior to the date of maturity the premium prior to the date of such survival shall be excluded for calculating the surrender value. The cash value of any existing vested bonus additions will also be allowed."

3. THE National Commission in case of Branch Manager, LIC of India & Anr. v. A. Paulraj, II (1996) CPJ 69 (NC) in terms of condition No. 7 considered the question as to what amount is to be paid at the time of surrender of a policy before its maturity period is over and what amount is to be paid at the time of surrender of the policy after its maturity period was over. THE National Commission after quoting condition No. 7 in para 2 observed in para 3 thus : "3. THE question for decision, therefore, is as regards the cash value of any existing bonus additions. THE contention of the insured is that the cash value of the bonus should be the same as the accrued bonus thereon even before the maturity of the policy. That obviously is not the correct terms of condition No. 7, if the intention was to pay the entire bonus accrued on the policy at any given point of time before maturity, then the concept of cash value would not have been incorporated in this condition for calculating the guaranteed surrender value. THE total amount of bonus is paid on the maturity of the policy alongwith the final payment and till then it remains with the LIC which can utilise it for investment purposes. If it has to pay the accrued bonus earlier than the final payment, the condition No. 7 introduces the concept of cash value of the total accrued bonus upto that point of time, and the cash value has been calculated according to the surrender value factor which has been clearly indicated in the sheet showing calculation of the surrender value of the policy. We, therefore, find that the State Commission has erred in construing the cash value to be the same as the accrued bonus even, when paid before the maturity. We, therefore, accept

this appeal and set aside the order of the State Commission and District Forum and dismiss the complaint. We hold that the surrender value as shown in the calculation sheet and for which the cheque of Rs. 2,927.40 was sent to the insured is correct."

In view of the above, the interpretation put by the complainant cannot be accepted. The calculation of the amount in terms of condition No. 7 and according to Table of Special Surrender Values and adding thereto an additional amount of Rs. 837/- as a liberal prevailing practice the vested bonus was found to be payable on the surrender of the policy of the present value cannot be said to be incorrect. On the other hand the opposite party has paid Special Surrender Value which was more beneficial to the complainant.

4. IN the result, the appeal is devoid of any merit and is dismissed with no order as to costs. Appeal dismissed.