

(2005) 02 NCDRC CK 0008

In the National Consumer Disputes Redressal Commission

YASHODA

APPELLANT

Vs

LIC OF INDIA

RESPONDENT

Date of Decision : 09-02-2005

Acts Referred:

Citation : 2005 0 NCDRC 74

Hon'ble Judges : K.S.GUPTA , B.K.TAIMNI J.

Advocate : S.S.REDDY , S.P.MITTAL , K.R.NAGRAJA

Judgement

1. PETITIONER was the complainant before the District Forum, where she had filed a complaint alleging deficiency in service on the part of the respondent Insurance Company.

2. BRIEF facts of the case are that the complainant's husband who was conductor with the Karnataka State Road Transport Corporation (KSRTC) had got his life insured for Rs.50,000/- under the salary deduction scheme and had obtained the Policy commencing 10.3.92 to mature after a period of 10 years, i.e., on 10.3.02. Admitted position is that the premiums were paid only upto 10.4.94, i.e., for a period of only 2 years and 2 months. After this no premium was paid. The insured died on 8.3.95 and upon a claim being preferred by the complainant with the respondent L.I.C., it was repudiated on the ground that Policy had lapsed since the premium was not paid from April 1994 onwards till the time of death. Thus, alleging deficiency in service a complaint was filed before the District Forum, who after hearing the parties allowed the complaint. On an appeal being filed by the respondent before the State Commission, it allowed the appeal and dismissed the complaint, except giving the direction to the respondent L.I.C. to pay the complainant the paid up amount of Rs.5,417/- along with interested @ 12%. Aggrieved by this order, this revision has been filed before us. We heard the Ld. Counsel for the parties at some length. It is not in dispute that Policy was taken effective 10.3.92 to 10.3.02 by the deceased under salary deduction scheme for a sum of Rs.50,000/-. It is also not in dispute that no premium was paid by the employer KSRTC after 10.4.94 for the simple

reason that the deceased was under suspension and from the remainder of the money being paid under those conditions to the deceased, nothing was available to be paid as premium towards this Policy. Net result being that the Policy lapsed for non-payment of premium from 10.4.94 and the insured died on 8.3.95. The main argument of the Ld. Counsel for the Petitioner is that no notice was issued about the lapsing of the Policy for non payment of premium as envisaged under Section 50 of the Insurance Act. The State Commission has adequately dealt with this and has reproduced Section 50, which is as follows:- "50. Notice of options available to the assured on the lapsing of a policy - An insurer shall, before the expiry of three months from the date on which the premiums in respect of a policy of life insurance were payable but not paid give notice to the policy holder informing him of the options available to him (unless these are set forth in the policy)."

3. THE critical part to be read in this Section is that notice was to be issued only when options available are not given in the Policy itself. Since the options have been clearly spelled out in clauses 3, 4 and 5 of the Policy issuing of notice, was not required. The State Commission has reproduced clauses 3, 4 and 5 in its order and has discussed them at length. Clause 4 clearly stipulates that "if after at least three years full premium have been paid in respect of this Policy any subsequent premium duly not paid, this Policy shall not wholly be void but shall subsist as a paid up Policy for a reduced sum payable on the date of maturity..." In the instant case even three years premium has not been paid. There is also a reference in the order passed by the State Commission in Para 12 that there was an undertaking given by the deceased in the form of an authorisation letter itself that in case the premium having not been paid by the employer due to the fault of the employee, the insured is liable for payment of the premium. Admittedly, no premium was paid from April, 1994 onwards. It is also admitted position that 3 years full premium were also not paid hence under no circumstances, the petitioner, in this case would be entitled to any further relief than the one granted by the State Commission. This was a question of the lapsed Policy and admittedly nothing was available with the employer to enable him to pay the premium in view of the suspension status of the deceased. In view of this, if any one is to be faulted it is the deceased himself who in the circumstances should have paid the premium himself to keep the Policy alive. Obviously, this was not done. This was unfortunate but bare truth. In view of the above discussion we find no ground to interfere with the well reasoned order passed by the State Commission calling for our intereference in revisional jurisdiction under Section 1(b) of the Consumer Protection Act.

4. AS per our direction dated 21.8.03, Rs.11,820/- were sent by the Respondent but as per material brought on record the petitioner refused to accept this cheque, hence sent back to L.I.C. Vide our order dated 27.2.04 respondent gain sent this amount to the petitioner and it was again returned with the postal remarks "refused". Be that as it may, the final amount be worked out on the basis f the State Commission and be paid to the petitioner within a period of 4

weeks f passing of this order. No order as to costs.