Death Claim

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0058
Smt. Pamila R. Chamadia
Vs
Life Insurance Corporation of India

Award Dated 01.04.2005

The reason for repudiation is breach of Terms and Conditions of the Acceptance Letter which requires the Proposer to inform to the Insurer any adverse change in his health during the date of Proposal and dae of issue of Acceptance Letter. The date of Proposal in this case was 30.01.2002 and the dae of receipt of Acceptance Letter - cum - First Premium Receipt issued on 26.02.2002. The DLA was hospitalised on 21.02.02 to 2 -03-02 for 10 days for treatment of Cirrhosis with Portal Hypertension. The DLA ultimately died of the same disease. The DLA did not inform this vital informaton to the Insurer which would have affected the acceptance of Risk. Thus breach of Terms and Conditions of Acceptance stipulated in first Premium Receipt led to the repudiation of the death claim by the Respondent. The repudiation action of Insurer was upheld. No relief granted.

Ahmedabad Ombudsman Centre
Case No. 21 - 011 - 0317
Smt. Beena P. Sharma
Vs
ING Vysya Life Insurance Co. Pvt. Ltd.

Award Dated 13.04.2005

Repudiation of Death Claim under Life Insurance Policy. The Complainant's husband was suffering from Chronic Liver Disease, Hepatic Encephalopathy, Portal Hypertension and Hepato Renal Syndrome and had expired. The Respondent repudiated the Death since the last Medical Attendant's Certificate indicated that the ailment had aggravated due to chronic alcohol Consumption which was misstated in the Proposal Form. Since material facts to assess the personal habits of the Assured was suppressed; as per documentary evidences; the decision of the Respondent to Repudiate the Claim was upheld with no relief to the Complainant.

Ahmedabad Ombudsman Centre
Case No. 21 - 009 - 0307
Smt. Shakuntla R. Indrekar
Vs
Bajaj Allianz Life Insurance Co. Ltd.

Award Dated 27.04.2005

On 30.3.02, Shri B. R. Indrekar (DLA) was insured for Rs. 8 lacs with the Respondent Company. He expired on 24.06.03. It was told by the Complainant that the DLA fell down in the bathroom leading to head injury. Then he was taken to Dr. Doshi's Clinic. Dr. Doshi had certified that DLA was dead when he was brought. The Doctor had also advised relatives to go to Civil Hospital to complete further formalities. As per their social and religious custom DLA was cremated. The Respondent had carried out in -

house investigation. The Investigation Report was in a well structured format. The Investigation Officer concluded that no specific evidence were collected which can lead to repudiation. As per his recommendation, the Respondent entrusted investigation to External Investigating Agency. The External Investigator had tried to collect concrete evidence. He visited the police Station for verifying prohibition cases. He went to Registrar of Birth and Death to confirm whether Insured died prior to Proposal date. He also visited 8 Hospitals and Clinics to ascertain state of health of DLA. He contacted Dr. Doshi on 01.03.2004 with photograph of DLA. Since period of nearly 8 months was passed, the Doctor could not confirm identification of the DLA whom was brought dead on 24.06.03 to him. So he reported that identification of DLA could not be establihsed. And on the basis of finding of Investigators, the Claim was repudiated. It stated that "the cause of death is not established due to non-compliance of mandatory requirements as per Policy conditions. During the course of Hearing the Complainant produced notarized affidavits of 10 different persons of eminence of the community confirming identification of person. DLA was cremated without Police formalities, it is violation of Clause - 8 viz. Reports from Police in case of accidental / unnatural death". This will allow the Respondent to deny Accident Benefit but not the basic Sum Assured. More than 1 year is passed from commencement of Risk to death, so suicide clause is also not operative. The Respondent was directed to pay basic Sum Assured of Rs. 8 lacs and term rider to the Complainant.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0402
Smt. Manjulaben V. Bhadani
Vs
Life Insurance Corporation of India

Award Dated 20.06.2005

Repudiation of Death Claim. The Complainant's husband died due to Cardiac Arrest. The Claim was repudiated on grounds that the deceased had suffered from Stroke and Hypertension before the date of risk and had taken treatment thereof. The Certificate of Hospital Treatment, Medical Attendant's Certificate and the Mediclaim Papers all state that the deceased was a known case of Hypertension with Stroke 2 Years back Since there was no inconsistency in the sources of the reports and since the deceased while taking Insurance had not disclosed the material facts, the decision to repudiate the Claim was upheld with no relief to the Complainant.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0001
Smt. Madhuben H. Mayani
Vs
Life Insurance Corporation of India

Award Dated 30.06.2005

Repudiation of Death Claim under Life Insurance Policy. The Complainant's husband committed suicide by drinking poison. The Respondent repudiated the Claim since the deceased had not mentioned the facts in the Personal Form that he was taking treatment of Non - insulin dependant Diabetes. Since the said disease had no nexus with the unnatural cause of death, as per legal precedent in similar cases, the Respondent was directed to pay to the Complainant the Full Sum Assured with interest at 6 %.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0183
N. A. Patel
Vs
Life Insurance Corporation of India

Award Dated 04.07.2005

Wife of the Complainant held a Jeevan Akshay Policy. It was an Annuity Policy (Table 146). On her death, Respondent refunded the purchase price only. Complainant demanded interest, which was turned down by the Respondent. Hearing not held. Documents were sufficient to decide the case. It is observed that the date of commencement of the Policy being 27.03.2003 and Mode being Yearly, the First Annuity Instalment was due on 01.04.2004. But the LA died on 24.02.2004, i.e. before the date of First Annuity Instalment payable on 01.04.2004. In this case, the issue to be ascertained was that whether the Nominee / Beneficiary is entitled to get Purchase Price only or not. It is observed from the Policy Conditions that no benefit can be there other than return of Purchase Price on death of Annuitant because, the death took place earlier to the due date of First Annuity Instalment. Held that the Complainant's pleading that the Provisions with regard to interest payment in some other Pension Plans are also to be made applicable in Table 146, is not acceptable or relevant. Return of Purchase Price upheld without any relief to the Complainant.

Ahmedabad Ombudsman Centre
Case No. 21 - 004 - 0358
D. P. Agarwal
Vs
ICICI Prudential Life Insurance Co. Ltd.

Award Dated 11.07.2005

Repudiation of death Claim under life Policy for suppression of material fact regarding personal health. The Respondent submitted that though the Life Assured suffered from Hypertension, Diabetes and hypothyroidism prior to proposing for insurance, it was not mentioned at the proposal stage. This was suppression of material fact which would have effected the underwriting decision of the respondent. Repudiation was upheld Complainant failed to succeed.

Ahmedabad Ombudsman Centre
Case No. 11 - 002 - 0344
Mr. V. B. Patel
Vs
The New India Assurance Co. Ltd.

Award Dated 14.07.2005

Mediclaim for Cataract treatment rejected as Hospital was not complying 15 Bed criteria. However the Hospital was registered by Ahmedabad Municipal Corporation since 1999. The Respondent argued that the said registration fell short of Registration as envisaged by them. It was observed her E. N. T. Hospital may not fulfill criteria for number of beds meant for General Hospitals. Again Treating Doctor is M. S. in Ophthalmology. There is no dispute as to the quality of treatment taken which is the main purpose behind setting standards of Registration of Hospitals. Claim was directed to be paid for Rs. 17395/-.

Ahmedabad Ombudsman Centre
Case No. 24 - 001 - 0420

Smt. K. M. Shah
Vs
Life Insurance Corporation of India

Award Dated 21.07.2005

The complaint relates to the deduction made from Death Claim proceeds of Varishtha Pension Policy. LIC had issued instruction that not more than one Policy can be issued to a person. But this was not done at the outset i.e. with launching of the Plan but it was done after few months. Before such instructions were issued a policyholder took two separate Policies. Annuity payment started in both the Policies as promised. The Policyholder died 8 months after start of the annuity. The return of Premium paid becomes payable subject to deduction of any annuity payable and paid after date of death. But the Respondent recovered the entire amount of all annuity instalment paid under the second Policy. According to them Policyholder was not eligible to obtain second Policy. It was held that Respondent cannot apply the instructions with retrospective effect and therefore any Policies issued prior to restrictive instructions should be eligible to earn annuity. So, recovery was not justified and Respondent was directed the said amouunt with 8 % interest.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0362
Mrs. Wisonta Hanokh Parmar
Vs
Life Insurance Corporation of India

Award Dated 22.07.2005

The Deceased Life Assured had proposed the insurance on 12.03.2002. FPR was issued on 18.04.2002 with Risk commencing on 28.03.2002. Death occurred on 5.12.2003 by Cancer of Stomach. Respondent pleaded that certificate of Treatment from Dr. Ronak Shah mentioned that the DLA had consulted Dr. Shah on 16.01.2001 for Chest Pain evidently earlier than 12.03.2002 i.e. date of Proposal. It was also noted that the DLA had been examined by Dr. R. L. Kothari on 01.04.2002 in OPD for Epigastric Mild Pain. This illness existed since 1 ½ month before 01.04.2002 when calculated back. The Respondent argued that despite there being past history of illness of abdominal pain treated by Doctors, the specific questions in the proposal form were replied in negative by the DLA. This correct information was withhold by the DLA. Against this the Complainant pleaded that he had disclosed information of Ulcer Operation done in 1971, and chest - pain and epigastric pain was due to normal acidities in the stomach it was held that the suppressed facts regarding history of pain in abdomen had nexus with cause of death due to Cancer. The Suppression was material and intentional. The treatment taken during date of proposal and date of FPR is also not informed to the Respondent. So the complaint fails to succeed and the Respondent's decision to repudiate Claim is upheld.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0011
K. B. Zala
Vs
Life Insurance Corporation of India

Award Dated 27.07.2005

Death Claim under a Life policy was repudiated on the ground of non-disclosure of material facts by making incorrect statements regarding his while filling up the

proposal. Respondent submitted a certificate of treatment from Dr. Milan Dave. It inter alia stated that the DLA was his patient on OPD basis whom he had examined on different dates from 31.05.2000. Dr. Dave indicated the DLA to be carrying history of cough, fever, breathlessness and the DLA was diagnosed by him as suffering from Allergic Bronchial Asthma. It was also mentioned in Certificate that patient was suffering “off and on since long time” and the history of the ailment was provided by “patient himself to Dr. Dave”. The DLA did not mention anything about the above ailment and treatment taken by him in the Proposal form. This information was material for taking underwriting decision of the high risk Policy by the DLA. Also the repudiation was done within 2 years and therefore the case did not get the protections of the ennobling provisions under Section 45 of Insurance Act 1938. Complaint failed to succeed.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0112
P. M. Prajapati
Vs
Life Insurance Corporation of India

Award Dated 29.07.2005

Repudiation of Deah Claim on the ground tha DLA did not inform about the treatment taken by him after submission of proposal paper but before date of Acceptance letter. The Respondent pleaded that this was breach of terms and Conditons on which the Risk was accepted. The DLA had taken treatment for burning sensation during urination suspected to be urinary tract infection and crystallurea by treating doctor. The Renal function test and urine analysis disclosed absolute normalcy. Only Antibiotic treatment was taken for 5 days and his condition was certified to be good. The trating doctor had never treated him ever before. The DLA was medically examined at the proposal stage and Risk was accepted after scrutiny of special reports. The DLA died of drowning. There was no nexus between the alleged non-disclosure of the treatment taken during submission of proposal and date of Acceptance letter-cum-First Premium receipt. The repudiation was set aside and Respondent were directed to pay the Claim based on following consideration.

1. The Claim is free from any other infirmity like suppression of material facts in Proposal.
2. The underwriting of the Proposal amply demonstrates the screening of medical and moral hazard of the Proposer before acceptance.
3. While it is true that there was medical consultation on 24.04.2004, the Renal Function Test and Urine Analysis show normal result.
4. There had been thus only a formal lack of non-compliance on the part of the DLA to the Condition stated in the FPR.
5. Death was Accidental having obviously no nexus whatsoever with the alleged non-communicated medical consultation.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0067
D. P. Patel
Vs
Life Insurance Corporation of India

Award Dated 29.07.2005

Death claim under LIC Policy repudiated due to gross understatement of age. The Respondent could establish the understatement of age with reference to School Certificate of DLA's son. The material of this evidence also was established by Respondent by explaining impact of understatement of age on their decision to accept or reject the Risk. Repudiation was upheld. Complaint failed to succeed.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0004
K. M. Bagga
Vs
Life Insurance Corporation of India

Award Dated 8.08.2005

The Deceased Life Assured had revived two policies on the strength of Declaration of good health which contained misstatement and withholdment of material facts regarding illness of Chronic Liver Disease and Hypertension. Therefore the Policies were repudiated since revival. The Respondent could produce evidence of illness suffered by the DLA in the form of Certificate of Hospital Treatment given by the treating Doctors and then establihsed the rationale for repudiation. The repudiation was upheld and the Respondent was directed to pay the paid up value of the Policy.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0392
Smt. Naynaben R. Brahmbhatt
Vs
Life Insurance Corporation of India

Award Dated 18.08.2005

Repudiation of Death Claim. The Complainant's husband died. The Respondent repudiated the Death Claim on the Grounds that it had indisputable Proof that the deceased was using Alcoholic drinks and Tobacco. The Respondent relied on the Certificate of the Medical Attendent wherein the duration of consumption of drinks and tobacco was illegible. There was no corroborative evidence of the said intemperate habits of the deceased. The in-house investigator also contradicted the evidence relied upon by the Repondent. Hence the Respondent was directed to pay the full claim amount to the Complainant.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0137
R. K. Vachhani
Vs
Life Insurance Corporation of India

Award Dated 29.08.2005

Deceased Life Assured proposed for the said insurance on 6.11.2003. Proposal was received by Respondent on 07.11.03. Risk commenced w.e.f. 10.11.03. FPR issued on 14.11.03. The DLA had consulted Dr. Shah, Medical Attendant of DLA on 14.11.03 who had recorded that the DLA suffered from C. V. Stroke with right hemiplegia one week before. This was evidenced by Claim Form-B and a certificate issued by Dr. Shah. The Respondent pleaded that the DLA was under obligation to inform about status of his health before acceptance of Risk which he did not do so. Again, the DLA died on

08.01.04. The recorded cause of death is same as the treatment taken by DLA and he had continued the same ailment till death. So there is strong nexus between the information withheld and the cause of death. Repudiation is justified. Complaint failed to succeed.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0405
U. M. Bavsar
Vs
Life Insurance Corporation of India

Award Dated 30.08.2005

DLA did not mention in the proposal for insurance the fact of treatment taken by him prior to the date of proposal. Leave taken on medical ground also was not mentioned. The Respondent contended that this was deliberate mis-statement and indisputable proof to establish mistatements were on record. In this case claim was repudiated after elapsing 2 years from date of effecting the Policy Contract. And the death had occurred due to accident. Intentional fraud had not materialized. There is no nexus between information withheld and cause of death. Repudiation set aside. Respondent to pay Rs. 107350/- to the Complainant.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0421
Mr. Pradipkumar Rathod
Vs
Life Insurance Corporation of India

Award Dated 05.09.2005

LA was a Section Officer in Government Service. Her Policy lapsed and revived in January 2003 based on Declaration of Good Health submitted in December 2002. She died in April 2004 due to Breast Cancer. Claim lodged by the Complainant was repudiated on the ground that the DLA made deliberate mis-statements and withheld material information in the DGH, thereby vitiating the Revival Underwriting. Documents perused. It is observed that the DLA's answer to all queries in the DGH was in the negative. At the same time, Certificate issued by Cancer Hospital revealed that the DLA was suffering from Cancer of Rt. Breast (Lobular Carcinoma) since June 2002 and she had also undergone Chemotherapy at that time. Suppression of material information and mis-statements committed by the DLA have been proved. Respondent to pay only the Paid - up Value of Rs. 3333/- which was secured by the Policy on the date on which the policy lapsed.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0419
Smt. Hiraben Vankar
Vs
Life Insurance Corporation of India

Award Dated 05.09.2005

Complainant's Husband submitted a Proposal on his life on 09.03.2003. Respondent issued FPR on 18.03.2003. He died on 01.07.2003. Respondent repudiated the claim on the ground that the DLA made incorrect statement and withheld correct information with respect to his health. Complainant pleaded that the DLA took Leave for their

Daughter's marriage and to ensure that the Leave is granted by his Employer, he submitted false certificate of sickness. In corroboration of her pleading, she submitted copy of an invitation letter purportedly printed in May 2001. Documents and submissions perused. It is observed that there are evidences like COT to establish that the DLA was under treatment for acute Pulmonary disease and Chest Pain prior to May 2001. However, in the Proposal Form, all queries related to health and treatment was answered by the DLA in negative. Held that where Hospital Certificate and Doctor's Certificate confirmed the disease and subsequent Leave obtained by the DLA, reversing the repudiation merely relaying on an invitation letter, is not justified. Repudiation uphled.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0361
Mrs. Savita D. Suthar
Vs
Life Insurance Corporation of India

Award Dated 07.09.2005

Complainant's husband held a LIC Policy commenced from October 1998. He died in June 1999. Respondent repudiated the Claim on the ground that the DLA understated his Age in the Proposal Form. The actual date of birth of the DLA was July 1943. But, in the Proposal Form, he mentioned the DOB as July 1969. Representative of the Complainant submitted that the DOB of the DLA as per School Leaving Certificate was 1943, but the Agent of the Respondent misdirected the DLA to commit this error. Documents and submissions perused. It is observed that the DLA was literate who had passed SSC in 1962 and according to School Leaving Certificate, his DOB has been mentioned in it as 05.07.1043. Further observed that the Risk covered was under Table-91 and the maximum Age at entry for the said Plan is 50 years. Ground for repudiation established and upheld the repudiation decision.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0213
S. M. Rathod
Vs
Life Insurance Corporation of India

Award Dated 30.09.2005

Death Claim under a Life Policy repudiated on the ground of deliberate mis-statement and withholdment of material facts. The Claim was repudiated after two years from the date of Policy. So it attracted only later part of Section 45 of Insurance Act 1938 wherein it is required to be proved that there was deliberate fraud in withholding the information. Here, in this case, the Respondent could not adduce any evidence in support of their contention regarding DLA's past treatment. The respondent had depended only upon the case history noted in the treating hospital. Again, it was also not noted as to who had reported that history. So, it was held that indisputable evidence about DLA's having consulted a medical man did not exist. The repudiation was set aside. Respondent was directed to pay Rs. 29,000/-.

Bhubaneswar Ombudsman Centre
Case No. I. O. O. / BBSR / 21 - 144
Smt. Pranati Mishra
Vs
Life Insurance Corporation of India

Award Dated 05.05.2005

Happened that deceased life assured Rabinarayan Mishra had obtained an Endowment Policy under Table & Term 14.12 bearing No. 583567973 from Bhubaneswar Branch - I of LIC of India on 28.05.2000 for an assured sum of Rs. 100000/- under salary savings scheme mode of payment nominating complainant as beneficiary in evant of his death. Unfortunately the Assured died on 04.08.2002. The complainant informed of the death of the Assured on 07.08.2003 and preferred claim. The Insurer rejected the cliam on the ground interalia that the policy was under lapsed condition due to non payment of premiums after March'02. Being aggrieved the complainant moved this forum for redressal.

COMPLAINED that payment of premium was the responsibility of the employer under Salary Savings Scheme.

COUNTERED by LIC that premiums were not paid from 4/02 to 7/02. On 27-8-2002 the employer (OUAT, Bhubaneswar) remitted Rs. 7756/- to wards premium for the due which had been refunded to the complainant on her request. Due to lapsed status of the policy claim had been repudiated.

OBSERVED that mode of collection of premium has been indicated in the scheme it - self & the employer has been assigned the role of collecting premium & remitting the same to the insurer. It is a matter of Common Knowledge that Insurance companies employ agents. When there is no Insurance Agents as defined in Regulations & Insurance Act, General Principle of Law of Agency as contained in Indian Contract Act, 1872 are to be applied (DESU vs. Basanti Devi & Others 1999 NJC (SC) 563). In the instant case, the insurer has not assigned any reasons for delayed payment of premiums. In such a case the assured can not be held responsible for delayed payment of premiums.

HELD that the employer as well as the complainant had requested for refund of the premiums due from 4/02 to 7/02 deducted from arrear salary of the deceased and remitted to the insurer after death. Had they not requested refund of this amount the complainant would have been entitled to the death claim of Rs. 100000/-. This is a fit case for ex-gratia & Insurer is directed to pay ex-gratia amount of Rs. 30000/- to the complainant.

Bhubaneswar Ombudsman Centre
Case No. I. O. O. / BBSR / 21 - 146
Smt. Shantana Bhowmik
Vs
Life Insurance Corporation of India

Award Dated 06.05.2005

Happened that deceased life assured Rajib Bhowmik had obtained four policies bearing Nos. 583626396, 583626452, 583626738 & 583627597 from Barbil Branch of LIC of India for an assured sum of Rs. 50000, Rs. 60000, Rs. 92000 & Rs. 50000 respectively. The policies were under Salary Savings Scheme the details where of are shown in the chart given below.

Pol. No.	Date of Comm	Amount of Prem	Unpaid Prem
583626396	28.03.2001	Rs. 342/-	One terminal gap & eight intermittent gaps
583626452	28.03.2001	Rs. 286/-	- do -

583626738	28.03.2001	Rs. 629/-	No deduction after intial two premiums.
583627597	28.05.2001	Rs. 272/-	One terminal gap & nine intermittent gaps.

Unfortunately the life assured died on 10.12.2002. The Insurer rejected the claim on the ground interalia that the policies were in lapsed condition as on date of death of the assured. Being aggrieved the complainant moved this forum for redressal.

COMPLAINED that under Salary Savings Scheme the employer is responsible for timely deduction of premiums.

COUNTERED by LIC that the reasons for non deduction were obtained from the employer & as the salary earned by the assured after statutory deduction during the relevant months (gaps period) was in-sufficient to recover the premiums they could not deduct the same & as such the policies lapsed before death of the assured.

OBSERVED that under SSS mode employer has been assigned the role of collecting premium and remitting the same to the Insurer. As far employee as such is concened the employer will be the agent of the insurer (DESU vs. Basanti Devi & Others 1999 NJC (SC) 593). If the salary earned by the assured was insufficient, it was incumbent upon the employer to inform the assured to make arrangement for direct payment. The Insurer has also failed to inform the assured in this regard & as such no blame can be laid at his door.

HELD that this is a fit case for ex-gratia consideration. The insurer is directed to pay ex-gratia award of Rs. 20000/- against each of the policies.

Bhubaneswar Ombudsman Centre
Case No. I. O. O. / BBSR / 24 - 288
Shri Gesala Dhana Raju
Vs
SBI Life Insurance Co. Ltd.

Award Dated 18.05.2005

Happened that deceased assured G. Surya Rao had obtained a SBI Life Super Surakasha plan for housing loan borrowers of SBI Group from SBI Life Insurance Co. Ltd. for an assured sum equal to payment of one time premium of Rs. 33287/- vide Policy No. 83001000203. As ill luck would have it, the Assured died on 15.03.2003. On 31.03.2003 the Complainant as legal heir lodged the claim. The insurer repudiated the claim without assigning any reason and SBI, Attabira asked the Complainant to pay Rs. 342081/- towards outstanding loan amount. Being aggrieved Complainant moved this forum for redressal.

COMPLAINED that as per terms & conditions of the policy the Insurer has to pay the outstanding loan amount including interest. SBI, Attabira should take up with SBI Life for liquidation of the outstanding loan & interest amounting to Rs. 342081/-.

Countered by the Insurer that they have settled the claim pendentilite & paid Rs. 241081/- including principal & interest as stood on the date of death to SBI, Attabira & are taking steps to settle the balance amount Rs. 101013.06 accrued after death of the Assured.

OBSERVED that condition No. 5 of the scheme provides for payment of outstanding loan amount including interest as per the original EMI schedule in the event of death of

the Assured housing loan borrower due to any cause. The insurer is therefore bound to repay the amount as per EMI schedule.

HELD that the outstanding loan including interest accrued till date of payment as per EMI schedule should be repaid by the insurer within 15 days from date of receipt of consent letter from the complainant.

Bhubaneswar Ombudsman Centre
Case No. I. O. O. / BBSR / 22 - 110
Shri Bipin Bihari Sahu
Vs
Life Insurance Corporation of India

Award Dated 23.05.2005

Happened that Shri Bipin Bihari Sahu had obtained a policy under T & T 14-20 bearing No. 580061957 from LIC of India, Berhampur Branch - I on 04.02.87 for an assured sum of Rs. 25000/- under Mly mode of payment, subsequently converted to Yly mode. Duplicate policy was issued to him as the original was stated to be lost. On 28.03.2003, when he visited Berhampur Branch - I to tender his premium due on 04.02.2003, the same was not accepted by the Branch on the ground that the Policy has been surrendered and value paid. As he had neither applied for surrender value nor received the payment he lodged FIR alleging fraudulent surrender of the policy at Berhampur Town Police Station vide case no. 69 dtd. 16.05.2003. Being aggrieved for non acceptance of premium he moved this forum for redressal.

COMPLAINED that there is no reason for the Insurer to mail the S. V. Cheque not in the address furnished by him and reflected in the policy bond, but in the C/o. Vikrant Bar & restaurant address, whose owner had been charge sheeted by the police for commmitting the fraud in question.

COUNTERED by LIC that pursuant to the surrender application dtd. 02.08.2002 surrender was effected on 17.12.2002, after completion of all formalities for loss of duplicate policy bond and S. V. Cheque was mailed in the address given by him in S. V. application.

OBSERVED that the agent did not make over original policy bond on the ground that it was lost for which a duplicate bond was issued to the assured on application. Secondly the address given in the surrender application is different from the address given in the policy bond when the assured had not informed any change of address. Thirdly the person applying for surrender value produced the original policy with a statement that duplicate was lost. Fourthly advertisement for loss of policy was made in a hush - hush manner in a Telugu Daily inviting objections for issuance of duplicate policy bond though the duplicate bond was issued long before. Fifthly the insurer failed to compare the admitted signatures of the assured with his disputed signatures in the surrendered papers as it looks different and distinct to the bare eye.

HELD that the fraud was committed in connivance with the agent and some of the officials of the Insurer. The Insurer in therefore directed to reinstate the policy accepting all arrear premiums due from Feb'o3 waiving interest.

Bhubaneswar Ombudsman Centre
Case No. I. O. O. / BBSR / 22 - 164
Ch. Braja Kishore Dash
Vs
Life Insurance Corporation of India

Award Dated 07.07.2005

Happened that Ch. Braja Kishore Dash in order to purchase a 'Varistha Pension Bima Yojana Policy' under Table - 161 deposited a sum of Rs. 266665/- on 29.12.2003 with Career Agents Branch, Bhubaneswar of the Life Insurance Corporation of India and submitted proposal form on the very day. On 04.02.2004, the Insurer called for 9 digit bank MICR number and some of the unfurnished answers to question no. 3 (A) of the proposal form. The Insurer issued the policy bond bearing no. 585085263 commencing from 09.02.2004 fixing 09.03.2004 as the date of first pension payment @ Rs. 2000/- per month. The Insurer released pension of Rs. 1500/- for the broken period of Feb'2004 and thereafter i.e. from March'04 onwards @ Rs. 2000/- per month, but repudiated pensioner's claim for Rs. 2500/- for the period form 31.12.2003 to 09.02.2004. Being aggrieved, the Pensioner moved this forum for redressal.

COMPLAINED that the purchase price along with Proposal form was deposited on 29.12.2003 but the Insurer without scrutinizing the form sat on the matter till 04.02.2004, when wanting requirements were called for.

COUNTERED by LIC that though the pensioner depisited the purchase price on 31.12.2003 there were delay in furnishing answers to th Q. no. 3 of the proposal form as well as 9 digits Bank MICR for which the policy was issued on 09.02.2004.

OBSERVED that it is the bounden duty of the Insuer to secrutinize the proposal form on the date it was furnished, more so when Purchase Price was deposited along with the form there is no reason for them to sleep over the matter for a period of about 1 & ½ months. They can not scuttle pension of the Pensioner for their own negligence.

HELD that the pensioner is entitled to interest on the purchase price amounting to Rs. 2500/- for the period from 31.12.2003 to 09.02.2004.

Bhubaneswar Ombudsman Centre
Case No. I. O. O. / BBSR / 24 - 240
Mrs. Hairat Afza Khatun
Vs
Life Insurance Corporation of India

Award Dated 02.08.2005

Happened that the deceased Life Assured Sk. Ayud Ali had obtained the following policies from Jajpur Branch of the Life Insurance Corporation of India during his life time nominating the Complainant as the beneficiary in the event of his death.

Policy No.	Policy Name	Date of Revival	T & T	SA	Mode	Prm.	FUP.
580433058	Endowment with Profit	10.03.99	14-20	152000	Hly	3768.10	6/99
580628021	Bima Kiran Without Profit	1.02.02	111-15	100000	Yly	2323.00	11/02
584703636	Jeevan Shree without Profit	--	112-15	1000000	Hly	53241.00	2/03

As ill luck would have it, the Assured died on 06.01.03 due to cardiac arrest. The complainant informed death of the Assured to the Insurer on 25.01.03 and lodged claim on 25.08.2004. As the Insurer delayed the settlement, the Complainant moved this forum for redressal.

COMPLAINED that she has already submitted required form complete in all respect. She acknowledged payment of claim in respect of Policy No. 584033058.

COUNTERED by LIC that claim in respect of other two policies could not be settled due to submission of incomplete B form and blank B - 1 form and they are also making an enquiry in to the bonafides of the claim by one of their responsible officers.

Held that the claim should be settled within 15days and the Insurer should report compliance within the said period.

Bhubaneswar Ombudsman Centre
Case No. I. O. O. / BBSR / 22 - 118
Shri Rabinarayan Panda
Vs
Life Insurance Corporation of India

Award Dated 12.08.2005

Happened that Shri R. N. Panda Vill / P. O. Champeswar Dt. Cuttack had obtained a 20 years Money Back Policy uner T & T 75 - 20 bearing No. 580278329 from LIC of India, CAB Cuttack on 01.07.91 for an assured sum of Rs. 25000/- with Hly mode of payment of premium @ Rs. 822.50. The policy lapsed as Shri Panda failed to deposit the premium due on 01.01.2003 & 01.07.2003. He paid Rs. 822.50 on 17.07.2003 towards unpaid premium which was kept in suspense A/c. On 28.10.2003 when he went to the counter of the issuing branch of the Insurer for payment of the remainder amount, the revival quotation for Rs. 891.50 was handed over to him. It is alleged by him that he paid Rs. 1714.00 to the cashier at the counter. The cashier took the money and issued a receipt for Rs. 1714/- adjusting the previous payment of rs. 822.50 lying in suspense A/c. but did not refund the excess payment of Rs. 891.50. Being aggrieved he moved this forum for redressal.

COMPLAINED that on 28.10.2003 the cashier issued a receipt for Rs. 1714/- adjusting the previous payment but kept the excess amount for adjustment of future premiums. He also complained that the fact of payment of Rs. 1714/- can be verified from denomination slip subbmitted by him.

COUNTERED by LIC that assured tendered a sum of Rs. 891.50 as per reveival quotation dtd. 28.10.2003 without submitting any denomination slip as no denomination slip is required in a case where revival quotation has been issued.

OBSERVED that the revival quotation was issued to the Assured on the date of payment. He was required to pay a sum of Rs. 891.50 only. There was no occasion for him to deposit a sum of Rs. 1714/-.

Held that the complaint is an allegation of misappropriation by the cashier of the issuing Branch of the Insurer. The remedy open to the Complainant is to lodge a FIR with the Police or Complaint with the C. V. O. of the Insurer The Complaint is dismissed with a Nil award.

Chandigarh Ombudsman Centre
Case No. LIC / 423 / Ludhiana / Samrala / 21 / 05
Shri Ved Prakash
Vs.
Life Insurance Corporation of India

Award Dated 12.04.2005

FACTS : Ved Prakash filed this complaint on 28.02.05. He happens to be father of Late Dimple Kumar who had taken a policy bearing no. 300023887 for sum assured of Rs. Three lakh on 28.10.02. He died on 27.11.03 reportedly by committing suicide. His

father, being nominee, lodged the claim. As suicide was committed within one year, the claim was repudiated under suicide clause of the policy. The complainant, however, contended that the policy was taken on 28.10.02, while his son died on 27.11.03. Therefore, the policy had run more than one year. He contested the decision of the insurer invoking the suicide clause for repudiating the claim.

FINDINGS : The insurer contended that as per the claimant's statement and the cremation and burial certificate (Form No. 3785), it was a clear case of suicide and not that of heart attack as stated by the complainant. This was further corroborated by enquiries made by the BM, Samrala. Respectables of the area contacted by him confirmed that it was case of suicide. Since suicide had taken place within a year of issue of the policy, the claim was not payable. The contention of claimant that he was misguided by the BM to show it a case of suicide for expeditious settlement of claim is not credible as the BM has no motive to misguide the claimant.

DECISION : Held that repudiation of claim is based on cogent grounds including claimant's own statement and findings in an independent investigation. The contention of the claimant that his son died of heart attack seems to be an after-thought since the claim was otherwise not admissible on account of operation of suicide clause. Hence the complaint was dismissed.

Chandigarh Ombudsman Centre
Case No. LIC / 325 / Karnal / Panchkula / 24 / 05
Smt. Asha Minocha
Vs.
Life Insurance Corporation of India

Award Dated 28.04.2005

FACTS : Dr. J.L. Minocha had taken four single premium policies from branch office, Panchkula between 25.05.01 to 16.09.02. He died of liver cancer on 09.03.04 in the PGI. Smt. Asha Minocha, his wife, was paid the premium deposited, but sum assured along with bonus was declined, without any justification. She sought intervention in getting this amount paid to her.

FINDINGS : On behalf of insurer it was urged that the investigation had revealed that when DLA was last admitted in PGI on 31.12.03, he was reported to be known case of CAD, Hypertension for past eight years. Enquiry from AIIMS, New Delhi revealed that he was admitted for insertion of stent in 2000. As these are single premium policies, comprehensive information regarding state of health is not sought. The question in relation to health reads "Are you at present in good health"? Besides, hospitalization of over week only is required to be disclosed. Since the DLA was admitted in AIIMS only for a day, he was not bound to disclose this. It cannot either be presumed that having a stent inserted, he could not remain in good health subsequently. No specific question is posed regarding various ailments, unlike the proposal form for other endowment policies. The complainant contended that there is no nexus between the cause of death and alleged non-disclosure.

DECISION : Held that it could not be established that DLA had deliberately concealed material information at the time of purchase of policies. Besides, complainant's assertion regarding lack of nexus between the cause of death and the alleged non-disclosure is not without merit. Held that the claim was payable and ordered that it be admitted as per rules.

Chandigarh Ombudsman Centre

Case No. LIC / 450 / Jalandhar / Garshankar / 21 / 05
Smt. Bachni Devi
Vs.
Life Insurance Corporation of India

Award Dated 20.05.2005

FACTS : Late Shri Jaswinder Singh had bought a policy for Sum Assured of Rs. 50,000 from BO Garshankar. He was killed in a rail accident on 20.09.2003 after having paid premium regularly for two years. The claim filed by his mother/nominee Bachni Devi was repudiated on the ground that the policy was in lapsed condition.

FINDINGS : Admittedly LA had paid premium for full two years and as the premium due on 14.07.2003 was not paid within the grace period, the policy lapsed. The claim was repudiated by competent authority on the plea that policy was in a lapsed condition on the date of death due to non payment of premium due on 14.07.03. However, guidelines contained in Claims Manual in Chapter 3, Clause 4 deal with relaxation of death claim under policies where premium is paid for full two years and death occurs after expiry of days of grace but within three months of the due date of the first unpaid premium. Therefore, the case fell under the guidelines.

DECISION : Held that full sum assured with vested bonuses be paid subject to recovery of the unpaid premiums and the erring officials to be careful in future for not settling the claim as per guidelines.

Chandigarh Ombudsman Centre
Case No. LIC / 14 / Karnal / Sirsa / 24 / 06
Sh. Harpinder Singh
Vs.
Life Insurance Corporation of India

Award Dated 14.07.2005

FACTS : Smt. Kuldeep Kaur took two policies bearing no. 173545025 and 173545026 on 28.05.03, each for sum assured of Rs. 40,000. She died on 05.12.03. Shri Harpinder Singh, nominee, under these policies lodged the claim, which was repudiated on 12.08.04. Feeling aggrieved, he filed a complaint in this office.

FINDINGS : The investigations revealed that the DLA had deliberately concealed material information regarding her age and occupation. In response to question nos. 2 and 4 of the proposal form, she had understated her age to be 44 years, whereas she as was aged 50 as per form no. 3784 issued by PGI, Chandigarh and her occupation was shown as a milkmaid. She was not eligible for insurance under table and term 14-21 at the age of 50. She fraudulently got herself insured by inducing the corporation to accept risk under both the policies on the basis of false declarations. This fact was further corroborated by the insurer by submitting election commission's ID card and voters' list which indicated her age at the time of taking the policies was 55 and 54 years respectively.

DECISION : Held that the corroborative evidence established that DLA had understated her age with a view to get policies for which she was otherwise not eligible. Her declaration of age being false, amounted to concealment of material fact, thereby rendering the contract void. Hence the repudiation was valid.

Chandigarh Ombudsman Centre
Case No. LIC / 115 / Karnal / Pehowa / 24 / 06

Smt. Darshana Dhiman
Vs.
Life Insurance Corporation of India

Award Dated 19.09.2005

FACTS : Late Shri Maya Ram Dhiman husband of Smt. Dharshana Dhiman, took a policy bearing nos. 172544965 from B.O., Kurukshetra. He died on 07.10.2004. She filed the claim papers with the Branch Office on 22.11.04 and made repeated enquiries. She was informed that her papers had been forwarded to IPP Cell, New Delhi. She also visited IPP Cell on 07.07.05. She was informed that IPP package in respect of her husband's policy had not been released. Feeling aggrieved, she filed a complaint in this office on 13.07.2005 which was referred to Sr. D.M., Karnal for comments.

FINDINGS : Manager (CRM) informed vide letter dated 31.08.05 that ten annuity cheques dated 18.08.05 and three more cheques dated 01.09. 2005, 01.10.2005 and 01.11.2005 have since been released.

DECISION : Held that there has been delay of seven months in issuance of annuity cheques. Further ordered that interest for the period of delay be paid @ 7%.

Chandigarh Ombudsman Centre
Case No. LIC / 137 / Karnal / Kurukshetra / 24 / 06
Smt. Shanti Devi
Vs.
Life Insurance Corporation of India

Award Dated 21.09.2005

FACTS : Smt. Shanti Devi is the complainant in this case. Her husband had taken two policies bearing nos. 172161093 and 172157792 for sum assured of Rs. 25,000/- and Rs. 75,000/- respectively from Branch Office Kurukshetra. He died on 15.02.2005 due to heart attack. Her claim under policy no. 172161093 was settled after submission of requisite claim forms. As advised by the branch officials, she reinvested the maturity amount in another policy under Future Plus plan. She was further advised that the claim under second policy shall be settled faster if she invested the amount so received into yet another fresh policy. She contended that she was in dire need of money and was suffering because of delay in settlement. Her efforts to get the claim settled had been of no avail.

FINDINGS : In the written comments furnished by the Manager (CRM) it was stated that delay in settlement was due to the fact that the case was under investigation. It was revealed that DLA was a known case of diabetes type one, CRF Chronic Renal Failure and had been treated by Dr. Alok Gupta of Gian Bhushan Nursing Home, Karnal from 02.02.05 to 03.02.05. It was further intimated that the liability for basic sum assured along with bonuses has been accepted and necessary instructions passed on to the BO for payment

DECISION : Held that the contention of the insurer that the claim was under investigation was a cover-up for delay in settlement, which is obvious from the fact that liability has since been admitted. Sr. D.M., Karnal was advised to have the matter looked into for appropriate corrective action.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.07.2589 / 2004 - 05
Shri Mookan

Vs.

Life Insurance Corporation of India

Award Dated 03.05.2005

Shri Mookan, father of Late M. Baskar lodged a complaint against L.I.C. of India for rejection of his claim under a policy on the life of his son for a sum of Rs. 50,000/-. The policy commenced on 15.07.2002. The assured died on 16.07.2003 in a road accident. The policy was taken under New Janaraksha plan of L.I.C., a special plan designed for rural people. The minimum age at entry of this policy is 18 years, in other words, this policy cannot be given to minors. The Insurer rejected the claim of the complainant contending that the assured was a minor at the time of proposing and as such the contract was void. The complainant contested this decision, giving rise to the present complaint.

This forum called for all the relevant records pertaining to the case and perused. The personal hearing of both the contending parties was also arranged. It emerged from the documentary evidence and oral submissions that the assured was a minor at the time of issue of the policy. It came out that the age of the assured was mentioned falsely in the proposal as 19 years, which induced the Insurers to conclude that the assured was a major and hence was eligible for the policy. The Insurers pleaded that after the death of the assured, they obtained police report in which the age of the assured was mentioned as 18 years. This prompted them to doubt the age at entry of the assured and they made further investigations. During investigations, it came out that the assured was of 15 years of age. With the help of the complainant, the insurer obtained a certificate from the school, where the assured studied upto 6th standard and according to the school records, the date of birth of the the assured was 09.03.1987. Thus as per this document, the age at entry of the assured was only 15 years. As such, he was not eligible for this insurance under New Janaraksha Policy. The Policy, therefore, was void ab-initio not giving rise to any contractural obligations there under. Since the contract was non-existent, there was no need for any consideration.

This forum, therefore, agreed with the contention of the insurer that nothing was payable under the policy but directed the insurer to refund all the premiums received under the policy with interest to the complainant as no consideration could be enforced under a void contract.

With this direction, the complaint is disposed off.

Chennai Ombudsman Centre

Case No. IO (CHN) / 21.01.2011 / 2005 - 06

Smt. H. Bhuvaneswari

Vs.

Life Insurance Corporation of India

Award Dated 23.05.2005

Late K. Harikrishnan of Kanchipuram took a policy of life insurance on his life for Rs. 2,00,000/- and nominated his wife Smt. H. Bhuvaneswari thereunder. The policy commenced on 15.08.2001. The assured died on 19.08.2002 due to Chronic Myeloid Leukemia. The claim of the complainant was turned down by LIC alleging material supression relating to the pre-proposal ailments. This was contested by the complainant giving rise to the present complaint.

All the relevant records were called for and perused. A personal hearing of both the parties was arranged. The documentary evidence and the personal depositions

revealed that the assured suffered from Chronic Myeloid Leukemia with symptoms of the said ailment for about 5 years. He was treated for this ailment in Vijaya Health Centre, Chennai two months prior to proposing and he was advised to go in for Bone Marrow Transplant, He was discharged from the hospital at the request of the assured without continuing the treatment there. Later on he was admitted to Christian Medical College Hospital, Vellore for treatment of the same ailment, where Bone Marrow Transplant was done. He died in the same hospital two months later due to Chronic Myeloid Leukemia, Allegonic Bone Marrow Transplant and CMV Pneumonia and Hepatic Come. All these facts were proved Transplant and CMV Pneumonia and Hepatic Come. All these facts were proved conclusively by documentary medical evidence and were also corroborated by the complainant during the hearing. Thus there was clear suppression of material information in the proposal vitiating the very contract of Insurance.

Hence the decision of the Insurer to repudiate the claim under the policy on grounds of material suppression of vital information was not interfered with and the repudiation upheld.

The Complaint is dismissed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.07.2502 / 2004 - 05
Shri V. Kumaravel
Vs.
Life Insurance Corporation of India

Award Dated 07.06.2005

Shri V. Kumaravel of Shencottah, Tamilnadu preferred the above complaint agaist L.I.C. of India for repudiating his claim under the policy on the life of his wife Smt. K. Dhanalakshmi (late) for a sum of Rs. 10,000/-. The policy, which commenced in 01/92, lapsed due to non-payment of premiums due from 01/2000 and was revived on 19.03.2001. The assured died on 11.03.2003 due to breast cancer. The Insurer repudiated the claim pleading non-disclosure of her ailment in the personal statement while reviving the policy. The complainant, while pleading ignorance on the part of her wife for the non-disclosure, requested sympathetic consideration of the claim.

All the case records have been called for and gone through. Personal hearing of the parties was not called for as the sum involved was very small and the complainant would have to come from a very far off palce, involving lot of expenditure. Moreover, There was enough evidence in the file to confirm the assured suffering from breast cancer and her death was also due to the same reason. However, as a matter of extreme precaution, further records from the treating hospitals were called for. All the medical evidence collected from Assisi Hospital and Palliative Care Centre, Alleppy and Regional Cancer Centre, Medical College Campus, Thiruvananthapuram established that the assured had tumor in left breast since 1997 and was operated upon for the same in 1998. Biopsy thereafter confirmed that there was ‘Infiltrating Duct Carcinoma’. She underwent a number of clinical and diagnostic tests and her ailment was confirmed as ‘Carcinoma Breast - Stage IV.’ She had continuous treatment for this ailment in the above said hospitals right from 1997 to the date of her death. The cause of her death was also ‘breast cancer’. Thus there was indisputable evidence to prove she suffered from breast cancer for well over 6 years and was under palliative care and treatment at the time of revival of the policy. Hence non-disclosure of the same in the personal statement was a clear fraudulent suppression of material information, making

the revival null and void. The Insurers had offered to settle the paid-up value along with accrued bonuses till the time of revival.

Studying the entire evidence as detailed above, the insurers decision to declare the revival null and void and to settle paid - up vale under the policy was held sustainable and the same was not interfered with. The complaint is, therefore, dismissed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.01.2572 / 2004 - 05
Smt. Renuka Ramasamy
Vs.
Life Insurance Corporation of India

Award Dated 08.06.2005

Smt. Renuka Ramasamy submitted an appeal to this forum challenging the decision of L.I.C. of India in repudiating her claim under the policy for Rs. 10,00,000/- on the life of her husband (late) Shri Ramasamy Pillai. Shri Ramasamy Piallai, who was working as Addl. Metropolitan Magistrate, took a policy for rs. 10,00,000/- on 15.07.2002. He died on 28.04.2003 due to hypertensive heart disease. The Insurers refused to honour the claim, claiming that the assured did not mention in the proposal his hypertension, left ventricular failure and also his suffering from carcinoma cheek. The complainant challenged the decision of the insurer through this complaint.

All the relevant case records have been collected and studied in depth by this forum. A personal hearing of the contending parties arranged and their submissions noted. The documentary evidence revealed that the assured, who was in the Judiciary of Tamilnadu Govt, worked in various places. During his stay in Madurai, he contacted Dr. S. Somasundaram, M. D., of A. R. Hospital, Madurai and got treated by him. The said doctor mentioned in his case report-cum prescription slips that the assured suffered from Hypertension and Left Ventricular Failure for about 5 years. The medicines prescribed were for treatment of Cardio-vascular system only. The Medical Evidence contained in the Claim Forms of L.I.C. also certified that the assured suffered from Hypertension and Ischeamia and died of the same ailments. This apart, the assured had suffered from Carcinoma Cheek, for which he received treatment from Apollo Speciality Hospital, Chennai as an in-patient from 07.02.2001 to 15.03.2001. He was on medical leave for this period as certified by Dr. C. N. Ravindran, Senior Civil Surgeon, High Court Dispensary, Chennai. Further he also received reimbursement of Rs. 57,646/-, being 75% of the cost of treatment from the Government of Tamilnadu for his treatment of cancer in Apollo Speciality Hospital, Chennai vide the Order of Registrar of High Court, Madras. All these happenings were well before his proposing for insurance. The complainant during hearing, while contending that she was not aware of her husband's ailment and hospitalization, quoted, in her support, one judgement in the case of Rajendra Kumar Arya vs M/s New India Assurance Co as reported in AIR 1992 Calcutta 110. The said judgement was also gone into and the same pertained to matters relating to 'applicability of arbitration clause in the policy' and also about the application of Law of LImitation. Hence the said judgement does not bear any relevance to the present case. Since there was a clear - cut fraudulent material suppression relating to very serious ailments the assured suffered from prior to proposal, in the proposal, which in the final analysis also happened to be causes of his death, it was held that there was a blatant breach of the golden principle of'utmost good faith'. Hence the repudiation decision of the insurers was held to be sutainable in law and on facts as well. Reliance was placed on the decisions of Hon'ble National

Commission in cases L.I.C. of India vs Smt. Minu Kalita (III 2002 CPJ 10 N.C.) and L.I.C. of India vs Smt. Gangamma & Anr (III 2002 CPJ 56 NC).

The complaint is,therefore, dismissed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.08.2599 / 2004 - 05
Shri V. Selvarasu
Vs.
Life Insurance Corporation of India

Award Dated 15.06.2005

Shri V. Selvarasu, S/o Shri Veeraraghava Udayar, the life assured, filed a complaint with this forum questioning the decision of L.I.C. of India not to pay the claim amount under the policy on his father's life on the plea that he had understated his age in the proposal. The policy was taken on 08.06.2000 and the assured died reportedly on 21.12.2002. The Insurer's contention was that the age of the assured was understated in the proposal by about 21 years and the assured was of uninsurable age at the time of proposing. This was contested by the complainant.

From a careful perusal of all the relevant records and a study of the oral submissions during personal hearing, the following points emerged :

1. The assured submitted along with the proposal a horoscope, as per which his age at the time of proposing was 46 years.
2. The policy lapsed and the last premium was paid under the lapsed policy after the death of the assured.
3. During the investigation of the insurer, it came out that the age of the assured was around 70 years.
4. The insurers collected corroborative age proofs such as Voters' list and the Family card of his younger son, as per which the age of the assured in the year of proposal was 67 years.
5. The younger son of the assured wrote a letter to this forum that his father was aged around 75 - 80 years at the time of death.
6. The advocate, who came to represent the complainant during hearing, mentioned that the complainant himself would be around 40 years of age.
7. The Family members issued a printed card in the name of both the sons of the deceased assured calling the relatives to attend the 'obsequies', in which the date of death was mentioned as 05.10.2002. The premium under the lapsed policy was remitted on 08.10.2002.
8. The family procured and submitted to this forum a death certificate, as per which the date of death was 21.12.2002.

Judging from all the above, this forum decided that the assured grossly understated his age by 21 years at the time of proposal, which was a clear fraudulent misrepresentation of material information. Further it is clear that the correct date of death was 05.10.2002 as claimed by the family members, whereas the death certificate could have been manipulated to make it appear that the last premium was paid well before death.

Hence this forum upheld the decision of the Insurers to repudiate the claim on the grounds of fraudulent misrepresentation of correct age in the proposal. **The Complaint is, therefore, dismissed.** Reliance was placed on the case **Ramabai vs L.I.C., Bhopal**

as reported in AIR 1981 MP 69 (DB) (Courtesy : Principles of Insurance Law, M. N. Srinivasan - Pages 485, 486).

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.08.2567 / 2004 - 05
Smt. J. Veerammal
Vs.
Life Insurance Corporation of India

Award Dated 17.06.2005

Shri J. Veerammal brought to the notice of this forum through the above complaint that the claim on her husband's policy made by her was rejected by L.I.C. of India, Thanjavur Division and pleaded for the intervention of this forum to arrange for payment of the same. Three policies were taken by the deceased Shri M. Jawaharlal Nehru in 09/2001 and 03/2002. The assured died on 23.06.2004 due to 'Cardio-respiratory arrest.' The insurers repudiated the claims on the grounds that the assured suppressed in the proposals material information relating to his suffering from heart ailment in the pre-proposal period.

The Insurers submitted all the case records to this forum. A personal hearing of the parties was also conducted. It was borne out by the evidence thus gathered that the assured, who was an employee in Neyveli Lignite Corporation, suffered from Coronary Artery Disease and Hypertension during pre proposal period. There was a reference in the N.L.C. Medical book that he was referred to Apollo Hospital in 1998. The medical book, which was the third one in the series talked about his treatment for hypertension after 2003 but referred to him as a case of Hypertension and Ischaemic Heart Disease. There was evidence in the Apollo Hospital Discharge Summary for the period 23.06.2001 to 02.07.2001 that the assured had been, after angiogram, diagnosed as a case of 'Coronary Artery Disease, Class - II Angina, Single Vessel Disease' etc and angioplasty was done on 29.06.2001. This was two months prior to the first proposal. Later on, in January 2002, i.e., 2 months prior to the second and third proposals, he was again admitted to Apollo Hospital for a review, where he was again referred to a case of Hypertension and Ischeamic Heart Disease and was treated for his heart ailment. This apart, he was also treated for Kidney stones in Chennai Kalippa Hospital prior to proposal.

Thus there was enough evidence to prove his pre-proposal illness and his cause of death was clearly relatable to these ailments. But this forum could not come to the conclusion that there was fraudulent suppression in the case of first proposal, though there was suppression, since the assured returned two months earlier with improved heart condition after angioplasty. But in the case of the later two policies, there was readmission in the same hospital and treatment for the same ailments just two months prior to these policies and as such fraudulent material suppression was very much evident. This forum, therefore, decided that an amount equal to 50 % of sum assured under the first policy be given as ex-gratia, whereas the repudiation under the other two later policies be upheld Thus the complaint is partly allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.04.2095 / 2005 - 06
Smt. T. Mallika
Vs.
Life Insurance Corporation of India

Award Dated 21.06.2005

Smt. T. Mallika, in her complaint to this forum informed that L.I.C. Madurai Division rejected her claim for policy monies under the policy on the life of her deceased husband Shri V. Thangarasan alleging furnishing of false and misleading information by her husband in the personal statement of health given by him. She requsted the intervention of this forum to arrange for payment of claim monies. The policy under question was taken for a sum of Rs. 1,00,000/- on 15.09.2001. The Same lapsed due to non-payment of premiums due from 03/2002 and was revived on 06.08.2003 on the strength of a personal statement of health given by the assured. The insurers claimed that the assured furnished false information about his health in the said statement leading to their revival of the lapsed policy and hence the repudiation of the policy.

The entire policy file with all the relevant evidence was received and perused. A personal hearing of the parties was also arranged and their submissions heard and recorded. The evidence available pointed to the fact that the assured was first admitted in Vadamalayan Hospital, Madurai on 31.07.2003 with complaints of Vomiting, Intracranial Tension etc. It was diagnosed that he had Intraventricular Glioma after taking C.T. Scan an MRI. It referred to Brain Tumor. He was treated there upto 04.08.2003 and was referred to New Chitra Tirunal Institute for Medical Sciences and Technology, Trivandrum for further treatment. There his ailment was diagnosed as 'Septal Glioma', which indicated a malignant growth. He was treated in this hospital upto 21.08.2003. Theafter, he was referred to and was treated by Regional Cancer Centre, Medical College Campus, Trivandrum, where the final diagnosis was recorded as 'Astrocytma-Grade - II, which was a common type of Brain Tumor. He was treated in the said hospital from 22.08.2003 to 07.11.2003 and was on 'Radical Post-Operative Radiotherapy'. He died on 27.02.2004. The doctor attending on him mentioned the cause of death as 'Brain Cancer and Pneumonia'.

Thus it could be observed that the assured was diagnosed to be suffering from Brain Tumor well before revival of the policy and in fact he was under treatment even on the date of revival. Thus the assertions made by him in the personal statement were definitely false and misleading capable of inducing the insurer to revive the policy. Thus there was substance in the contention of the insurer that the revival was null void and hence the same was not interfered with The Complaint is, therefore, dismissed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.04.2044 / 2005 - 06
Miss G. Nandini
Vs.
Life Insurance Corporation of India

Award Dated 23.06.2005

Miss G. Nandini, D/O Late G. Kasthuri filed a complaint with this forum stating that the claim under the policy on the life of her deceased mother was rejected by L.I.C., Madurai Division unjustly and requested the intevention of this forum for the claim monies under the policy. The assured, who was a housewife, took insurance with Batlagundu Branch of L.I.C. for a sum of Rs. 1,57,000/- on 28.03.2003. She died on 12.12.2003 due to pulmonary tuberculosis and myocardial infarction. The insurer refused to honour the claim alleging material suppression relating the correct status of the policies of the husband and relating to her health.

The assured was a housewife, who in her proposal, stated that her husband was having insurance under two policies equal to the sum she was proposing under her proposal and that the policies were in force. It was a pre-condition of the insurer to

grant insurance to female lives without independent income to insist on minimum of equal amount of insurance on the lives of their husbands, which should also be in force. In this case, the insurers, after the death of the assured, found out that the policies on her husband's life were in a lapsed condition. That was one of the grounds of repudiation Another ground of repudiation was that she suffered from tuberculosis prior to proposing, which fact was suppressed from them in the proposal. Studying the evidence available, it came out that the assured correctly mentioned the policies of her husband but mentioned their status 'as in force', whereas the same were in a lapsed condition at the time of proposing. But the insurers were in a position to check up the status of these policies on their own, the records of these policies being very much available with them. The force status of husband's policies being a pre-condition, it is all the more incumbent upon the insurer to verify this vital information before proceeding with the underwriting of this proposal. Secondly, the health position of the assured if studied revealed that she suffered from tuberculosis in 1998 and after treatment for about 6 months she got totally cured of the same as per the certificate given by Government Hospital, Milkottai. Thus there was no other evidence to show that she was continuing to suffer from tuberculosis before or at the time of proposal. There was no other evidence to give any information about the treatment she had for tuberculosis or any otehr ailment after 1999, when she was said to have been cured of tuberculosis. Thus the insurers failed to conclusively prove her pre-proposal ailment. As regards the information relating to her husband's policy status, it was held by this forum that the onus of disclosing does not totally lie on the insured when the insurer is in a position to ascertain the information on his own.

Thus it was held that the decision of Insurers to repudiate the claim was not sustainable and they were directed to honour the claim. The Complaint is, therefore, allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.08.2007 / 2005 - 06
Shri J. Balamuthu
Vs.
Life Insurance Corporation of India

Award Dated 23.06.2005

The Complainant, Shri J. Balamuthu, who was the son of the policyholder, Smt. J. Pachiammal lodged a complaint with this forum challenging the decision of the insurers, L.I.C. in repudiating the claim on his mother's policy, for which he was the nominee. The policy was taken on 15.10.2003 and the assured died on 11.04.2004 due to neck pain. The insurer refused to pay the claim on grounds that the assured understated her age in the proposal and that her declaration of her correct age would not have entitled her for this insurance.

Going through the facts of the case and evidence available, we observe that the insurer, after the claim is lodged, conducted an investigation and found out there from that the correct age of the assured at the time of the proposal was around 56 years. The evidences collected were voters' identity card and the family card of the assured. The age in the proposal was stated as 50 years, which was on the basis of a horoscope. Further, this age was also certified to be true by the Agent, Development officer and Medical Examiner of the insurer. The Complainant claimed during hearing that no horoscope was given at the time of proposal. He also brought a certificate from the Village Administrative Officer, as per which the assured was aged 51 years at the time of the proposal. The complainant further contended that the ages recorded in the voters list and family card were generally collected from the elders in the family and

they would only be approximate ages, since the recordings were not based on any reliable documentary evidence. It was also observed that the insurers also collected an age extra for non-standard age proof which is intended to offset the inadequacies in premium arising from inacuracies of age due to non-standard age proofs. Further the evidences they relied upon to arrive at the age of the assured as 56 were ration card and voters list, which as per their rules were not considered even as non-standard age proofs. Hence their contention that the assured was aged 56 years based on the information in certain documents, which they do not accept for age admission purposes at the time of underwriting, defies logic and cannot be a valid ground for repudiation. The fact that they have collected an extra premium for non-standard age proofs proves that they are aware of the likely differences / inaccuracies in age involved in such non-standard age proofs and the extra premium is only to offset the likely shortfall in premium.

As such, their contention that the age of the assured was understated in the proposal based on the information available in 'family card and votes'list' and making it a ground for repudiation could not be held sustainable and hence the repudiation was set aside. The complaint is, therefore, allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.02.2587 / 2004 - 05
Smt. L. Selvakumari
Vs.
Life Insurance Corporation of India

Award Dated 23.06.2005

Smt. L. Selvakumari, W/O late V. Logan, a Southern Railway employee, lodged a complaint with this forum claiming that her claim with L.I.C. under the policies on the life of her husband was denied to her and requested this forum to consider her appeal favourably and arrange for payment of claim by the insurers. Shri V. Logan took two insurance policies for Rs. 50,000/- and 45,000/- in 07/99 and 08/2000 and nominated his wife Smt. Selvakumari under the same. The claim under these policies was repudiated by the insurers on the plea that the pre-proposal health & habits of the assured were not disclosed in the proposal.

All the relevant documents were called for and gone through. Hearing of both the contending parties was arranged. The insurers' main contention was that the assured was an alcoholic, he underwent treatment for alcohol withdrawal syndrome in Railway Hospital and that he was on sick leave during this period of treatment and also on many occasions thereater, which facts were suppressed in the proposals for the above policies, leading to their repudiation of claim. They brought before this forum a certificate from Southern Railway Hospital, Tambaram signed by their senior Divisional Medical officer, which testified that the assured underwent treatment for 'alcohol withdrawal syndrome' from 20.01.97 to 12.03.97. Even the leave records from Southern Railway pointed out that the assured was on sick leave on many occasions, though for short spells. The complainant contended that her husband was taking alcohol outside her home with friends and that he stopped consuming alcohol after the treatment in 1997. She informed that her husband fell down while crossing the front door of their hut and had an injury in the head. He fell unconscuious and could not be rushed to any hospital and could not be revived.

Judging from the entire documentary evidence, it was a fact that the assured was taking alcohol, underwent treatment for withdrawal syndrome, during which period he was also on sick leave. These facts were not mentioned in the proposal. To that extent

there was suppression of information. But it could not be construed that the same information constituted material in view of the fact that there was no evidence to show that he contunued his habits of alcoholism even after the treatment in 1997 and died due to causes directly relatable to alcoholism. Hence it is felt by this forum that the case should be considered sympathetically on ex-gratia basis. As such, an amount equal to 60 % of the sum assured under both policies is awarded as ex-gratia payment of the claim.

The Complaint is thus partly allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.08.2075 / 2005 - 06
Smt. A. Bhavani Sankari
Vs.
Life Insurance Corporation of India

Award Dated 24.06.2005

The complaint of Smt. A. Bhavani Sankari, wife of late A. Selvanathan pertained to the repudiation of her claim under the policy on the life of her husband by L.I.C., Vellore Division. The said policy was taken on 28.03.2003 and the assured died on 25.06.2003 due to heart attack. The Insurers' contention in repudiating the claim was that the assured did not divulge in the proposal his correct health condition, which amounted to material suppression. The complainant contested this decision and requested this forum to intervene and do justice.

The complainant contended that her husband suffered a massive heart attack while he was standing in queue to have darshan of Lord Balaji in Tirumala. She informed that he was a diabetic and was on Dionil and Glynace for the last 3 years but stated that his death was sudden and only due to heart attack. She further stated, that she being a nurse herself, was ensuring that his sugar levels were well under control and his random sugar level never crossed 180. The Insurers collected evidence from Dr K. Thirumavalan of Ashwini Hospital, Villupuram, which revealed that the fasting sugar level was 198 mg/dl and the random sugar level was 258 mg/dl in 03/99. The medicines prescibed were for treatment of Diabetes with a caution that he should keep his sugar level under control. No further evience relating to his sugar levels at various points of time and treatment taken from time to time was available. The hospital reports from the hospital at Tirumala showed that he was brought there dead and recorded that the death was due to massive heart attack.

The evidence clearly showed that the assured was a diabetic and non-disclosure of the same in the proposal was a clear suppression of material information. But studying the circumstances of the case, it could be observed that the assured was in good health to have travelled nearly 300 k.ms from his native place to have darshan at Tirumala with his family and the death was definitely due to sudden massive heart attack. In the absence of further evidence of continues sugar levels for a prolonged period, it would be difficult to conclude that uncontrolled diabetes in this case caused massive heart attack. The Sum assured under the policy was a paltry 20,000/-, which ruled out the posibility of any fraudulent intention to get undue pecuniary gain by this non-disclosure. Hence this forum took a sympathetic view and granted 50 % of sum assured as ex-gratia to the complainant, who was also a nominee under the policy.

The Complaint is partly allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.02.2054 / 2005 - 06

Shri R. Krishna Moorthy
Vs.
Life Insurance Corporation of India

Award Dated 27.06.2005

Shri R. Krishna Moorthy, the complainant, proposed for insurance on the life of his daughter, Baby K. Ishwarya (late) for a sum of Rs. 25,000/- on 15.06.2001. The assured died on 22.05 2004 after a heart surgery. The claim of the complainant was rejected by L.I.C., Chennai Division - II on the ground that the proposer Shri R. Krishna Moorthy did not reveal to them in the proposal the correct health condition of his daughter. The complainant approached this forum for justice.

All the relevant case records have been gone through by this forum. A personal hearing of the parties was also arranged and their contentions heard. The complainant brought forth before this forum that he took the policy on his daughter's life only for savings purpose, citing further that their family was insurance-conscious and that every member of his family was insured. He also confirmed that his daughter underwent a heart surgery in 1999 itself and the same was not mentioned in the proposal only out of ignorance of the implications of such non-disclosure. He further pointed out that after the heart operation in 1999, his daughter was hale and healthy and was attending school. The insurer's main contention was that the assured had a congenital heart ailment and that she was a 'blue baby'. She underwent closed heart surgery in 1999. She had this problem even thereafter and in fact, she died a day after an 'Intracardia repair' by way of an open heart surgery was done on 21.05.2004. Thus even the cause of death had a direct relation to her impaired heart condition from which she suffered almost since birth. The Insurers produced to this forum clear-cut documentary evidence in support of their contentions. Hence it is held that non-divulgance of such vital information in the proposal vitiated the contract and thus the repudiation decision of the insurer could not be faulted.

As such, the complaint is dismissed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.02.2581 / 2004 - 05
Smt. C. Rajeswari
Vs.
Life Insurance Corporation of India

Award Dated 27.06.2005

Late S. Chidambaram of Chennai took a policy of insurance on his life for a sum of Rs. 50,000/- on 28.03.2002 and nominated his wife Smt. C. Rajeswari there under. The policy resulted into a claim due to the death of the assured on 05.08.2003 due to sudden cardio-respiratory arrest. Smt. Rajeswari's claim for policy monies was rejected by L.I.C. stating non-disclosure of correct health condition of the assured in the proposal as ground for repudiation. The complainant challenged this decision of the insurer and prayed this forum to help arrange settlement of the claim amount.

All the relevant case records have been collected and perused. A personal hearing of the contending parties was also arranged and their submissions heard and recorded. The Insurers contended that questions no. 11d) and 11i) of proposal were falsely answered, thereby concealing from them the history of epilepsy the assured had, prior to proposing. They relied on a Certificate of Treatment given in Claim Form of L.I.C. by Dr Navaneetha Krishnan of Madurai, in which there was a mention that the said doctor treated the assured in 1996 for Amoebic Colitis and Occasional Fits. The doctor also

stated in the certificate in reply to another question that he last attended on him in 2003 and the assured was in good health at that time. From this the insurers concluded that the assured was treated by this doctor right from 1996 to 2003 for epileptic fits. There was further evidence in the file pertaining to his treatment for blood pressure and heart problem a few months prior to his death, which was very much in the post-proposal period. The complainant, while deposing before this forum, informed that her husband, who would be touring the entire Tamilnadu selling Consumable Items, suffered from hypertension but never had epileptic fits. She categorically denied that in her 25 years of married life, she never found her husband suffering from fits. He was in good health and during periods of depression due to slump in business, he used to have hypertension, for which Dr Navaneethakrishnan only used to treat.

Thus the entire evidence available in the file was only a certificate, in which there was a solitary reference to the assured suffering from fits. There was no further evidence relating to the frequency of bouts of epilepsy, the treatment details for the same etc, in the absence of which, it was difficult for this forum to conclude that an active business man, who for 9 months in a year would be on business tours throughout the State of Tamilnadu, Could have carried out his duties with the 'history of epilepsy'. Thus this forum felt that the insurers could not bring forth clinching evidence to substantiate their grounds for repudiation and in the result the said decision could not be sustained in Law and on facts.

The Complaint, is therefore, allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.01.2026 / 2005 - 06
Smt. Ananda Surabhi
Vs.
Life Insurance Corporation of India

Award Dated 27.06.2005

Smt. Ananda Surabhi, the complainant and the wife of late P. Rajasekharan of Chennai complained to this forum that her claim under the policy on the life of her late husband was denied to her by L.I.C. and requested for intervention of this forum. The assured took a policy for Rs. 1,00,000/- on his life on 15.09.2002. He died due to Cardio-pulmonary arrest, CAD, Tripple Vessel Disease, Hypertension and Type-II Diabetes Mellitus on 22.10.2003. The insurer's ground of repudiation was that the assured did not disclose in the proposal his pre-proposal illness and treatment therefor.

All the documentary evidence perused and the oral evidence during personal hearing taken note of. The assured, who was working in Reserve Bank of India as Asst. Manager, retired from the services of the Bank and took up L.I.C. Agency. The above proposal was booked in his agency only. The Insurers brought as evidence many certificates from Vijaya Hospital and Govt. Stanley Hospital for heart treatment undergone by the assured. They also produced to this forum a certificate which mentioned the causes of his death as'Tripple Vessel Disease, CAD, Type-Ii Diabetes Mellitus' etc. But all these certificates were pertaining to the treatment received by the assured in the post-proposal period only. The Insurers also produced to this forum the leave particulars and details of medical reimbursements received by the assured from his previous employer. The details of medical reimbursements indicated that he had undergone tests for blood pressure and diabetes mellitus etc in the pre-proposal period. No further details such as treatment received, extent of seriousness of these ailments etc was available. The Insurer was given time to collect and produce to this

forum further details pertaining to his pre-proposal illness and treatment but they could not bring forth any further evidence. Thus in effect, there was no reliable documentary evidence to prove his pre-proposal illness without any iota of doubt, though it could well be construed from the available documentary and circumstantial evidence that he had pre-proposal ailments.

To be fair and equitable to both the parties in the circumstances of the case and to ensure that the ends of natural justice are made applicable to both the parties in equal measure, this forum felt that an amount equal to 50 % of the sum assured under the policy be awarded as ex-gratia payment to the complainant. The insurer is, therefore, directed to pay Rs. 50,000/- to the complainant as ex-gratia payment in full and final settlement of the claim.

The Complaint is thus partly allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.02.2585 / 2004 - 05
Smt. S. Lalitha
Vs.
Life Insurance Corporation of India

Award Dated 14.07.2005

The assured had taken the policy with date of commencement 01.04.1996. He died on 28.02.2002. The policy was in lapsed condition on the date of death, as the premiums were remitted by the P. F. authorities after the date of death of the policyholder. The Zonal office of the Insurer offered an ex-gratia of Rs. 3,000/- to the complainant and hence the complainant Smt. S. Lalitha, W/O deceased life assured approached approached our Forum for redressal.

A hearing was conducted on 21.06.2005, when both the parties were present. The complainant confirmed that all the premiums received by the Insurer after the demise of her husband were returned to her. She said that the policy was assigned in favour of the P. F. Authorities and the premiums were to be remitted by them. It was observed that there was a huge delay in the Insurer's assigning the policy in favour of the P.F. Authorities, resulting in dealyed remittance of premiums. The representative of the Insurer explained in detail, the procedures adopted in maintaining the policies through P.F. funding.

No evidence was produced by the Insurer to confirm follow-up made for receiving the premiums. Further it was observed that the P.F. Commissioner is acting as an Ostensible Agent of LIC for the purposes of recovering premiums from P.F. contributions and remitting the same to the LIC and any omissions and commissions by him should ultimately be owned by LIC as vicarious liability. And hence, the Insurer was directed to pay complainant the basic sum assured under the policy less the premium refunded to the P.F. Commissioner, as full and final settlement.

The complaint was allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.08.2027 / 2005 - 06
Smt. G. Saroja
Vs.
Life Insurance Corporation of India

Award Dated 18.07.2005

Smt. G. Saroja, lodged a complaint to this forum about non-settlement of death claim under the life insurance policy of her late husband K. R. Gurusamy. The life assured took a policy on 28.01.2003 and died on 13.10.2003, within 8 months and fifteen days. The insurer repudiated the claim on the grounds of non-disclosure of material information relating to his health such as Hypertension, Diabetes and Cardiomegaly and the treatment availed before proposing for the insurance policy. The Zonal Claims Review committee also upheld the decision.

A personal hearing was conducted on14.06.2005, when the representatives of the complainant and the insurer were present. The insurer's representative could produce evidence of the life assured having suffered from knee pain and hypertension for 10 years, Diabetes for three years and Cardiomegaly diagnosed on 5/2001 itself. Moreover the policy had run only for eight months and twelve days and Section 45 of The Insurance Act 1938 was not operative in favour of the life assured. There was also nexus between the diseases suffered and the cause of death.

The medical reports from CMC, Vellore relating to the period 9/2003 to 10.2003 produced to this forum by the insurer only confirmed the reports of the Kottakkal Arya Vaidyasala that the life assured was suffering from the above mentioned diseases during the pre-proposal period. Though the representative of the complainant denied any knowledge of the assured having been treated at CMC, Vellore he confirmed that the assured was suffering from Diabetes and was taking treatment from M.V. Diabetes Specialties Hospital, Chennai.

It was thus concluded that there was violation of the Golden Principle of Utmost Good Faith in this case.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.02.2060 / 2005 - 06
Smt. K. Malliga
Vs.
Life Insurance Corporation of India

Award Dated 20.07.2005

Shri K. Karl Marx took a policy on 28.01.2002 for Rs. 5 lakhs and nominated his mother thereunder. He died on 09.11.2003 due to Acute Respiratory Failure. The claim was repudiated by the insurer on the grounds of suppression of material facts relating to pre-proposal period illness of Soft Tissue Sarcoma for which treatment was availed at Soorya Hospital's, Govt. Royapettah Hospital with consultation at Cancer Institute, Adyar at Chennai.

A hearing was conducted on 24.06.2005 and records submitted were examined. The complainant confirmed that her son was operated upon for a tumour in the right forearm 3 to 4 years back and that treatment was taken at Sooriya and Royapettah Hospitals and denied any knowledge of consultation at Adyar Cancer Institute.

The insurer was able to produce evidence of treatment availed by the life assured for the Sarcoma that was metastatic in nature which finally affected his pleural cavity resulting in final respiratory arrest and thus proved suppression of material facts relating to his health.

The complaint was dimisssed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.08.2051 / 2005 - 06
Shri M. Geoffrey Winster

Vs.

Life Insurance Corporation of India

Award Dated 21.07.2005

Shri M. Geoffrey Winster complained to this forum about repudiation of claim under the policy of his wife for suppression of material information relating to her health The policy commenced on 28.01.2002 and the assured died on 06.03.2003, due to Disseminated Ovarian Malignancy.

Though a personal hearing was arranged on 14.07.2005, the complainant was not present. The insurer argued that there was suppression of information about the assured being asthmatic since childood. She had availed medical leave for 60 days and taken treatment in 3 different hospitals during pre-proposal period. All the documentary evidences produced by the insurer revealved only post proposal treatment for 'Disseminated Ovarian Malignancy with Liver Secondaries' at Bilroth Hospital, Cancer Institute and M R Hospitals though there was a mention of the assured being a knowncase of Bronchilal Asthama since childhood and not under treatment recoded by Billroth Hospital and cancer institute. According to employer's certificate the leave availed by the assured was for 'viral fever and not for Asthma' thus the insurer failed to prove that the assured was suffering from Bronchial Asthma and was treated for the same and that led to material suppression.

The complaint was allowed.

Chennai Ombudsman Centre

Case No. IO (CHN) / 21.01.2143 / 2005 - 06

Smt. C. Revathi

Vs.

Life Insurance Corporation of India

Award Dated 22.07.2005

Smt. C. Revathy, W/o Late V. Chengalvarayan, complained to this forum that the death claim under the policy on the life of her husband, was repudiated by the Insurer on the plea that the life assured had made deliberate misstatements and withheld material information regarding her correct state of health at the time of effecting insurance.

The life assured had taken a Bima Kiran policy for Rs. 100000/- for 25 years commencing from 28.03.2001. The policy which was lapsed due to non-payment of premiums from 9/2002 was revived on 26.12.2003 on the strength of the Personal Statement of Health dated 25.12.2003. The assured died on 18.01.2004 due to Metabolic Encephalopathy. When the complainant approached the insurer for settlement of the claim the same was rejected on the grounds that the life assured had made deliberate misstatement about his health and withheld material infromation.

A personal hearing was arranged on 14.07.2005. The complainant informed that her husband was working with a contractor as a welder. They lived together for four years. They have four children. One year prior to his death her husband had fever and became normal after taking treatment from Goverment Hospital. Afterwards he was keeping good health till his death. She denied that her husband had fever six months before his death and that he was administered anti TB Drugs The representative of the insurer contended that the life assured had fever on and off for six months and revived the policy five days before admission to the Government Hospital for treatment of fever. The insurer also informed that the anti TB drugs taken by the life assured led to deterioration in liver and kidney functioning ultimately leading to death due to Metabolic Encephalopathy.

From the evidences submitted it was seen that the Medical Attendant's certificate and the Certificate of Hospital Treatment mentioned the cause of death as Metabolic Encephalopathy and Cardio-respiratory Arrest. There was a mention that the life assured had fever for six months prior to admission and also that he had fever for 10 days before his admission to the hospital on 31.12.2003. There was also a letter from a local doctor of the place of residence of the life assured that he had consulted him for fever on 12.11.2003. But no clear evidence throwing light about the nature of fever, its duration, the course of treatment given, whether any diagnostic tests are conducted etc. were available. The evidence available were inadequate and the theory of material suppression cannot be founded on such a sketchy and insufficient evidence and the same cannot be sustained factually.

The complaint was allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.08.2179 / 2005 - 06
Shri A. Kanagaraj
Vs.
Life Insurance Corporation of India

Award Dated 01.08.2005

Shri A. Kanagaraj, complained to this forum that the death claim under the policy on the life of his father Late P. R. Alagarsamy, was repudiated on the grounds that the deceased life assured had suffered from Cerebro Vascular accident, Left Hemiplegia, Intra Cerebral Hemorrhage and taken treatment for the same but did not disclose them in the personal statement of health dated 29.11.2003 which he submitted for reviving the policy.

The deceased life assured had taken a policy on his own life during March 1997. He allowed it to lapse without paying the premiums and revived the policy on 09.01.2004, submitting a personal statement of health. He died on 02.02.2004. The insurer repudiated the claim on the grounds of suppression of material facts and offered paid-up value.

A personal hearing was arranged on 14.07.2005. The complainant stated in the hearing that the personal statement of health was filled in and witnessed by the agent. He also stated that he was away from the family for 10 years and he did not know the ailments suffered by his father. He reiterated that he only went to revive the policy at which time his father was at home only and not in the hospital. The Insurer's representative stated that the policy, which lapsed upon non-payment of premium, was revived without mentioning the diseases he suffered from and also the treatment taken as well as understatement of age. He was taking treatment from 27.11.2003 to 12.12.2003 for Cerebro Vascular accident, Left Hemiplegia, Intra Cerebral Hemorrhage. However the deceased life assured did not disclose these facts and the personal statement of health for revival was signed when he was taking treatment from the hospital. The disclosure of these facts would have altered the decision of the insurer to revive the policy.

From the evidences submitted it was clear that the life assured was suffering from Cerebro Vascular accident, Left Hemiplegia, Intra Cerebral Hemorrhage and that the life assured had signed the personal statement of health for revival of the policy while he was very much in the hospital undergoing treatment for these ailments suppressing these material facts willfully and deliberately, influencing the underwriter's decision to revive the policy.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.08.2091 / 2005 - 06
Smt. J. Kannikai Mary
Vs.
Life Insurance Corporation of India

Award Dated 01.08.2005

Smt. J. Kanigai Mary, complained to this forum that the death claim under the policy on the life of her husband Late P. John Cruous, was repudiated on the grounds that the deceased liffe assured had suffered from Stricture Urethra, Chronic Renal Failure, Pulmonary Edema, Systemic Hypertension and taken treatment for the same but did not disclose them in the personal statement of health which he submitted for reviving the policy.

The late P. John Cruous had taken a policy on his own life during March 2002. He allowed it to lapse without paying the premiums from the due 9/2002 and revived the policy on 05.11.2003, submitting a personal statement of health. He died on 04.03.2004. The insurer repudiated the claim on the grounds of suppression of material facts. The policy did not also acquire any paid-up value.

A personal hearing was arranged on 15.07.2005. The complainant did not attend the hearing. The Insurer's representative narrated the circumstances under which the claim was repudiated. The policy which lapsed upon non-payment of premium was revived and the assured died within four months of revial of the policy. During investigation of the claim by the Insurer's official it was found that the deceased life assured was suffering from the above diseases. However the deceased life assured did not dosclose these facts and also the fact that he had also undergone Maintenance Haemodialysis during July 2003 and February 2004. The disclosure of these facts would have altered te decision of the insurer to revive the policy.

From the evidences submitted it was clear that life assured was suffering from uncontrolled hypertension for long which had resulted in cerebral hemorrhage, hemiplegia, cerebral vascular shock etc., and that the life assured had signed the personal statement of health for revival of the policy while he was very much in the hospital undergoing treatment for life thereatening ailments suppressing these material facts willfully and deliberately, influencing the underwriter's decision to revive the policy.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.08.2107 / 2005 - 06
Smt. S. Pushpa
Vs.
Life Insurance Corporation of India

Award Dated 03.08.2005

Smt. S. Pushpa complained to this forum that the death claim under the policy on the life of her son Late S. Selvam was repudiated on the grounds that he had suffered from Myocardial Infarction and taken treatment but failed to disclose the same while reviving the policy.

The life assured had taken the policy for Rs. 60000 in October 1995. The policy lapsed due to non-payment of premiums from Oct. 2002 and was revived on 30.09.2003 on the strength of the Personal statement of Health, dated 12.08.2003, in which the life assured failed to disclose that he had suffered from Myocardial Infarction and had also

taken treatment for the same thus making deliberate misstatements and withholding material information. He died on 22.10.2003. The insurer had repudiated the claim on this ground and stated that they are not liable for payment of any money under the Bima Kiran policy (a term assurance policy with return of premiums on the date of maturity). However they offered to pay the surrender value of the policy as per the special provisions.

A personal hearing was arranged on 15.07.2005. The complainant who was present informed the Insurance Ombudsman that her son was a graduate and was running a tea - shop and that he was fond of eating and was also over weight. To reduce his weight he was working hard and was also taking tablets for two years but these facts he did not inform his family. She also stated that he had never complained of chest pain, uneasiness or tiredness and the end came suddenly. The Insurer's representative said that the life assured died within 22 days of revival. During the investigation conducted by the insurer it was found out that the life assured suffered from Myocardial Infarction. They relied on the certificate issued by the doctor who had stated that the life assured was under his treatment for about three months before death. The investigation brought to light that the life assured was very obese and had breathing problem on 17.10.2003, and had taken treatment from JIPMER Hospital Pondicherry. The insurer thus stated that the pre revival heart ailment was established and they offered the surrender value of Rs. 4228/- under the policy setting aside the revival. However the Zonal Claims Review committee had offered an ex-gratia of Rs. 15000/- to mitigate the hardship of the family.

The detailed discussion of medical and other evidences submitted indicate that there was no dependable evidence to conclude that the Deceased Life Assured was suffering from heart ailment during the pre-revival period and he was treated for Bronchitis and Rhinitis and not for heart ailment. The policy had run for eight years and sec. 45 of Insurance Act 1938 was in full operation and the insurer would be called upon to prove not only material suppression but also fraud and knowledge on the part of the life assured, which the insurer had failed to prove.

The complaint was allowed in favour of the nominee for the full sum assured.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.01.2084 / 2005 - 06
Shri R. Ravikumar
Vs.
Life Insurance Corporation of India

Award Dated 03.08.2005

Late Shri S. Venkatesan had his policy no. 715 614 337 revived on the strength of a Personal Statement of Health dated 26.11.2002, in which, details of his Anaemia, fever and the treatment availed for the same were not disclosed. He died on 20.02.2003, within 2 months and 25 days of reviving the policy. The Insurer denied the claim for non-disclosure of the above ailments and the complainant preferred a complaint with us.

A hearing of both the parties to the dispute was conducted on 15.07.2005. The complainant said that the assured had availed treatment for fever prior to revival at ESI Hospitals at Chennai and he was diagnosed for Aplastic Anaemia in January, 2003, and was availing leave frequently only to take care of his ailing mother and not for the disease. The insurer argued that had the assured disclosed that he was suffering from Enteric Fever and Gastritis, for which medical evidence was available, they would have postponed the revival and further maintained that there was nexus between the disease

suffered and the cause of death. All the available medical evidence, the Insurer relied upon, thus, could only reveal that the assured was not in good health at the time of revival and was diagnosed for anaemia only in 2002. The Insurer could not prove that the assured was aware of his illness and the non-disclosure was a deliberate one.

The Ombudsman observed that the policy had already run for 6 years and Section 45 of the Insurance Act was operative. Also the Insurer could not conclusively prove fraudulent material suppression by the assured. And hence, he awarded an ex-gratia of Rs. 15,000/- equivalent to 60 % of the sum assured.

Thus the complaint was partially allowed in favour of the complainant.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.06.2046 / 2005 - 06
Smt. K. Kanagavalli
Vs.
Life Insurance Corporation of India

Award Dated 06.08.2005

Smt. Kanagavalli preferred a complaint against the decision of the Insurer to repudiate her claim under her husband's policies, for non-disclosure of the details of his suffering from Diabetes Mellitus while reviving the lapsed policies on 11.10.2003 and 18.10.2003. The assured died on 21.01.2004.

Both the Insurer and the complainant were called for a personal hearing on 28.07.2005. The complainant said that her husband was suffering from D. M. only for a year prior to death and was not in possession of any treatment prticulars. She denied that she herself had reported to the hospital authorities at the time of her husband's terminal illness, that her husband was diabetic for 4 years. The Insurer argued that the repudiation decision was taken on the basis of Claim F. 'BI' certified by a doctor, who had recorded the assured to be suffeirng from D. M. for 4 years as told by the wife at the time of hospitalistion. The Insurer offered to refund the premium received after the revival, as a special case.

The Ombudsmann observed that the policies had run for 12 and 14 years respectively and no investigation was conducted by the insurer, as to the details of the disease, diagnostic tests, exact treatment particulars etc., to prove the pre-revival illness and non-disclosure of the same, except the solitary reference made by the doctor in Claim F. 'BI', that was flatly denied by the complainant.

The case was thus disposed off on merits in favour of the complainant.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.02.2018 / 2005 - 06
Smt. J. Sangeetha
Vs.
Life Insurance Corporation of India

Award Dated 10.08.2005

Smt. G. Dhanusu, had taken a policy for One Lakh and nominated her daughter Smt. J. Sangeetha to receive the death claim payment as and when it arises. She died on 28.05.2004. The Insurer denied payments on the ground that the assured failed to disclose in her proposal for insurance dated 24.03.2003 the details of her Rheumatoid Arthritis, Hypothyrodism, the treatment availed for the same and also the lump observed in the breast and hence complaint preferred with this Forum.

On 24.06.2005, a personal hearing of both the parties was held. The Complainant was represented by the father and also the LIC agent for this policy who deposed that the policy was taken for Income Tax purposes and he was unaware of his wife's illness at the time of taking the policy. He admitted that his wife had Hypo-thyrodism, treated at Sundaram Medical Foundation, Chennai, Though he had brought to the notice of his development officer about his wife's pre-proposal Rheumatiod and Hypo-thyrodism, the same was brushed aside, he said. Later his wife developed a tiny swelling in her left breast on 21.07.2003, diagnosed as breast cancer, was operated upon on 31.07.2003, given chemotherapy and radiotherapy at SRMC Hospital at Porur, Chennai. The cancer later spread to stomach and liver and she succumbed to that on 28.05.2004. The Insurer quoted the Discjharge Summary of SRMC Hospital as evidence for pre-proposal illness of Rheumatoid Arthritis since 2000 and a known case of Hypothyrodism on medication and contended that they were deprived of proper assessment of risk due to non-disclosure of this detail. The Ombudsman directed the complainant to produce treatment particulars for pre-proposal Rheumatoid Arthritis and Hypothyrodism which was never complied with.

The Ombudsman took a serious view on the role of the agent, also the husband of the assured in this case, that the information concealed was well within the knowledge of the agent. He dismissed the argument of the agent that the Development officer did not want him to disclose the details of illness in the proposal form and dismissed the complaint.

The Complaint was dismissed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.06.2103 / 2005 - 06
Smt. M. Easwari
Vs.
Life Insurance Corporation of India

Award Dated 10.08.2005

Smt. M. Easwari had preferred a complaint against LIC of India Thanjavur Division, regarding repudiation of death claim on policy no. 753 007 618, held by her late husband T. Muruganantham. The assured died on 20.07.2003. The Insurer had denied the claim on the policy that commenced on 31.12.2002, for the assured had not disclosed details regarding his pre-proposal illness of Chronic Enteritis, suffered 4 months prior to proposing for insurance and the treatment availed at a hospital from 08.08.2002 to 14.08.2002.

A hearing of both the parties, the Insurer and the father-in-law of the complainant, was held on 28.07.2005. The representative of the complainant stated that his son suffered from stomach pain and indigestion for 6 months and was hospitalized for a week in 2002. Six months after taking the policy, his son developed chest pain and before any medical help could be summoned, he died. He also opined that since his son did not get any stomach pain prior to 2002, and also that he became alright after treatment, he would not have mentioned these details in the proposal form. The Insurer could produce the Discharge Summary of Thanjavur Medical College Hospital and the claim enquiry report as evidence of the assured's pre-proposal Chronic Enteritis (Amoebic Colitis) and argued that they were deprived of a fair chance of assessment of risk. They further argued that sec 45 was not operative, as the death was within 7 months of taking the policy.

The Ombudsman observed that thought the assured had suffered from abdominal pain and vomiting and hospitalized for a week, all other diagnostic reports revealed normal

functioning of organs. This non-disclosure of the ailements by the assured, no doubt, denied the Insurer of the chance of proper risk assessment and thus there was a clear breach of the principle of 'utmost good faith'. At the same time, there was no evidence produced by the Insurer to prove the ailment of the assured, besides the solitary instance in August, 2002, and as such, that the contention of material suppression could not be given credence to, the Ombudsman opined. And hence, an ex-gratia amount equivalent to 60 % of the sum assured was awarded. The Insurer was directed to pay Rs. 30,000/-.

The complaint was partially allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.04.2148 / 2005 - 06
Smt. S. Selvi
Vs.
Life Insurance Corporation of India

Award Dated 11.08.2005

Smt. S. Selvi, W/o Late R Suriyamurthy approached our Forum with a complaint against repudiation of death claim on her husband's policy, taken at Madurai Unit III Branch. The risk under the policy commenced on 28.12.2003 and the death of the assured occurred on 12.07.2004. The Insurer had denied the claim on the pretext that the assured had not disclosed the details of his Diabetes, Cardio-vascular shock and Hemiplegia and the treatment availed before proposing for insurance.

A personal hearing of both the parties was held at Madurai on 29.07.2005. The complainant pleaded that her husband did not understand English but could only sign and that the proposal was filled in by the agent and not by her husband. At the same time she admitted that her husband was given treatment and physiotherapy for paralysis of right hand in 1998 after which he became alright. The Insurer could produce to this Forum the documentary evidence such as Hospital Admission Record, Case Summary, Discharge Record etc., to prove the pre-proposal illness the assured had suffered from. According to the Hospital Certificate, Diabetes was a co-existing disease, contributing to the cause of death.

The Ombudsman observed that there was a clear breach of the golden principle of 'utmost good faith' in this case as the cause of death was not totally unrelated to the pre-proposal ailments the assured had suffered and the same being not disclosed in the proposal form.

Thus the complaint was dismissed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.06.2090 / 2005 - 06
Smt. R. Valarmathi
Vs.
Life Insurance Corporation of India

Award Dated 12.08.2005

A complaint was preferred by Smt. R. Valarmathi, W/o Late N. Rengarasu, against the Thanjavur DO of LIC of India, regarding the denial of death claim on her husband's policy. Her husband had taken a policy with commencement date 28.02.2003. He died on 12.07.2003 due to Lung Cancer and Secondaries in brain. The Insurer had repudiated the claim on the ground that the assured had not disclosed details of his availing medical leave on many occacsions prior to proposing for insurance.

A hearing of both the Insurer and the complainant was held on 28.07.2005, the complainant deposed that her husband was working in a cement factory and was hale and healthy till April, 2003. His condition started deteriorating since then and finally was diagnosed for cancer. They had consulted Kovia Medical Centre, Adyar Cancer Institute and finally Roy Medical Centre, Chennai, who opined that there was no scope for treatment. Though her husband had availed leave in 2001 and 2002, he had availed medical leave at a stretch for 4 days on only one occasion. The cancer could be detected only at the secondary stage, she added. The Insurer argued that the assured had availed medical leave for 36 days, 31 days and 92 days in the years 2001, 2002 and 2003 and the same was not disclosed in the proposal form and hence the repudiation.

The Ombudsman observed that the Insurer could not prove the grounds of material suppression as no evidence of treatment could be borught forth by them. He further remarked that the proposal was accepted with a health extra premium of Rs. 07.50 per thousand only after a satisfactory medical examination of the assured including special reports by the Insurer's approved medical examiner and ordered payment of basic sum assured with attendant as per policy conditions.

The complaint was allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.06.2080 / 2005 - 06
Shri J. Anthoniesamy C. M. Yagappa
Vs.
Life Insurance Corporation of India

Award Dated 09.08.2005

Shri J. Anthoniesamy Charles Marie Yagappa had taken a policy on the life of his Master. Richard Joseph Yagappa on 12.12.1996. The assured died on 05.01.2004. The Insurer denied the death claim payment on the ground that the details regarding the assured's pre-proposal illness of congenital heart disease and the treatment availed for the same was not disclosed in the proposal form.

On 28.07.2005 a personal hearing of both the parties was held. The Complainant, during the course of the hearing said that he was not knowing English and the proposal form was filled in by the agent who was known to the family for long. He also admitted that his son had undergone open-heart surgeries successfully in the years 1994 and 1997. The Insurer argued that the details of pre-proposal treatment at Madras Mission Hospital was not disclosed in the proposal form. They could produce evidence, such as Discharge Summary of the same hospital, issued in December, 1994 at 7 months of age as well as the subsequent treatment in 1997, in support of their argument that the assured has suffered from congenital heart problem and the treatment that followed till the death.

After hearing both the parties, the Ombudsman observed that there was substance in the contentions of the Insurer of fraudulent material suppression by the proposer, and held the repudiation legally and factually tenable.

The Complaint was dismissed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.08.2082 / 2005 - 06
Smt. Soundari
Vs.
Life Insurance Corporation of India

Award Dated 16.08.2005

Shri D. Karthi had taken a Janaraksha Policy No. 733304126 for Rs. 30,000/- at Guduatham Branch of Vellore Division The risk commenced on 06.09.2003. He died on 20.01.2004 due to a head injury. The complainant Smt Soundari, mother of the deceased approached the Insurer for claim monies. The Insurer denied the claim on the ground that the assured had not given his correct age in the proposal form and that he was a minor at that time and hence the policy was null and void The complainant approached this Forum for intervention.

A hearing was held on 05.08.2005, when both the parties were present. The complainant said that they deliberately understated the age of their son in the school records so that he would get a government job in future, her son died of injuries when knocked down by a bull. The Insurer argued that, as per the school certificate they had collected, the assured was only of 17 years 2 months and 26 days of age and only 15 years of age per Family Ration Card at the time of proposing for insurance and that they would not have given that type of policy to a minor.

The Ombudsman observed that the care the insurer had taken to collect the standard age proof after the death of the assured should have been taken at proposal stage itself and it woud not be fair to deny the claim on the pretext of incorrect age mentioned in the proposal form. He added that the field personnel should be told to be more cautions in ascertaining the correct age while recommending parties for insurance. While giving the benefit of doubt to the assured, this Forum restricted the awarding of the claim to the basic sum assured only.

The claim was allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.08.2171 / 2005 - 06
Smt. R. Varalakshmi
Vs.
Life Insurance Corporation of India

Award Dated 16.08.2005

Smt. R. Varalakshmi approached this Forum against denial of death claim monies by the Insurer under the policy held by her late husband Shri S. Ramesh. The policy lapsed due to non-payment of premium and was revived by the assured on the basis of a personal statement of health on 05.07.2002. He died on 01.06.2003 due to massive UGI Bleed. The Insurer contended that the assured had withheld correct information regarding his health, at the time of reviving the policy and hence the repudiation.

A Personal hearing of both the parties was arranged on 11.08.2005. The complainant pleaded that as per her knowledge, her husband was neither suffering from any liver disease nor was he taking any medicines for that and that he died all of a sudden. The Insurer argued that the assured suffered from distension of abdomen, edema feet, blood in stools and hematemesis with similar episodes earlier and the same was not disclosed in the personal statement of health at the time of revival. They added that the assured was on Tab. Lasilactone and Livoflex, had UGI scopy done and was also treated for Cirrhosis of Liver by Dr. Rangabashyam for which no records were available.

The Ombudsman observed that the medical records spoke only of stomach problem and not of Cirrhosis of Liver and also that the premium under the policy had been paid for 13 ½ years and the remaining 1½ years premium was adjusted from the claim proceeds. He further remarked that the policy had already run for 4/5th of the term before lapsation and the assured had died in the last year of the policy term. It is

incumbent upon the Insurer to prove fraudulent suppression of material facts as required by provisions of Insurance Act, he added. The Forum set aside the repudiation and ordered payment of sum assured with all attendant benefits less any paid-up value already settled.

The complaint was allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.08.2198 / 2005 - 06
Smt. S. Rajamalar
Vs.
Life Insurance Corporation of India

Award Dated 17.08.2005

Shri R. Sivasakthivel had taken a policy for Rs. 25,000/- bearing no. 732054954 with date of commencement as 14.10.2000. Smt. S. Rojamalar was the nominee under the policy. The assured died on 27.10.2001 within a year and 13 days of taking the policy. The Insurer had denied the claim payment stating that the assured had taken 73 days medical leave prior to proposing for insurance and did not disclose these details in the proposal form and therefore held the policy null and void The complainant approached this Forum for redressal.

A personal hearing of was held on 11.08.2005. The complainant did not attend the hearing. The Insurer deposed that the assured was suffering from peptic Ulcer and Tuberculosis and was on medical leave on 4 occasions during the period 16.04.99 to 10.04.2000. They had the leave particulars and the medical certificates of the doctor in support of their argument. Had this information been provided, they would not have issued the policy and would rather wait till complete cure they added. They informed that claim under 2 other policies taken earlier were settled. It was also brought to light that the assured was definitely not enjoying good health in the pre-proposal period, the assured was on constant treatment and the doctor who treated him and the one who issued the medical certificate were one and the same.

It was observed by the Ombudsman that there was a clear and blantant material suppression of the golden principle of ‘utmost good faith’, which is the very basis of insurance contract. He therefore, upheld the repudiation decision of the Insurer and dismissed the complaint.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.02.2183 / 2005 - 06
Smt. G. Latha
Vs.
Life Insurance Corporation of India

Award Dated 17.08.2005

Smt. G. Latha complained to this Forum regarding non-payment of death claim under the policies numbering 712188727 and 712188731, held by her late husband, A. Gunasekharan. The Insurer had denied the claim on the ground that the assured had withheld information and made incorrect statements regarding his health at the time of proposing for insurance. The assured died on 07.03.2003 due to Acute Myocardial Infarction.

A hearing was held on 11.08.2005 when both the parties were present. The complainant said that her husband was working as a Khalasi in the Railways. She

denied that her husband ever suffered any heart ailment or treated at Balaji Hospital. She however, admitted that her husband had consulted Dr. Matheswaran at Maya Hospital for stomach pain. The Insurer had produced before the Ombudsman the reports of Balaji Hospital of 1996, where the assured had been referred to as a case of mild ARS and advised to go for TMT and Coronary Angio. However, no readings of such reports were available. The Cardiac Report of Madras Scan Systems indicated mild diastolic dysfunction. The Medical Attendant's certificate and the Hospital Treatment certificate of Perambur Railway Hospital talked only about the terminal illness and did not refer to any past history of heart ailment.

The Ombudsman opined that it was 7 long years after the initial treatment for heart ailment in 1996 and there was no evidence to show that the assured continued to suffer heart problems. Further the policy was in force for more than two years and Sec 45 was in full operation and the onus of proving fraudulent material suppression was with the Insurer, he said. He observed that, neither the paltry and inconclusive evidence produced by the Insurer to show that the assured suffered continuously nor the complainant's contention could given full weightage. To ensure 'equity and natural justice' it was awarded that an amount equal to 50 % of the basic sum assured be given to the complainant on ex-gratia basis.

The complaint was partially allowed on ex-gratia basis.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.08.2201 / 2005 - 06
Smt. B. Tamilselvi
Vs.
Life Insurance Corporation of India

Award Dated 18.08.2005

Shri S. Bharathi had taken the policy bearing no. 732295821 for Rs. 50,000/- at Pondichery Branch, Vellore Division on 20.03.2000. He died on 01.07.2001 due to Cerebral Infarction. Smt. B. Tamilselvi, wife and the nominee under the policy approached the Insurer for payment of death claim. The Insurer denied the claim on the ground that the assured had made incorrect statements and withheld material information at the time of proposing for insurance and held the policy null and void. The complainant approached our Forum for redressal.

A Personal hearing of both the parties was held on 12.08.2005. The complainant deposed that her husband did not suffer from any ailment barring the occasional headache till his hospitalization in SRMC. Chennai in June, 2001. The details, that her husband was an alcoholic, smoker and a known case of Cerebro Vascular Attack as recorded in the hospital records were not given by her but could have been of her husband's colleagues. She further disputed that her husband was suffering from Enteric fever and Infective Hepatitis, Hypertension or breathlessness before taking the policy. She added that the leave was availed by her husband only for house construction and other family exigencies. The Insurer produced before this Forum, the leave applications of the assured with relevant medical certificates to establish the pre-proposal illness of the assured. They further argued that the acceptance of proposal would have been deferred till complete cure in view of the Hepatitis suffered by the assured.

The Ombudsman observed that the Insurer could not produce any clear cut evidence to prove that the assured suffered from the said ailments, and availed treatment excepting the medical certificates produced by the assured to their employer for availing leave. At the same time, failure on the part of the assured to mention the leave

particulars in the proposal form could not be ignored, he added. Thus, keeping in mind the interestes of both the parties and also to ensure 'equity and natural justice' to both the contending parties, the and also to ensure 'equity and natural justice' to both the contending parties, the Ombudman awarded an ex-gratia amount equal to the basic sum assured of Rs. 50,000/-.

The complaint was partially allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.01.2189 / 2005 - 06
Shri A. Kandaswami
Vs.
Life Insurance Corporation of India

Award Dated 19.08.2005

Shri A. Kandaswami approached our Forum regarding non-payment of death claim under his son Shri K. Thanigaimalai's policy. The Insurer had denied the claim on the grounds that the assured had made deliberate misstatements and not disclosed material information at the time of taking the policy.

On 12.08.2005, a personal hearing of both the parties was held and documents perused. The complainant, during the course of the hearing, confirmed that his son had undergone Dialysis for more than 50 times over a period 6 to 8 months. He also admitted that the policy was in lapsed condition since 1999 and that his son availed a policy loan and revived the policy on 11.03.2004 and died on 16.07.2004 due to Hepatitis and renal failure. He pleaded for sympathetic consideration. The Insurer could produce evidence to show that the assured had availed treatment in various hospitals and undergone dialysis for 61 rounds during pre-revival period. The assured was recorded as a diabetic with chronic renal failure and Nephropathy.

The Ombudsman observed that there was nexus between the cause of death the disease suppressed and thus a clear breach of the principle of 'utmost good faith'. He upheld the decision of the Insurer to pay the paid value under the policy and dismissed the complaint.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.07.2139 / 2005 - 06
Shri A. Oliver Alexander
Vs.
Life Insurance Corporation of India

Award Dated 19.08.2005

Smt. Agila Mary had taken a policy with Nagerkoil II branch for Rs. 25,000/- on 28.03.1998. She died on 09.11.2003. Her husband Shri A. Oliver Alexander approached our Forum as the Insurer had refused to honour the claim. The Insurer had denied the claim payment for deliberate misstatements and withholding information by the assured at the time of reviving the policy.

Both the parties to the dispute attended the personal hearing held on 29.07.2005. The complainant stated that his wife admitted in the hospital in 2003 and the detection of cancer was only in July, 2003. He had produced a certificate to the Insurer stating that the assurd was diagnosed for cancer only in July, 2003 and was earlier admitted in the hospital for the treatment of chronic headache only. The Insurer argued that the assured had paid premiums upto

08/2001 and the lapsed policy was revived on the basis of a personal statement of health dated 30.06.2003, without disclosing the details of her illness and hospitalization and that she died of Brain cancer. They were able to produce before the Forum all the hospital reports as documentary evidence. The Insurer offered to settle paid-up value under the policy.

The Ombudsman observed that the Insurer was able to prove fraudulent material suppression with clinching evidence and dismissed the complaint.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.04.2109 / 2005 - 06
Smt. M. Ganapathiammal
Vs.
Life Insurance Corporation of India

Award Dated 19.08.2005

Smt. M. Ganapathiammal came to this Forum with a complaint against the Insurer that the Insurer denied to settle the death claim under the policy held by her late husband Shri S. Murthy. The Insurer repudiated the claim for suppression of material information by the assured in the personal statement of health furnished by him at the time of revival on 06.08.2004.

The complainant and the Insurer were present at the personal hearing held on 29.07.2005. The complainant stated that her husband was generally healthy but for his occasional cold and wheezing and suffered chest pain only 4 days prior to his death and did not have any heart problem. The Insurer contended that the assured did suffer from Ischaemic heart disease - Acute Coronary Syndrome, Lower Respiratory Infection and wheezing and allergic bronchitis and produced hospital treatment particulars of 2003 in support of their argument. The assured died on 07.09. 2004, a month after the revival of the policy.

The Ombudsman observed that the Insurer was righrt in settling the paid -up value under the policy, setting aside the revival and dismissed the complaint.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.02.2157 / 2005 - 06
Smt. E. Rani
Vs.
Life Insurance Corporation of India

Award Dated 25.08.2005

Smt. E. Ran, W/o D. Elumalai challenged the repudiation of the death claim under her husband's policy by the Insurer. Her husband had taken a policy for Rs. 50,000/- on 25.11.1999. He died on 14.01.2004 due to Rheumatic Heart Disease and Mitral Valve Stenosis. The Insurer denied the claim on the ground of the assured suppresssing material information and making misstatements at the time of proposing for insurance.

A personal hearing of both the parties to the dispute was held on 17.08.2005. The complainant said that her husband had availed treatment in Chennai hospital in 1998 and was on medication for a year and that he was managing the illness by practicing yoga till the terminal illness. She further added that the agent was none other than her husband's own brother who was instrumental in not disclosing all the relevant details in the proposal form. The Insurer could produce before the Forum the evidence for pre-

proposal treatment and the surgery undergone by the assured for mitral stenosis in 1998 and they argued that there was nexus between the cause of death and the material information suppressed.

The Ombudsman concluded that there was definitely a material suppression of the diseases suffered by the assured during pre-proposal and pre-revival period. And at the same time, the role of the agent could also not be ignored in not bringing out the necessary information on the health conditions of the assured and hence awarded an ex-gratia amount equal to total amount of premiums paid by the assured. He also recommended disciplinary proceedings against the agent.

The complaint was partly allowed on ex-gratia basis.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.05.2101 / 2005 - 06
Shri T. K. Shanmugam
Vs.
Life Insurance Corporation of India

Award Dated 29.08.2005

Smt. T. K. Salammal had taken a policy on 28.09.2001 for Rs. 50,000/-. She died on 06.04.2004 due to heart attack. Shri T. K. Shanmugam, the brother, the nominee and the Complainant under the policy, approached our Forum for redressal as his claim was denied by the Insurer. The Insurer had repudiated the claim on the ground that the assured withheld material information at the time of proposing for insurance.

Both the parties to the dispute attended the hearing held on 16.08.2005. The complainant had deposed that he had no knowledge of his sister suffering from Diabetes for 15 years and heart ailment and that she was availing treatment for the same prior to taking the policy. He further added that the agent took only the signature in the proposal form but failed to explain the significance of the questions therein. The Insurer could produce evidence to show that the assured was treated in the hospital for Diabetes Mellitus in December 2000 and May 2001 and also recorded as a known case of Type II DM, Old Anterior Wall Myocardial Infarction and Anaemia. All these details were not disclosed in the proposal form, they contended.

The Ombudsman observed that the Insurer could prove with clinching evidence the fraudulent material suppression by the assured as required under Sec. 45 of the Insurance Act and dismissed the complaint.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.08.2032 / 2005 - 06
Smt. C. Hemalatha
Vs.
Life Insurance Corporation of India

Award Dated 30.08.2005

Smt. C. Hemalatha, W/o Late J. Chezian, complained to this Forum about non-settlement of death claim under her husband's policy for Rs. 10 lakhs, that commenced on 28.01.2003. The assured died on 21.02.2003, within 23 days of commencement due to Heart Attack. The Insurer denied the claim due to incorrect statements and withholding of information by the assured regarding his health, while proposing for insurance.

A hearing was held on 14.07.2005. The complainant said that her husband was enjoying good health and did not suffer from any disease. Just two days prior to death, he had cold and fever and on the way to hospital he died of heart attack. She also confirmed that earlier, her husband had sustained a cut injury over his forehead when he fell off a two wheeler and was treated in a hospital as outpatient, while denying the fact that her husband had plastic surgery done and was also an alcoholic. The Insurer argued that the assured had concealed the facts about his accidental head injury exposing the skull, sustained after drunken driving and the treatment for the same at a hospital and also about his 3 months old Diabetes prior to proposing for insurance. The Insurer could produce evidence for the said treatment.

The Ombudsman opined that the information concealed was not material enough to vitiate a contract but at the same time, there was no doubt that the Insurer was denied of a proper assessment of risk and hence decided to award an ex-gratia amount of Rs. 5 lakhs.

The complaint was partially allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.08.2223 / 2005 - 06
Shri A. P. Kasi
Vs.
Life Insurance Corporation of India

Award Dated 30.08.2005

Shri A. P. Kasi, father of the deceased life assured K. Suresh, preferred a complaint with this Forum regarding non-payment of death claim under his son's policy that commenced on 28.03.2003. The assured died on 29.08.2003. The Insurer denied the claim on the ground that the assured had made incorrect statements and withheld information regarding his health at the time of proposing for insurance.

A personal hearing was held on 16.08.2005 and both the parties to the dispute were present. The complainant deposed that his son had suffered an injury in knee, when he was hit by a cricket ball 5 years ago. He was treated for swelling in leg 3 months prior to death in the city hospitals and became all right. A day prior to death he fell down and had vomiting and loose motion He further pleaded that he was unaware that his son was suffering from cancer. He added that he took the policy on the advice of the agent who knew the health condition of his son. The Insurer produced before this Forum, all documentary evidence such as hospital reports, the diagnosis of osteosarcoma and the continued treatment in 12/2000, 01/2001, 02/2001 and 03/2001. The disease was diagnosed as 'Ewings Sarcoma' a malignant cancer and the assured underwent chemotherapy.

The Ombudsman observed that there was clear-cuts evidence to show that the assured was suffering from Bone Cancer and the same being not mentioned in the proposal form. He added that, the agent who knew the assured for 3 years would have had the knowledge of the ailments the assured suffered from. He remarked that there was dereliction of duty on his part and therefore recommended termination of agency.

The complaint was disallowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.01.2240 / 2005 - 06
Smt. M. Girija
Vs.
Life Insurance Corporation of India

Award Dated 14.09.2005

Mr. M. G. Mugunthan had taken a Triple Cover policy for Rs. 30,000/- on 28.08.2001. He died on 01.11.2003 due to heart attack. Smt. M. Girija, W/o the policyholder approached this Forum for redressal when the Insurer denied claim under the policy on the ground that the assured had failed to reveal material information regarding his health and made misstatements in the proposal form.

On 09.09.2005, both the parties were present for the hearing. The complainant said that her husband used to drink occasionally and absent himself from duty. He also used to suffer from stomach pain and vomiting on and off. She used to visit him as and when he was hospitalised as she used to stay with her parents after quarrelling with him every time. The Insurer had repudiated the claim on the basis of the hospital treatment particulars obtained from the hospitals. The Drug Card cum Case sheets produced threw light on the information that the assured was hospitalised in 09.1999, 11.99 and 12.99 for Trancient Ischaemic attack with previous history of brain stem stroke, Coronary Artery Heart Disease and old Ischaemic Myocardial Infarction. Evidence was produced on further treatment availed by the assured during pre-proposal period, for Alcoholic Hepatitis, Gastritis, and Acid Peptic Disorder.

The Ombudsman however felt that there was no evidence to prove nexus between the ailments suffered and the cause of death and also no treatment particulars beyond the year 2001 were made available to establish that the assured continued to suffer from the said ailments and the continuation of alcohol consumption during post proposal period. He therefore, awarded that the claimant be paid Rs. 30,000/- on ex-gratia basis.

The complaint was allowed partially.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.06.2266 / 2005 - 06
Smt. K. Vallimayil and N. Thangaval
Vs.
Life Insurance Corporation of India

Award Dated 16.09.2005

Smt. K. Vallimayil and Shri N. Thangavel, wife and father of the assured T. Kuma respectively complained to this Forum regarding denial of death claim under the policies held by the assured. The Insurer had denied the claim on the plea that the assured had failed to mention about his suffering from Acute Alcoholic Pancreatitis and the treatment availed for the same in the hospital at the time of reviving the policies on 31.12.2003.

A personal hearing was held on 29.07.2005. It was attended by the Insurer and the father-in-law of the assured duly authorised by the complainants. The representative deposed that his son-in-law was never sick and the policies were revived only after a medical examination by the insurer's medical examiner. He further contended that the assured was admitted in the hospital for complaints of stomach pain for the first time and he had no idea about the pancreatitis his son-in-law was suffering from. The insurer could produce evidence to show that the assured submitted personal statement of health dated 31.12.2003 and got the policies revived while he was being treated in the hospital for pancreatitis from 27.12.2003 to 07.01.2004 and was in a precarious state of health.

The Ombudsman observed that the repudiation of claim by the Insurer for non-disclosure of material information and the decision to pay paid-up value under the lapsed policy was in order and hence dismissed the complaint.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.09.2228 / 2005 - 06
Mr. P. P. Josephine
Vs.
ICICI Prudential Life, Mumbai

Award Dated 27.09.2005

P. P. Sebastian had taken a policy bearing no. 00511771 for a sum assured of Rs. 6,00,000/- on his life. The proposal was accepted by the insurer with date of commencement of risk as 27.09.2003. The life assured died on 06.10.2004 due to Respiratory Distress and Cancer of Throat. The complainant, Ms. P. P. Josephine, Sister of late P. P. Sebastian approached the Insurer for claim monies. The Insurer repudiated the claim on the grounds that the insured withheld material information relating to his personal habits and health condition in the proposal dated 22.09.2003. The complainant approached this Forum for intervention.

A hearing was held on 12.09.2005 and the complainant did not attend the hearing. The Insurer informed that in the Agent's report, there was mention about the assured's habit of smoking, which eventually he gave up totally. She further told that they obtained medical reports from Madras ENT Research Foundation (P) Ltd. and Cancer Institute, Adyar, Chennai and according to these reports the assured was an ex-smoker with the habit of smoking 25 cigarettes a day and was also suffering from throat pain. The assured was diagnosed to be suffering from Hypopharynx and that his habit of smoking was mentioned in their medical examiner's report. The representative of the insurer claimed that the disclosure of smoking 25 cigarettes a day by the assured in the proposal would have necessitated their calling for Pulmonary Function Test report to assess the lung functioning. Since the mention in the Agent's report and Medical Examiner's report pertained to smoking negiligible quantity of cigarettes, they did not call for any special reports. Further the assured changed the mode from yearly to monthly. The Insurer admitted that they failed to take a serious note of the clue given by the Agent and hence they offered to pay an ex-gratia of Rs. 1,30,000/- which the claimant did not accept.

The Ombudsman observed that the reports of Agents and Medical Examiners become very important and in fact they are an integral part of the proposal papers intended to enable the insurer to properly assess risk on human lives. Thus an opportunity presented itself to the insurer to make further probing into the habits of the assured, which became all the more important since the assured opted for 'critical illness rider for cancer' and also when the nominee didn't stand in a relationship to the assured, where 'insurable interest' could be reasonably satisfied. The information that the assured stopped smoking or reduced smoking at any point of time need not give rise to the conclusion that the person had totally stopped smoking as it usually happens with smokers to resume smoking just by impulse. Thus the insurer is found to be negligent and it was clear that he did not exrcise necessary care to make diligent further enquiries to ascertain true facts about the habits of the assured. The Insurer was therefore directed to pay 50 % of the sum assured on ex-gratia basis i.e. Rs. 3,00,000/- .

The complaint was partly allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.06.2259 / 2005 - 06
Smt. E. Parvathi
Vs.
Life Insurance Corporation of India

Award Dated 30.09.2005

S. A. Ezhumalai had taken a policy bearing no. 753161405 for a sum assured of Rs. 1,00,000/- on his life The proposal was accepted by the insurer on 15.03.2003 with date of commencement of risk dated back to 28.02.2003. The life assured died on 06.09.2003 due to Left Cerebral Infarction with Hypertension. The complainant, Smt. E. Parvathi, W/o late S. A. Ezhumalai approached the Insurer for claim monies. The Insurer repudiated the claim on the grounds that the insurer had made deliberate misstatements and withheld material information in the proposal dated 20.02.2003 relating to his correct state of of health. The deceased life assured was suffering from High Blood Pressure and Coronary Artery Disease. The complainant approached this Forum for intervention.

A hearing was held on 09.09.2005 when both the parties were present. The complainant said that her husband was an agriculturist and was ill only after taking the policy. She stated that he was in good health before proposing and was also not hospitalised. The Insurer informed that the life assured was hospitalised from 01.03.2003 to 07.03.2003 and subsequently was again admitted at Neuro Centre, Trichy. He stated that the proposal, which was dated 20.02.2003 was submitted to them on 28.02.2003 and was accepted for risk by them on 15.03.2003. In the meantime the insured was admitted in the hospital on 01.03.2003 and got treated for heart ailments which fact was not disclosed to them before acceptance of risk by them. They submitted which fact was not disclosed to them before acceptance of risk by them. They submitted case sheets of hospitals in proof of the treatment taken by the life assured. The cause of death has clear nexus between the ailments suffered. The contended that the false answers in the proposal induced them to accept risk under the policy and hence the policy was vitiated by material suppression of information and as such the same was null and void.

The Ombudsman observed that though it was a fact that any adverse change in financial or health condition of the proponent before acceptance of risk should be brought to the notice of the insurer, it should also be borne in mind that the insurer is expected to expeditiously take a decision and intimate the same to the proponent, as it well enunciated by the IRDA. Any reasonable delay in this regard and any consequent developments cannot totally be attributed to the failure of the proponent only and the contract cannot be avoided totally on that pretext, conveniently glossing over the insurer's deficiency. The Insurer was therefore directed to pay 50 % of the sum assured on ex-gratia basis in full and final settlement of the claim.

The complaint was partly allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.05.2274 / 2005 - 06
Smt. T. Indira
Vs.
Life Insurance Corporation of India

Award Dated 30.09.2005

A complaint was preferred by Smt. T. Indira, W/o Late Tamilarasan, against the Salem Division of LIC of India, regarding the denial of death claim on her husband's policy no.

701 261 446. Her husband had taken a policy with commencement date 21.09.2000 for a sum assured of Rs. 50,000/- for a term of 15 years. He died on 15.11.2002 due to Pulmonary Edema, Rheumatic Mitral Stenosis and Pulmonary Hypertension. The Insurer had repudiated the claim on the ground that the assured had not disclosed the correct state of health at the time of proposing for insurance and as such the policy was null and void.

A hearing of both the Insurer and the complainant was held on 20.09.2005. The complainant deposed that her husband had never suffered from any illness, had not taken any medicines or treatment and had not been hospitalised. Her husband was a driver on a private lorry, went to Tirunelveli on his driving duties, where he complained of chest pain and got admitted to Tirunelveli Govt. Hospital. He died in the hospital. Since his earlier health history did not indicate anything adverse, they had a suspicion about his sudden death and caused a post-mortem conducted. Quoting that there was no basis for the hospital recording that her husband had the problem of chest pain for 12 years, she mentioned that her husband was only 32 when he died. The Insurer informed tht the case sheets of Tirunelveli Medical College hospital confirmed that the assured was a known patient of Rheumatic Mitral Stenonis and was taking treatment at regular intervals. But he agreed that they did not have any particulars of the past treatment. The Ombudsman obsreved that the insurer cannot repudiate a claim based on only claim forms B and B1 without any supporting evidence of the past treatment. The available evidence could only hit at some symptoms, which could have been present during the pre-proposal period.

The Insurer could not justifiably prove that they had indisputable evidence to establish that the assured was ill and was treated before proposing and hence their contention of material suppression in the proposal could not stand the test of scrutiny.

The complaint was allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.01.2261 / 2005 - 06
Smt. M. Yasodha
Vs.
Life Insurance Corporation of India

Award Dated 30.09.2005

A complaint was preferred by Smt. M. Yashodha, W/o Late A. Mani, agaist the Chennai Division I of LIC of India, regarding the denial of death claim on her husband's policy no. 712 969 467. Her husband had taken a policy with commencement date 11.08.2003 for a sum assured of Rs. 75,000/-. He died on 23.04.2004 due to Angio Sarcoma and Multiple Organ Failure. The Insurer had repudiated the claim on the ground that the assured had not disclosed details of his previous policy for a sum assured of Rs. 85,000/- given in 03/2002 and the disclosure of which would have necessitated calling for special medical reports for assessment of risk under the proposal. The complainant pleaded for consideration of her claim sympthetically.

A hearing of both the Insurer and the compainant was held on 20.09.2005. The complainant deposed that her husband was working as Driver in BSNL and was very regular in attending to his duties. He had not suffered from any ailment at any time and had not availed any leave. She agreed that he used to drink regularly and used to part with ony paltry sum for household expenditure. He never told her that he had diabetes. During terminal illness he complained of chest pain and was admitted in National Hospital, Chennai where he was treated for about 20 days and he died there. She said that she has received Rs. 85,000/- towards settlement of policy monies under the first

policy. The Insurer argued that the life assured died within 8 months of taking the policy on 23.04.2004. The assured had another policy bearing no. 712 969 140 for Rs. 85,000/- taken in 03.2002, which fact was not disclosed to them, though specifically asked for. The disclosure of the earlier poicy would have necessitated calling for ECG and Blood sugar Reports for underwriting. The cause of death was related to heart ailments and hence the repudiation.

The Ombudsman observed that the Insurer should have a system of finding out on their own the history of previous insurance and suggested action against the agent for his dereliction since both the policies were introduced by the same agent. In the light of functional deficiencies on the part of the insurers and their agent, the Ombudsamn ordered payment of 50 % of the sum assured on ex-gratia basis.

The complaint was partially allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.08.2123 / 2005 - 06
Smt. N. Prema
Vs.
Life Insurance Corporation of India

Award Dated 30.09.2005

Smt. N. Prema, W/o Late H. Nirmal Chand, K. G. F., Karnataka preferred the complaint against LIC of India for repudiating her claim under the policy No. 731 490 064 on the life of her late husband H. Nirmal Chand for a sum of Rs. 5,00,000/-. The proposal dated 07.11.2001 was accepted by the Insurer and the risk commenced from 13.11.2001. The assured died on 27.11.2002 due to Chest Pain. The Insurer repudiated the claim pleading non-disclosure of his heart ailments in the proposal.

A hearing was held on 05.08.2005, when both the parties were present. The complainant denied that her husband ever suffered from any heart ailment and did not receive any treatment therefore. When it was pointed out to her that her husband received treatment for heart ailment in 1994 and 1996, she denied any knowledge of the same. She added that her husband was in jewellery business and was visiting Bangalore for business purposes. The Insurer informed that the assured died within 1 year and 12 days of taking the policy. Their investigations revealed that the assured was suffering from various heart ailment in the pre-proposal period. They obtained irrefutable medical evidences for the treatment undergone by the insured for Rheumatic Heart Disease, Mitral Stenosis and Mitra Regurgitation in 1996. He has been suffering from severe heart ailments right since 1994. Non-disclosure of this vital information incapacitated them from proper assessment of risk at higher level after calling for various special medical reports.

With all the medical evidence, established the fact that the assured was a heart patient, having been suffering from Rheumatic Heart Disease for many years and he died of heart related diseases only This non-divulgence was a clear breach of the cardinal principle of “utmost good faith”, on which every contract of insurance is based.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.08.2263 / 2005 - 06
Smt. R. Rajini
Vs.
Life Insurance Corporation of India

Award Dated 30.09.2005

Smt. R. Rajini, W/o Late N. Raghupathy, Katpadi, Vellore preferred the above complaint against L.I.C. India for repudiating her claim under the policy no. 733 218 931 and 733 179 306 on the life of her husband Late N. Raghupathy for a sum of Rs. 75,000/- and Rs. 25,000/- each. The proposals were accepted by the Insurer on 25.09.2003 and 20.03.2003. The assured died on 08.06.2004 due to Rheumatic Heart Disease and Intra Cerebral Hemorrhage. The Insurer repudiated the claim pleading non-disclosure of his ailments in the personal statement while taking the policies.

A hearing was held on 21.09.2005, when both the parties were present. The complainant agreed that her husband underwent heart surgery in February 1996 in Madras Medical Mission Hospital, Chennai. When he approached for a driving license, he was asked to take an insurance policy. Though initially he was informed that insurance could not be given to him due to his heart surgery later on the agent suppressed this information and arranged for these policies. The Insurer argued that, the assured died within 8 months and 13 days of taking the first policy and within 1 year 2 months and 15 days of taking the second policy. Their investigations revealed that the assured was suffering from various heart ailments in the pre-proposal period and the same was not disclosed in the proposal form. They had also obtained medical evidences. Non-disclosure of the vital information incapacitated them from proper asessment of risk.

The Ombudsman observed that action against the agent and the medical examiner should be taken in view of their dereliction of duty. The medical examiner had even failed to observe the scar that would have been very much evident due to surgery. With all medical evidence, established the fact that the assured was a chronic heart patient, having been suffering from Rheumatic Heart Disease for many years and he died of heart related diseases only. This non-divulgence was a clear breach of a cardinal principle of “utmost good faith”, on which every contract of insurance is based.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.08.2237 / 2005 - 06
Smt. C. Ponnammal
Vs.
Life Insurance Corporation of India

Award Dated 30.09.2005

Shri B. Chinnaiyan had taken a Janaraksha Policy No. 730 995 890 for Rs. 25,000/- for a term of 12 years at Cheyyar Branch of Vellore Division. The risk commenced on 23.03.1999. He died on 11.04.2004 in a road accident. The complainant Smt. C. Ponnammal, wife of the deceased approached the Insurer for claim monies. The Insurer denied the claim on the ground that the assured had not given his correct age in the proposal form and that he has understated age by 7 years at that time and hence the policy was null and void. The complainant approached this Forum for intervention.

A hearing was held on 21.09.2005, when both the parties were present. The complainant said that her husband died in a road accident. She affirmed that her husband would have been 45 years of age at the time of death, stressing upon the fact that no school certificate was available to prove the same, since he was not educated. She was not aware, as to how the age in both the post-mortem report and driving licence was recorded. The Insurer argued that, the assured died 5 years and 18 days after taking the policy in a road traffic accident. They repudiated the claim on the ground that the assured’s age was understated by 7 years at the time of proposing. The ration card showed his age as 46 years at the time of proposing and according to

post-mortem report his age at that time would be 46 years. Had the assured declared his correct age as 46 years in the proposal, they would not have issued the policy without insisting on medical report and standard age proof.

The Ombudsman observed that the care the Insurer had taken to collect the standard age proof after the death of the assured should have been taken at proposal stage itself especially in rural areas and it would not be fair to deny the claim on the pretext of incorrect age mentioned in the proposal form. Insurer's decision to repudiate the claim on the pretext of misrepresentation of age under a policy, on which 5 years' premium had already been paid, is not backed by any dependable evidence. This Forum awarded payment of the basis sum assured with accident benefit along with bonuses.

The complaint was allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.07.2262 / 2005 - 06
Smt. S. Leelavathy
Vs.
Life Insurance Corporation of India

Award Dated 30.09.2005

Shri S. Avudiappan had taken a Janraksha Policy No. 321 106 797 for a sum assured of Rs. 25,000/- and a term of 25 years. The proposal was accepted by the insurer with the date of commencement of policy as 15.10.2001. The assured died on 28.11.2003 due to head injury in a road accident. The complainant Smt. S. Leelavathy mother of the deceased approached the Insurer for claim monies. The Insurer denied the claim on the ground that the assured had not given his correct age in the proposal form and that he was a minor at that time and hence the policy was null and void. The complainant approached this Forum for intervention.

A hearing was held on 21.09.2005 and only the representative of the insurer was present for the hearing but sent her written submissions. She again reiterated that the insurer's contention of her son's majority at the time of issue of the policy was based on non-standard proofs of age and that as per the legal provisions, the insurer should not avoid the contract. The Insurer argued that, as per the school certificate they had collected, the assured was only of 17 years 4 months and 15 days of age and only 15 years of age as per Family Ration Card at the time of proposing for insurance and that they would not have given that type of policy to a minor.

The Ombudsman observed that the care the Insurer had taken to collect the standard age proof after the death of the assured should have been taken at proposal stage itself and it would not be fair to deny the claim on the pretext of incorrect age mentioned in the proposal form. He added that the field personnel should be told to be more cautious in ascertaining the correct age while recommending parties for insurance. While giving the benefit of doubt to the assured, this Forum restricted the awarding of the claim to an ex-gratia amount of Rs. 25,000/- in full and final settlement of the claim.

The complaint was partly allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.06.2287 / 2005 - 06
Smt. Sottyma Bee
Vs.
Life Insurance Corporation of India

Award Dated 30.09.2005

S. Dastageer had taken an Endowment Policy no. 701 523 490 for a sum of Rs. 50,000/- for a term of 31 years. The proposal was accepted by the Insurer with the date of commencement of policy being 28.12.2001. The assured died on 16.08.2004 due to Head Injury sustained in a two-wheeler accident. The complainant Smt. Sottyma Bee, mother of the deceased approached the Insurer for claim monies. The Insurer repudiated the claim on the plea that the insured had made deliberate misstatements and suppressed material information in his proposal dated 15.12.2001 relating to his correct state of health. The deceased life assured was suffering from Obsessive Compulsive Disorder since 1994. The complainant approached this Forum for intervention.

A hearing was held on 29.09.2005, when both the parties were present. The complainant said that her son fell down from his motorbike after the chain of the vehicle got snapped and sustained head injury. He was taken to a hosptial and even before he could be rushed to another hospital, on referral, he died on 16.08.2004 at home. According to her, her son had been attending to his duties regularly and since he was hale and healthy, there was no need to disclose anything in the proposal. The report of NIMHANS, Bangalore of 1998 showed that the assured was a case of "Obsessive Compulsive Disorder" since 1994. The Insurer's main contention seemed to be that the assured's mental disorder persisted with him and was the main contributory factor for the accident and the head injury sustained therein and as such its non-disclosure in the proposal was material suppression affecting adversely their underwriting decision.

The Ombudsman observed that there was no evidence to show that the assured was suffering from any mental disorder at the time of accident or that he was under any medication for the said ailment and the fact that he was attending duties regularly but for the spells of leave for treatment of Acid Peptic Disease showed that he was enjoying normal mental health. The Forum restricted the awarding of the claim to the basic sum assured only with bonuses applicable.

The complaint was allowed.

Delhi Ombudsman Centre
Case No. LI - JP - 50 / 133
Smt. Gyaso Devi
Vs.
Life Insurance Corporation of India

Award Dated 25.04.2005

Shri Lala Ram who purchased Insurance Policy for sum assured of Rs. 25,000/- expired due to Tuberculosis on 05.05.02. Policy commenced from 08.02.2000. Policy was revived on 01.12.2001. LIC repudiated the claim vide their letter dated 31.03.2003 due to suppression of material facts. Letter of repudiation states :

"We hold indisputable evidence to show that the assured had suffered from tuberculosis for which he took medical treatment in the hospital during the year 2000. He did not disclose these facts in his said personal statement".

Observations of Hon'ble Insurance Ombudsman

It is unfortunate that the complainant, Smt. Gyaso Devi, has expired after the filing of her complaint. Her daughter-in-law, Smt. Laxmi Devi, who is the nominee named in the policy taken by her late husband, Shri Lala Ram, was requested to appear before

Hon'ble Insurance Ombudsman today. However, she has failed to turn up. LIC was represented by Shri Suresh Kumar Tak, Manager (Claims), Jaipur.

After careful consideration of the facts of the case, Hon'ble Insurance Ombudsman does not see any reason to interfere in the decision taken by LIC to repudiate the claim of the complainant for the reasons stated in their letter of repudiation dated 31.03.2003 addressed to Smt. Laxmi Devi. Hon'ble Insurance Ombudsman endorsed those reasons.

In the result, therefore, Hon'ble Insurance Ombudsman dismissed the complaint.

Delhi Ombudsman Centre
Case No. LI - JP - 74
Smt. Svarupi Devi
Vs.
Life Insurance Corporation of India

Award Dated 10.05.2005

Shri Babu Lal Jogi who purchased Insurance policy for sum assured of Rs. 25,000/- expired due to Tuberculosis on 07.10.2003. Date of commencement under the policy was 28.10.2000. Policy remained inforce for 2 years and 11 months. LIC repudiated death claim vide their dated 29.01.2004 due to suppression of material facts. LIC had paid an ex-gratia payment of Rs. 10,000/- only.

Observations of Hon'ble Insurance Ombudsman

After hearing both the parties and after careful consideration of the facts of the case, Hon'ble Insurance Ombudsman does not see any reason why the full basic sum assured should not be paid to the complainant. The basic sum assured is Rs. 25,000/-. LIC has made an ex-gratia payment of Rs. 10,000 already.

There is no reliable evidence at all to show that the life assured was suffering from Tuberculosis prior to the date of commencement of the policy (28.10.2000). LIC has discovered from the hospital records that the life assured was having "cough and expectoration" for the last three years. "Cough and Expectoration" does not necessarily mean Tuberculosis. There is no firm diagnosis of Tuberculosis prior to the date of commencement of the policy. There is also no concrete evidence to show that the life assured was taking any treatment for Tuberculosis prior to the date of commencement of the policy. If at all he was having Tuberculosis prior to the date of commencement of the policy, he seems to have been blissfully unaware of it.

In the circumstances, it cannot be said that the life assured had suppressed any material fact at the time of purchasing the policy. It cannot also be said that he had made any false statement knowing it to be false.

In the circumstances, LIC is prohibited from calling in question the policy in accordance with the provisions of the first part of Section 45 of the Insurance Act. The life assured died nearly three years after the commencement of the policy. LIC cannot call in question the policy in this case on any ground whatsoever.

In the result, Hon'ble Insurance Ombudsman passed the Award that the Life Insurance Corporation of India shall pay to Smt. Svarupi Devi Jogi the entire basic sum assured of Rs. 25,000 together with all accrued bonuses. The ex-gratia payment of Rs. 10,000 already made to her shall, of course, be set off against the full benefits due to her under the policy.

The Award shall be implemented immediately.

Delhi Ombudsman Centre

Case No. LI - DI - III / 121
Smt. Mamta Juneja
Vs.
Life Insurance Corporation of India

Award Dated 12.05.2005

The complainant's late husband Shri Pramod Kumar Juneja had taken three LIC policies. Two of them were in a state of lapse at the date of his death (28.09.2001). The only policy which was not in a state of lapse was policy No. 330562423 for sum assured of Rs. 50,000/-. The complainant is claming the benefit only under this policy.

LIC has repudiated the claim of the complainant on the ground that the complainant's husband died as a result of suicide. If the life assured commits suicide within one year from the date of commencement of the policy then, as per the terms of the policy, the policy becomes void.

Obsservations of Hon'ble Insurance Ombudsman

After hearing both the parties and after careful consideration of the facts of the case, Hon'ble Insurance Ombudsman in unable to give any relief to the complainant.

There is sufficient evidence pointing to suicide in this case. By all accounts, the life assured was in very severe financial straits and he was a deeply worried man. This provides a strong motive for suicide. The investigator engaged by LIC had obtained copies of the statements given to the policy by the next-of-kin of the life assured. According to the investigator, the statements recorded by the police are all duly signed by the persons who gave the statements. The complainant had herself given a statement to the police. One of the brothers of the life assured has stated very clearly that the life assured had committed suicide.

In the light of the report given by LIC's investigator after going through the police records, Hon'ble Insurance Ombudsman thinks LIC would be justified in repudiating the claim of the complainant under policy No. 330562423.

In the result, therefore, Hon'ble Insurance Ombudsman dismissed the complaint.

Hyderabad Ombudsman Centre
Case No. L / 21.006.0473 / 2004 - 05
Smt. S. Radha Rani
Vs.
Birla Sun Life Insurance Co. Ltd.

Award Dated 21.04.2005

BACKGROUND

One Shri Siruvuri Seetharama Raju, doing business (contractor) and a resident of Visakhapatnam took a Flexi Save Plus Plan Under Pol No. 000215396 from Birla Sun Life Insurance Company Limited at Mumbai. The life assured died on 02.09.2004. The cause of death was reported to be cardio respiratory arrest. The life assured, while submitting the proposal for insurance on 17.03.2004 gave false answers to certain questions relating to his health in the proposal form. It was also stated by the insurer, that they held indisputable proof to show that even before he proposed for insurance, he consulted a medical practitioner in connection with neurological problems and that the life assured was suffering from hypertension. The life assured, however, did not disclose these material facts at the time of taking the insurance policy. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, the insurer repudiated the claim.

As the life assured was reported to be having neurological problems / hypertension, the insurer ought to have probed further and secured some more concrete evidence to support their repudiation. But curiously enought, not even a feeble attempt was made by the insurer tocollect evidence relating to the health aspect of the insured prior to taking the insurance policy.

Thus, the evidence relied upon by the insurer is too flimsy to suffice for repudiation of the claim of the complainant.

In the present case, the insurer had not proved its case to the hilt by cogent and clear evidence. It is only a futile attempt on the part of the insurer to cash in on documents which fail to substantiate the allegations of the insurer.

Having regard to the facts and circumstances of the case, as discussed above and also the manner in which the claim was made by the complaint under the aforesaid insurance policy was dealt with by the insurer without taking note of the ground realities, I am of the view that it is only fit and proper to direct the insurer to settle the claim under the above policy.

Therefore, for the reasons as aforesaid, I hold that the repudiation of the claim under the policy by the insurer is not legal, correct, proper and justified.

I, therefore, direct the insurer to settle the claim under the above policy for full sum assured. Since the insurer had already refunded the consideration amount, they may recover the same from the present claim amount and settle the balance amount.
The complaint is allowed.

Hyderabad Ombudsman Centre
Case No. L / 21.006.0452 / 2004 - 05
Smt. J. Rugmini Amma
Vs.
Life Insurance Corporation of India

Award Dated 27.04.2005

FACTS OF THE CASE :

One Shri G. Nishad, S/o Shri K. P. Gopinatha Kurup, working as Area Sales Officer, Kirloskar Brothers Limited, Bangalore took the life insurance policy No. 612695482 from City Branch - I of LIC, under Bangalore - I Division. The mode of payment of premium was Salary Savings Scheme. The life assured died on 22.10.2001. The cause of death was reported to be **advanced adrenal cancer with Secondaries.** Smt. J. Rugminiamma, the complainant and nominee under the policy, lodged a claim with the LIC. But the claim was repudiated by LIC of India, citing the reason, that the life assured, while executing the proposal for insurance on 02.12.1999, gave false answers to certain questions in the proposal form submitted by him. It was also alleged by the LIC that they held indisputable proof, to show that even before he executed the proposal for insurance, he suffered from **Cancer** and had **surgery for gynaecomastia.** He, however, did not disclose these facts in the proposal for insurance. Finding the life assured to be guilty of fraudulent suppression of material facts relating to his health at the time of taking the insurance policy, the insurer repudiated the claim.

In support of their repudiation action, they obtained the treatment particular from Medical Colege Hospital, Trivandrum. According to the case sheet obtained by the insurer from this hospital, the life assured was admitted there on 01.06.1998 vide hospital no. 927170 with complaints of swelling in region of breast - both sides - 6 months and discharged on 11.06.1998. The insured also had Excision Gynacomastia.

The Surgery for gynecomastia the insured had was in 06.1998 and the same also had no nexus with the cause of death viz., advanced adrenal cancer with secondaries. If there was any nexus, the insurer could have obtained and submitted independent medical opinion and placed before the ombudsman to drive home their contentions.

Therefore, fraudulent intent on the part of the insured also could not be established by the insurer beyond doubt, as required under 2nd part of Sec. 45 of the Insurance act 1938 since the claim was repudiated by them after two years from the date of issue of the policy.

In the result, the complaint is allowed for Sum Assured under the policy.

Hyderabad Ombudsman Centre
Case No. L / 21.012.0498 / 2004 - 05
Smt. E. Sammakka
Vs.
Life Insurance Corporation of India

Award Dated 31.05.2005

BACKGROUND

One Shri Eerla Komuraiah, S/o Shri Narsaiah, an agriculturist and fisherman and a resident of Warangal District in Andhra Pradesh, took an Endowment Assurance Policy No. 681889557 in 03.2000 for a sum assured of Rs. 35,000/- from Branch - I Warangal of LIC of India, under Warangal Division. The policy lapsed due to non-payment of premiums due from 03.2001. Later, the life assured got the policy revived on 29.01.2003 by paying the arrears of premiums and also submitted declaration of good health form, as advised by the Insurer. The insuer died on 27.06.2003 at his residence. The cause of death was reported to be vomitings and motions. Smt. E. Sammakka, who is the nominee and complainant under the policy, lodged a claim with the LIC. But her claim was repudiated by the LIC of India, citing the reason that the life assured, while reviving the policy on 29.01.2003, gave false answers to certain questions relating to his health in the declaration of good health form. The insurer also alleged that they held indisputable proof to show that even before he reivived the policy, he was suffering from tuberculosis (TB) and took treatment for the same. The life assured, however, did not disclose these material facts at the time reviving the insurance policy, Finding the life assured to be guilty of fraudulent suppression of material facts relating to his health at the time of reviving his insurance policy, the insurer repudiated the claim.

In support of repudiation action, the only evidence submitted by the Insurer was tuberculosis treatment card issued by the Primary Health Centre, Mulug Ghanpur, Warangal District where the insured was reported to have consulted and took treatment prior to revival of the policy. According to the TB treatment card of the hospital, the life assured consulted them on 17.10.2002, 25.11.2002, 25.12.2002, 30.01.2003 and 11.03.2003, etc. and took treatment. According to the above records, the life assured also had x-ray of chest. Barring this card, the insurer did not make any attempt to obtain further evidence like details of medicines or prescriptions relating to the treatment for tuberculosis. It was the responsibility of the insurer to dig further and obtain full details for treatment of tuberculosis especially when they obtained some clue. This is absolutely necessary as the revival was considered by the insurer on the basis of medical report.

In the instant case, the cause of death was reported to be vomitings and motions. This has no relation to the facts suppressed by the insured. When the insured was reported

to have been under treatment for tuberculosis, the investigating official must have probed further and obtained evidence to the effect that the insured died on acccount of tuberculosis or any other disease connected to tuberculosis.

Having regard to the facts and circumstances of the case as discussed above and also the manner in which the claim made by the complainant under the aforesaid insurance policy was dealt with by the insurer, I am of the view that it is only fit and proper to direct the insurer to settle the claim under the policy.

Therefore, for the reasons as mentioned above, I hold that the repudiation of the claim under the policy by the insurer was not legal, correct, proper and justified.

In the result, the complaint under the policy is allowed.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0019 / 2005 - 06
Smt. M. Sashikala
Vs.
Life Insurance Corporation of India

Award Dated 31.05.2005

FACTS OF THE CASE

One Shri M. V. Chakradhar Rao, S/o Shri M. Venkata Subba Rao, working as Commercial Tax Officer and resident of Hyderabad took a Jeevan Suraksha (Endowment Funding Pension Policy) no. 642149426 from City Branch - 16 of LIC of India, under Hyderabad Division. The life assured died on 18.02.2002. The cause of death was reported to be dilated cardio myopathy with severe LV dysfunction. Smt. M. Sashikala, who is the nominee and complainant under the policy, lodged a claim with the LIC. The LIC repudiated her claim on 31.03.2004, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal form. It was also stated by the LIC that they held indisputable proof to show that even before he proposed for the above policy, he suffered from diabetes mellitus, old myocardial infarction/dilated cadio myopathy and took treatment for the same. He, however, did not disclose these facts in the proposal. Finding the life assured to be guilty of dliberate suppression of material facts relating to his health at the time of taking the insurance policy, LIC repudiated the claim.

In support of their repudiation action, the insurer obtained treatment particulars from CARE Hospital, Hyderabad. According to the case records of this hospital, the life assured was admitted there on 25.06.2001 as an emergency with In-partient No. 30565 and was discharged on 27.07.2001. The diagnosis arrived by the hospital authorities was **dilated cardio myopathy - Severe LV disfunction -acute myocarditis - CCF - diabetes mellitus type II.** It was also reported that the life assured was a **diabetic since seven years, pulmonary oedema - smoker.**

The life assured was on continuous treatment in CARE Hospital during the periods 23.07.2001 to 18.09.2001 (IP 31240); 25.09.2001 to 17.11.2001 (IP 00382); 27.11.2001 to 06.12.2001 (IP 02018). Finally he was admitted in the same hospital on 18.02.2002 (IP 04131) and expired.

The investigaions of the insurer also revealed that the life assured had blood sugar tests on 05.03.1993, 30.07.1993, 09.06.1994, 25.02.1995, 19.12.1998, 05.04.1999 and 05.04.1999. All these tests confirmed that his blood suger range was not normal.

Incidentally, there is nexus between the material facts suppressed and the cause of death of the life assured on 18.02.2002.

Therefore, I have to hold the repudiation of the claim by the insurer on the ground that the insured had deliberately suppressed material facts relating to his health is sustainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands.

In the aforesaid circumstances, the complaint fails and is dismissed as devoid of any merit.

Hyderabad Ombudsman Centre
Case No. L / 21.012.0564 / 2004 - 05
Smt. G. Rudramma
Vs.
Met Life India Insurance Co. Pvt. Ltd.

Award Dated 31.05.2005

FACTS OF THE CASE

One Shri Gg. Chandrasekhar, S/o Shri G. Rudra Goud, doing cultivation and a resident of Bommanahal (Post) in Anantapur District, took a Met Sukh Life Insurance Policy no. 1200400049718 from Metlife India Insurance Co. Pvt. Ltd., Bangalore in 09/2004. The life assured died on 17.12.2004. The cause of death was reported to be kidney failure. Smt. G. Rudramma, who is the nominee and complainant under the policy, lodged a claim with Metlife India Insurance Co. Pvt. Ltd., Bangalore. The Insurer repudiated her claim on 11.02.2005, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal form. It was also stated by the insurer that they held indisputable proof to show that even before he proposed for the above policy, he suffered from kidney problems and took treatment for the same. He, however, did not disclose these facts in the proposal. Finding the life assured to be guilty of delierate suppression of material facts relating to his health at the time of taking the insurance policy, insurer repudiated the claim.

Ins. Ombudsman to hold for the reasons the repudiation of the claim by the insurer invoking the provisions of 1st part of Sec. 45 of the Insurance Act 1938 on the ground that the insured had deliberately suppressed material facts relating to his health is sustainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands.

In the aforesaid circumstances, the complaint fails and is dismissed as devoid of any merit.

Hyderabad Ombudsman Centre
Case No. L / 21.012.0477 / 2004 - 05
Smt. G. Nalini
Vs.
Life Insurance Corporation of India

Award Dated 31.05.2005

FACTS OF THE CASE

One Shri Surendra, S/o late R. Narayanswamy, employed in BHEL and a resident of Bangalore took a Jeevan Mitra (Triple Cover) Endowment Assurance Policy no. 612372316 in 03.2000 from Malleswaram Branch of LIC of India, under DO-1 Bangalore. The life assured died on 25.11.2000. The cause of death was reported to be **anoxic encephalopathy.** Smt. G. Nalini, who is the nominee and complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by LIC of India, citing the reason, that the life assured, while executing the proposal for the insurance policy, gave false answers to certain questions in the proposal form dated 23.02.2000.

It was also alleged by the LIC that they held indisputable proof, to show that even before he executed the proposal for the insurance policy, he was a chronic alcoholic for about 23 years and chronic smoker but did not disclose these facts in the proposal form submitted by him at the time of taking the insurance policy. Further, the life assured also suppressed material information relating to his previous insurance policies. Finding the life assured to be guilty of fraudulent suppression of material facts relating to his health at the time of taking the insurance policy, LIC repudiated the claim.

The hospital records indicate h/o alcoholism and smoking. But this has not been supported by any authentic evidence, which is very essential, especially when Sec. 45 is applicable.

The LIC could not establish commitment of fraud by the life assured by securing adequate evidence in support of their repudiation action. The decision of LIC, therefore, in totally repudiating the claim is not justified. The insurer already settled claims under policy no.s 611578568 and 612625286 for face value of the policies as per the directions of the Insurance Ombudsman vide Award No. L-21/2002 - 2003 dated 19.08.2002."

The insurer is directed to settle the claim for face value (Basic Sum Assured only) of the policy.

In the result, the complaint is allowed partially.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0009 / 2005 - 06
Smt. Bhukya Dasli
Vs.
Life Insurance Corporation of India

Award Dated 10.06.2005

FACTS OF THE CASE

One Shri Bhukya Lalya, S/o B. Lingya, an agriculturist and a resident of Khammam District in Andhra Pradesh, took the life assurance policy No. 682030176 from Khammam Branch of LIC, under Warangal Division. The mode of payment of premium was yearly. The policy was in a lapsed condition due to non-payment of premium due from 12/2001. Subsequently, the cause of death was reported to be **fever.** Smt. B. Dasli, the complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by LIC of India, citing the reason, that the life assured, while reviving his lapsed policy, gave false answers to certain questions in the declaration of good health form, submitted by him at the time of reviving his lapsed policy. It was also stated by the LIC that they held indisputable proof to show that he suffered from cancer and took treatment during the year 2002 and onwards. He, however, did not disclose these facts in the declaration of good health form Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of reviving his lapsed policy, the insurer repudiated the claim by setting aside the revival.

The complaint is dismissed. The reasons would show that the insured as also the complainant were illiterates and belong to a poor agricultural family without much of help from any quarter and the repudiation of the claim should naturally affect them adversely. The repudiation of the claim by the insurer also rendered it impossible for the complainant to work and earn their daily livelihood with the death of the life assured, the breadwinner of the family. Therefore, it is just and proper to meet the ends of justice to direct the insurer to make a payment of Rs. 5,000 (Rupees five

thousand) as ex gratia by invoking Rule 18 of the Redressal of Public Grievances Rules 1998 on humanitarian grounds and hence, the insurer is directed to pay Rs. 5000 (Rupees five thousand only) as ex gratia to the complainant.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0492 / 2004 - 05
Shri G. Chinna Ganagaram
Vs.
Life Insurance Corporation of India

Award Dated 10.06.2005

FACTS OF THE CASE

One Shri G. Ganga Mallaiah, S/o Shri G. Ganga Ram, a resident of Aloor Village in Nizamabad District in Andhara Pradesh took a Bima Kiran Insurance Policy No. 643525949 on 05.09.2004 for a Sum Assured of Rs. 300000 from Armoor Branch of LIC of India, Secunderabad Division. The mode of payment of premium was yearly. Accordingly, the premium were payable on 5th September of every year. As per Policy conditions and privileges (policy condition no. 2) - Payment payment of premium - "A grace period of one month but not less than 30 days will be allowed for payment of yearly / half - yearly / quarterly premiums and 15 days for monthly premiums. If death occurs within this period and before the payment of the premium then due, the policy will still be valid and the death benefit paid after deduction of the said premium as also the unpaid premium/s falling due before the next anniversary of the policy. If premium is not paid before the expiry of the days of grace, the policy lapses". In the instant case, the premium due 05.09.2002 fell due for payment. After allowing the grace period of one month, the premium had to be paid before 05.10.2002. This was not paid. Hence the policy lapsed. The insured died on 11.10.2002 between 07.30 AM to 10.30 AM but the premium was paid on 11.10.2002 at 01.25 PM, after the death. In view of the terms and conditions of the policy, the insurer repudiated/rejected the claim of the complainant as the policy was **not in force** as on the date of death of the life assured.

In view of the facts and the policy conditions, the repudiation/rejection of the claim of the complainant by the insurer invoking the terms and conditions of the policy is correct and proper and does not call for any interference.

The complaint is, therefore, **not allowed.** Although the insurer offered the paid up value, as per the documents available, they do not appear to have refunded the premium received by them on 11.10.2002. Over and above the paid up value already offered by the insurer, the insurer is directed to refund the premium due on 05.09.2002 received by them, with interest from the date of receipt of the premium to the date of payment, as per I.R.D.A. Regulations, if not already done.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0012 / 2005 - 06
Shri P. Mohammad
Vs.
Life Insurance Corporation of India

Award Dated 10.06.2005

BACKGROUND

One Smt. Patan Parveen, W/o Shri P. Mohammad, doing kirana business and a resident of Anantapur District, took the insurance policy no. 653440350 from Kadiri Branch of LIC, under Cuddapah Division. The policy covered the risk of accidental benefit, in case of death by accident, as per the policy conditions. The life assured

died on 03.01.2004. The cause of death was reported to be snakebite. LIC settled the claim for Basic Sum Assured but repudiated/rejected the claim for accidental benefit alleging that the complainant did not submit any evidence satisfactory to the Corporation, establishing the cause of death as accident, as per the policy conditions.

The life assured and the complainant were agriculturists with complete rural background. They may not have sufficient knowledge for informing such matters to police and arrange for postmortem, etc. The residential area also is from interior place in the district. Already the investigating official reported the cause of death as snakebite. The insurer accepted the investigation report and settled basic sum assured. This established the fact that the insurer accepted the cause of death as snakebite. When this be the case, the rejection of the claim by the insurer on the technical ground that there is no FIR and/or Post Mortem is too harsh. Absence of evidence in the form of FIR or Post Mortem should not be confused with evidence of No Accident. One has to look for other plausible evidences. I may mention in passing that this is one of the rare cases where the insurer disregarded his own investigator's report without assigning any reason.

In view of the reasons mentioned above, the repudiation of claim relating to accident benefit by the insurer is not proper, legal, correct and justified. I, therefore, direct the insurer to settle the claim for accident benefit also

In the result, the complaint is allowed.

Hyderabad Ombudsman Centre
Case No. L / 21.002.0413 / 2004 - 05
Smt. K. Lachava
Vs.
SBI Life Insurance Co. Ltd.

Award Dated 10.06.2005

FACTS OF THE CASE

One Shri Kandrapu Guravaiah, a resident of Venkatraraopet Village in Adilabad District in Andhra Pradesh, was covered under SBH Group Insurance Scheme under Pol No. 81001000909 vide ADB Utkoor Branch A/c No. 01670071885 for a Sum Assured of Rs. 100000 from SBI Life Insurance Company Limited, Mumbai. The insured was covered for the insurance scheme with effect from 01.12.2003 The insured (member of the scheme) was reported to have died on 14.06.2004 after coverage had been in force about 6 months. The cause of death was reported to be suicide. The policy was issued subject to suicide clause, which excluded payment of the sum insured in the event of death due to suicide within one year from the date of the policy. In respect of this policy, the policy was in force only for about 6 months and as the death was held to be on account of suicide and in view of the terms and conditions of the policy, the insurer repudiated/rejected the claim of the complainant.

The complainant submitted medical prescriptions supporting that the insured suffered from fever and took treatment. More importantly, the cause of death was recorded as natural death in the certificate issued by the primary health centre, Venkatraopet.

In the present case, the insurer had not proved its case to the hilt by cogent and clear evidence establishing the fact that the insured committed suicide. It is only a vain attempt on the part of the insurer to cash in on documents like the investigator's report, not supported by any supportive/concrete evidence, which fail to substantiate the allegations of the insurer.

Therefore, for the reasons as aforesaid, I hold that the repudiation of the claim under the policy by the insurer is not legal, proper and justified.

I, therefore, direct the insurer to settle the claim under the above insurance policy. In the result the complaint is allowed.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0472 / 2004 - 05
Smt. G. Kumari
Vs.
Life Insurance Corporation of India

Award Dated 10.06.2005

BACKGROUND

The life assured late Shri Gujula Ramesh, S/o Shri Suryaprakasa Rao, agriculturist and lorry owner and a resident of Krishna District, took two life insurance policies no. 673149190 & 672990844 from Avanigadda and Machilipatnam Branches of LIC under Machilipatnam Division, The insured died on 20.06.2003 due to **bilateral extensive pulmonary tuberculosis.** The duration of the 1st claim was 1 year & 4 months and that of the second claim was just 3 months only. Smt. G. Kumari, who is the nominee and complainant under the policies, lodged a claim with the LIC. But the claims were repudiated by the LIC of India, citing the reason that the life assured, while submitting the proposals for insurance in 01/2002 and 03/2003, gave false answers to certain questions relating to his health in the proposal forms. The insurer also alleged that they held indisputable proof to show that even before he proposed for insurance, he was reported to be suffering from tuberculosis and took treatment for the same. The life assured, however, did not disclose these material facts at the time of taking the insurance policies. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policies, the insurer repudiated the claims.

Pol no. 673149190 : The life assured was medically examined by the panel doctor of LIC and found the life assured to be medically fit for insurance. Although the insurer held the insured to be a patient of tuberculosis, they could not produce any evidence (other than the entry relating to past history) relating to the adverse health condition of the life assured prior to taking the insurance policy. Instead, the insurer chose to repudiate the claim simply on the basis of history recorded in the hospital records of Government General Hospital, Vijayawada. The insurer repudiated the claim after 2 years and hence such vital information is very essential to strengthen their repudiation action. In the absence of treatment particulars relating to tuberculosis and the fact that the repudiation action of the insurer did not fulfill all the three ingredients required for repudiating a claim under 2nd part of Section 45 of the Insurance Act 1938.

The insurer need not prove fraudulent intent on the part of the life assured. Further, the policy is governed by warranty clause also;

In the result, complaint under **Policy No. 67349190** is **allowed** and complaint under **Policy No 672990844** is **dismissed.**

Hyderabad Ombudsman Centre
Case No. L / 21.001.0030 / 2004 - 05
Shri Dara Prasad
Vs.

Life Insurance Corporation of India

Award Dated 13.06.2005

BACKGROUND

One Smt Dara Grace Valentina, W/o Shri Dara Prasad, a resident of Hyderabad took a Money Back Insurance Policy no. 644970529 in 11/2001 for a sum assured of Rs. 10000/- from City Branch-1 of LIC of India, under Hyderabad Division. The policy lapsed due to non-payment of premiums due from 05/2003. Later, the life assured got the policy revived on 15.12.2003 by paying the arrears of premiums and also submitted declaration of good health form, as advised by the Insurer. The insured died on 30.03.2004. The cause of death was reported to be **"Acute Inflammatory Demyelinating Neuropathy Stage-IV; ? HSV Encephalitis".** Shri Dara Prasad, who is the nominee and complainant under the policy, lodged a claim with the LIC. But his claim was repudiated by the LIC of India, citing the reason that the life assured, while reviving the policy on 15.12.2003, gave false answers to certain questions relating to her health in the declaration of good health form. The insurer also alleged that they held indisputable proof to show that **even before she revived the policy, she was suffering from IGT and took treatment for the same.** The life assured, however, did not disclose these material facts at the time of reviving the insurance policy. Finding the life assured to be guilty of fraudulent suppression of material facts relating to her health at the time of reviving her insurance policy, the insurer repudiated the claim.

Further, the complainant was a responsible LIC Agent. The revival was considered by LIC under Non-medical Scheme. The complainant himself, as an agent, witnessed the Declaration of good health form. He was expected to know the rules and regulations relating to revival of a lapsed policy and the implications of various questions in the declaration of good health form and answered them by disclosing all the material facts, which he did not. This established the fraudulent intent on the part of the insured as also the complainant.

In the aforesaid circumstances, the complaint fails and is dismissed as devoid of any merit.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0063 / 2005 - 06
Smt. Domala Venkata Lakshmi
Vs.
Life Insurance Corporation of India

Award Dated 11.07.2005

FACTS OF THE CASE

One Shri Domala Hrudayaraju, S/o Shri D. Joseph, working as Mazdoor in Vijayawada Thermal Power Station (VTPS) and a resident of Krishna District, took two Life Insurance Policies no. 673661242 & 673626617 in 08/2002 and 09/2002 from City Branch-III (730) and City Branch-II (685) of LIC of India. Vijayawada, under Machilipatnam Division. The life assured died on 26.08.2003. The 1st policy was considered under Medical Scheme and the 2nd policy was considered under Non-medical Scheme. The cause of death was reported to be heart attack.Smt. D. Venkata Lakshmi, who is the nominee and complainant under the policies, lodged a claim with the LIC. The LIC repudiated her claims on 31.03./19.05.2004, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal forms. It was also alleged by the LIC that the life assured, while proposing the 1st policy (in 08/2002), did not disclose information relating to earlier insurance

held by him in 06/2001. Similarly while executing the proposal for insurance policy in 09/2002, he did not disclose information relating to earlier insurance held by him in 08/2002 and 06/2001. Instead, he gave false answers to the relevant questions in the proposal forms. Finding the life assured to be guilty of deliberate suppression of material facts relating to assessment of risk at the time of taking the insurance policies, LIC repudiated the claims.

In the instant case, the only contention of the insurer for repudiating the claims is violation of the principle of utmost good faith by the life assured. Although there is some force in the allegations of the insurer, it does not establish any fraudulent/malafide intent on the part of the deceased life assured. Panel doctor of LIC already medically examined the insurer and the report of th doctor was very much normal. The enquiries of th insurer also did not reveal any adverse features relating to health of the life assured prior to taking the insurance policies.

In view of the facts, I, direct the insurer to settle the claims for face value of the policies (Rs. 30,000/- Rupees thirty thousand only under Policy No. 673626617 and Rs. 25,000/- Rupees twenty five thousand only under Policy No. 673661242).

Hyderabad Ombudsman Centre
Case No. L / 21.001.0065 / 2005 - 06
Shri J. S. Lakshminarayana
Vs.
Life Insurance Corporation of India

Award Dated 11.07.2005

FACTS OF THE CASE

One Smt. Jabili Bhagyalakshmi, W/o Shri J. S. Lakshminarayana, milk vendor and a resident of Guntur in Andhra Pradesh, took a Money Back Insurance Policy no. 672323972 in 02/2000 by dating back the policy to 14.01.2000 for a Sum Assured of Rs. 25,000 from City Branch - II Guntur of LIC of India, Machilipatnam Division. The mode of payment of premium was quarterly. Accordingly, the premiums were payable on 14th January, April, July and October of every year. As per Policy conditions and privileges (policy condtion no. 2) - Payment of premium - “A grace period of one month but not less than 30 days will be allowed for payment of yearly/half-yearly/quarterly premiums and 15 days for monthly premiums. If death occurs within this period and before the payment of the premium then due, the policy will still be valid and the death benefit paid after deduction of the said premium as also the unpaid premium/s falling due before the next anniversary of the policy. If premium is not paid before the expiry of the days of grace, the policy lapses”. In the instant case, the premium due 14.04.2001 fell due for payment. After allowing the grace period of one month, the premium had to be paid before 14.05.2001. This was not paid. Hence the policy lapsed. However, the life assured got her policy revied on 10.04.2003 by paying the arrears of premiums from 04/2001 to 01/2003 at Guntur Office at 16.05 hrs. But, the insured was reported to have died on 10.04.2003 itself at 7.00 AM. Since the policy was in a lapsed condition as on the date and the life assured, the insurer, invoking policy conditions, repudiated/rejected the claim under policy.

All the documents with insurer clinchingly established the fact that the life assured died on 10.04.2003 at 7.00 AM, before payment of the revival amount. Therefore, the policy was in a lapsed condition as on the date of death and payment of premium.

Although the complainant disputed the allegations of the insurer, the complainant, however, failed to submit any other concrete evidence contradicting the statement/allegations of the insurer;

In view of the above facts and the policy conditions, the repudiation/rejection of the claim of the complainant by the Insurer invoking the terms and conditions of the policy is correct and proper and does not call for any interference at my hands.

The complaint is, therefore, dismissed.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0084 / 2005 - 06
Smt. Varimalla Vijayalakshmi
Vs.
Life Insurance Corporation of India

Award Dated 11.07.2005

FACTS OF THE CASE

One Smt. Varimalla Arunkumari, W/o Shri Golla Venkatesh, a resident of Guntur in Andhara Pradesh, took an Endowment Assurance Policy No. 672616833 on 28.03.2001 for a Sum Assured of Rs. 50,000/- from Vinukonda Branch of LIC of India, Machilipatnam Division. The mode of payment of premium was quarterly. Accordingly, the premiums were payable on 28th March, June, September and December of every year. As per Policy conditions and privileges (policy condition no. 2) - Payment of premium - "A grace period of one month but not less than 30 days will be allowed for payment of yearly/half/yearly/quarterly premiums and 15 days for monthly premiums. If death occures within this period and before the payment of the premium then due, the policy will still be valid and the death benefit paid after deduction of the said premium as also the unpaid premium/s falling due before the next anniversary of the policy. If premium is not paid before the expiry of the days of grace, the policy lapses". In the instant case, the premium due 28.06.2001 fell due for payment. After allowing the grace period of one month, the premium had to be paid before 28.07.2001. This was not paid. Hence the policy lapsed. The life assured got his policy revived on 18.04.2002 by paying arrears of premiums due from 06/2001 to 03/2002, with interest. The amount was tendered by the insured at Vinukonda Branch on 18.04.2002 at 16.15 hrs. The insured died on 18.04.2002. The life assured had one more policy no. 672914651 with Career Agents' Branch (CAB), Guntur. The claim under this policy was settled by LIC as said policy was in force. While submitting the claim forms to the CAB, Guntur, the complainant/nominee furnished the date and time of death as **18.04.2002 9.00 AM.** Since the policy under dispute lapsed, the insurer repudiated/rejected the claim under the policy. It was also alleged by the insurer that the premium amount for revival of her lapsed policy was tendered at Vinukonda Branch, after the death of the life assured.

In view of the above facts and the policy conditions, the repudiation/rejection of the claim of the complainant by the insurer invoking the terms and conditions of the policy is correct and proper and does not call for any interference at my hands.

The complaint is, therefore, **not allowed.**

Hyderabad Ombudsman Centre
Case No. L / 21.001.0057 / 2005 - 06
Smt. Ch. Vijayalakshmi
Vs.
Life Insurance Corporation of India

Award Dated 25.07.2005

FACTS OF THE CASE

One Shri Chagarlamudi Nageswara Rao, S/o Shri Rangaiah, doing cultivation and a resident of Dornakal Mandal in Warangal District took two Life Insurance Policies No. 681756668 and 682260795 on 01/1999 and 01/2002 from Khammam Branch of LIC of India, under Warangal Division. The mode of payment of premium under the policies was yearly and quarterly. The 1st policy lasped due to non-payment of premiums and complied with health requirements, as advised by the insurer. The life assured died on 05.06.2002. The cause of death was reported to be heart attack. Smt. Ch. Vijayalakshmi, who is the nominee and complainant under the policies, lodged a claim with the LIC. The LIC repudiated her claims on 30.09.2003, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the declaration of good health form and proposal form. It was also alleged by the LIC that they held indisputable proof to show that even before he revived/proposed for the above policies, he suffered from **Malignant astrocytoma** during the year 2001 and took treatment for the same. He, however, did not disclose these facts in the declaration of good health form and proposal form. Finding the life assured to be guilty of dliberate suppression of material facts relating to his health at the time of reviving/taking the insurance policies, LIC repudiated the claims.

The records of Vijaya Health Care, Secunderabad, clearly established the fact that the insured suffered from Malignant astrocytoma, prior to taking the insurance policy. They were well within his knowledge and life assured, therefore, ought to have disclosed them to the insurer while executing the proposal for insurance to enable the LIC to assess the risk in right perspective. Instead, he suppressed the information by not furnishing correct information to the relevant questions in the proposal form and thereby induced the insurer for issue of the policy, in question.

In the aforesaid circumstances, the complaint fails and is dismissed as devoid of any merit.

Hyderabad Ombudsman Centre
Case No. L / 21.011.0154 / 2005 - 06
Smt. Pushpa
Vs.
ING Vajsya Life Insurance Co. Ltd.

Award Dated 25.07.2005

FACTS OF THE CASE

One Shri Esthari Utlawar, S/o Shri Linganna Utlawar, agriculturist and a resident of Chandaka (Post), Yeothamal District in Maharashtra, took a Reassuring Life Endowment Plan - 10 years (with ADDD Benefit Rider) insurance policy no. 00149669 for a Sum Assured of Rs. 140825 from ING VYSYA Life Insurance Company Limited at Bangalore in 6/2004. The life assured died on 20.08.2004. The complainant reported the cause of death as sudden. Smt. B. Pushpa, who is the nominee and complainant under the policy, lodged a claim with the ING VYASYA Life Insurance Co. Ltd. But the ING VYSYA Life Insurance Co. Ltd., repudiated her claim on 07.04.2005, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal form. It was also stated by the insurer that they held indisputable proof to show that even before he proposed for the above policy, he was suffering from **"Chronic Obstructive Pulmonary Disease (COPD)"** and took treatment for the same. He, however, did not disclose these facts in the proposal. Finding the life

assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, the insurer repudiated the claim.

In support of their repudiation action, the insurer also obtained treatment particulars in their claim form Last Medical Attendant's Certificate issued by Dr. R. P. Selvam of Umri Christian Hospital. It was reported by the doctor/hospital authorities that CXR revealed COPD; duration of symptoms prior to death was reported as 3 years; the disease as COPD and that the entire history was reported to the authorities by the patient himself.

On perusal of the medical records, it is established that the consultations and the treatments thereto were prior to taking the insurance policy; and, in fact, just 6 months after the last consultation/treatment, the life assured executed the proposal for insurance under dispute. These facts were well within the knowledge of the life assured and he ought to have disclosed them to the insurer to enable them to assess the risk in the right perspective. Instead, he suppressed the information by not furnishing correct information to the relevant questions in the proposal form and thereby induced the insured for issue of the policy.

Therefore, I have to hold for the reasons as aforesaid, the repudiation of the claim by the insurer invoking the provisions of 1st part of Sec. 45 of the Insurance Act 1938 on the ground that the insured had deliberately suppressed material facts relating to his health is sustainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands.

In the aforesaid circumstances, the complaint fails and is dismissed as devoid of any merit.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0066 / 2005 - 06
Smt. Madala Hema
Vs.
Life Insurance Corporation of India

Award Dated 31.07.2005

FACTS OF THE CASE

One Shri Madala Srinivasa Rao, S/o late Shri Venkateswara Rao, an agriculturist and a resident of Kankipadu Madal in Krishna District in Andhra Pradesh, took a Jeevan Mitra Triple Cover endowment Assurance Policy No. 801446738 on 28.03.2000 for a Sum Assured of Rs. 10000 from Kovvur Branch fo LIC of India, Rajahmundra Division. The policy also covered the risk of accident benefit, in the event of death due to accident as per policy conditions. As per the special provisions applicable to this policy, **"provided the policy is in force for the full Sum Assured,** in the even of the Life Assured's death prior to the date of maturity, an additional amount equal to twice the Sum Assured specified in the schedule to the policy shall be payable to the proposer or his assigns or nominees or legal representatives", The mode of payment of premium was quarterly. Accordingly, the premiums were payable on 28th March, 28th June, 28th September & 28th December of every year. As per Policy conditions and privileges (policy condition no. 2) - Payment of premium - "A grace period of one month but not less than 30 days will be allowed for payment of yearly/half-yearly/quarterly premiums and 15 days for monthly premiums. If death occurs within this period and before the payment of the premium then due the policy will still be valid and the sum assured paid after deduction of the said premium as also the unpaid premiums falling due before the next anniversary of the policy. If premium is not paid before the expiry of the days of grace, the policy lapses". In the instant case, the premium due 28.06.2002 fell due for payment. After allowing the grace period of one month, the

insured died on 16.08.2002. In view of the terms and conditions of the policy, the insurer repudiated/rejected the claim of the complainant as the policy was not in force as on the date of death of the life assured. However, LIC paid a sum of Rs. 100000 as ex-gratia since the life had paid premiums for two years.

However, for policies issued under Jeevan Mitra (Double and Triple Cover), the consideration will be given with regard to the basic sum assured only. The other double/triple sum assured benefit under these policies payable on death would not be available.

In view of the above facts and the policy conditions, the repudiation/rejection of the claim of the complainant by the insurer invoking the terms and conditions of the policy is correct and proper and does not call for any interference at my hands.

The complaint is, therefore, not allowed.

Although the policy was in a lapsed condition, still the insurer considered the claim under ex-gratia for Rs. 10000 along with bonus. According to the documents submitted by the LIC, the insurer informed the complainant about admission of the claim under ex-gratia on 24.07.2003. But the complainant refused the said offer of ex-gratia amount and requested the insurer to consider the claim for full amount vide her letter dated 15.10.2003, which the insurer replied to on 16.10.2003 experessing their inability to reconsider the claim for full amount. Thereafter, the complainant chose to represent to higher officer of LIC and this office. Most of the delay appears to be on the part of the complainant only. Further, no other mitigating circumstances/reasons were brought out by the complainant to consider payment of interest and accordingly her request for payment of interest is turned down.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0099 / 2005 - 06
Smt. Rathnabai Radha
Vs.
Life Insurance Corporation of India

Award Dated 23.08.2005

FACTS OF THE CASE

One Smt. Gyanu, W/o Shri Juglal, working as scavenger and a resident of Hyderabad, took an Endowment Assurance Policy No. 641480725 on 03/2001 from City Branch VI of LIC of India, under Hyderabad Division. The life assured died on 20.08.2002. The complainant reported that the insured died at her residence due to **heart attack.** Smt. Ratna Bai Radha, who is the nominee and complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by LIC of India, citing the reason, that the life assured, while executing the proposal for the insurance policy, gave false answers to certain questions in the proposal form dated 01.03.2001. It was also alleged by the LIC that they heldindisputable proof, to show that even before she executed the proposal for the insurance policy, she suffered from cardiac asthma since five years and took treatment for the same. She, however, did not disclose these facts in the proposal form submitted by her at the time of taking the insurance policy. Finding the life assured to be guilty of fraudulent suppression of material facts relating to her health at the time of taking the insurance policy, LIC repudiated the claim.

In support of their repudiation, the only evidence obtained and submitted before me was a medical certificate issued by Dr. C. Vaidyanathan of Hyderabad. According to this certificate also, the deceased life assured was suffering from cardiac asthma since 5 years and took treatment from him as **an out patient.** Further, the doctor also reported that **he maintained no record as the insured took treatment as out patient.**

The life assured was also medically examined by the panel doctor of LIC who found the life assured to be medically fit for insurance and accordingly, the policy in question was issued. In the instant case, the insured paid premiums for 2 years out of 5 years. According to the information furnished by the employer of the life assured, the deceased life assured did not avail any medical leave prior to taking the insurance policy nor did avail any medical reimbursements for treatment of cardiac asthma. According to the certificate, the doctor did not give treatment periodically on the other hand the doctor gave treatment to the insured as and when she visited the clinic.

Therefore, for the reasons as aforesaid, I hold that the repudiation of the claim under the policy by the insurer is not legal, correct, proper and justified.

In the result, the complaint is allowed.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0139 / 2005 - 06
Smt. Chitti Balaguravamma
Vs.
Life Insurance Corporation of India

Award Dated 30.08.2005

FACTS OF THE CASE

One Shri Chitti Pedda Venkata Reddy, S/o Shri Chitti Nasar Reddy, doing cultivation and a resident of Pullalacheruvu Mandal in Prakasam District took the life insurance policy No. 840990164 from Markapur Branch of LIC, under Nellore Division. The mode of payment of premium was yearly. The policy was in a lapsed condition due to non-payment of premium due from 3/2003. Subsequently, the policy was revived by the life assured on 10.04.2004. But the lilfe assured died on 17.04.2004. The cause of death was reported to be **accident.** Smt. Ch. Balaguravamma, The complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by LIC of India, citing the reason, that the life assured, while reviving his lapsed policy, gave false answers to certain questions in the declaration of good health form, submitted by him at the time of reviving his lapsed policy. It was also stated by the LIC that they held indisputable proof, to show that even before he revived his lapsed policy, he met with a road accident and was admitted in a hospital during 09.04.2004 to 17.04.2004 and was taking treatment in a hospital when the policy was revived on 10.04.2004. He however, did not disclose these facts in the declaration of good health form. Instead, he gave false answers to the relevant questions in the declaration of good health form. Finding the life assued to be guilty of deliberate suppression of material facts relating to his health at the time of reviving his lapsed policy, the insurer repudiated the claim by setting aside the revival.

LIC repudiated the claim by setting aside the revival effected on 10.04.2004, as the life assured had fraudulently suppressed material facts relating to accident he met on 04.04.2004 and his subsequent admission in Government General Hospital, Guntur and the treatment thereto, which was prior to revival of the policy.

The fact of accident and treatment thereto, which was very serious in nature, ought to have been disclosed to the insurer to enable them to assess the risk in the right perspective. Instead, these facts were suppressed, which clearly established the fraudulent intent of the life assured.

The policy was revived on 10.04.2004, just 1 day after his admission and treatment in Goverment General Hospital, Guntur and in fact, the life assured was in the hospital when the policy was revived.

Therefore, for the reasons as aforesaid and also in the light of concrete evidences available on record as referred to above, the repudiation of the claim by the insurer has to be upheld on law as well as on facts; and hence the repudiation of the claim by the insurer does not warrant any interference at my hands.

In the result, the complaint is, dismissed.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0008 / 2005 - 06
Smt. Ch. Manorama
Vs.
Life Insurance Corporation of India

Award Dated 30.08.2005

FACTS OF THE CASE

One Shri Chepuru Venakteswara Rao, S/o Shri Ch. Venkaiah, working as Electrical-in-Charge Engineer at Buchinaidukandriga (Post), in Chittor District took two Life Insurance Policies 841238965 & 841131770 in 10/2002 and 12/2002 from Naidupet and Srikalahasti Branches of LIC of India, under Nellore Division. The life assured died on 26.08.2003. The cause of death was reported to be **acute pulmonary edema, rheumatic heart disease, severe mitral stenosis and moderate pulmonary hypertension.** Smt. Ch. Manorama, who is the nominee and complainant under the policies, lodged a claim with the LIC. The LIC repudiated her claims on 26.02.2004, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal forms. It was also stated by the LIC that they held indisputable proof to show that even before he proposed for the above policies, he underwent surgery 23 years back, CAG done 2 years back and suffered from bronchial asthma and took treatment for the same. He, however, did not disclose these facts in the proposals. Instead, he gave false answers to the relevant questions in the proposal forms. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policies, LIC repudiated the claims.

According to the treatment particulars obtained by the insurer in their claim forms B/B1, the entire history was reported to the hospital authorities **by the patient himself (with difficulty).**

It is the consistent and positive case of the LIC (insurer) that the answers given by the deceased life assured to various questions in the proposal forms are not reflecting the real state of affairs and as a matter of fact, he held suppressed the vital facts relatable to his health while submitting the proposals for insuring his life. According to the insurer, the life assured had breathing difficulty since 3 years and that the insured was a known patient of bronchial asthma - 3 years, as per the medical evidences secured by them. In proof of the stand, they secured and submitted the relevant hospital records from Vijaya Heart Foundation, Chennai. Therefore, it goes without saying that the deceased life assured willfully and deliberately suppressed the material facts relating to his health as revealed by the medical records referred above. Had these material facts been disclosed in the proposals submitted by the life assured, according to the underwriting norms of LIC, the insurer would not have accepted the proposals and issued the policies in question.

From the records/documents and the contentions submitted by both sides, I am convinced that the insurer (LIC) rightly repudiated the claims because both the policies had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and the policies were unenforceable. Therefore, I have to hold

for the reasons as aforesaid, the repudiation of the claim by the insurer invoking the provisions of 1st part of Sec. 45 of the Insurance Act 1938 on the ground that the insured had deliberately suppressed material facts relating to his health is sutainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands.

In the aforesaid cirucmstances, the complaint fails and is dismissed as devoid of any merit.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0554 / 2004 - 05
Shri Kalluri Thimma Reddy
Vs.
Life Insurance Corporation of India

Award Dated 30.08.2005

FACTS OF THE CASE

One Smt. Kalluru Ramasubbamma, W/o Shri K. Thimma Reddy, milk vendor and a resident of Buchireddipalem (Post) in Nellore District took an Endowment Assurance Policy No. 841251241 on 28.05.2002 for a Sum Assured of Rs. 50,000 from Atmakur (Nellore) Branch of LIC of India, Nellore Division. The mode of payment of premium was half-yearly. Accordingly, the premiums were payable on the 28th of May and November of every year. As per Policy conditions and privileges (policy condition no. 2) - Payment of premium - “A grace period of one month but not less than 30 days will be allowed for payment of yearly/half-yearly/quarterly premiums and 15 days for monthly premiums. If death occurs within this period and before the payment of the premium then due, the policy will still be valid and the death benefit paid after deduction of the said premium as also the unpaid premium/s falling due before the next anniversary of the policy. If premium is not paid on or before the expiry of the days of grace, the policy lapses”. In the instant case, the premium due 28.05.2003 fell due for payment. After allowing the grace period of one month, the premium had to be paid before 28.06.2003. This was not paid. According to the insurer, the insured died in the early hours of 23.08.2003, itself and by which time the policy lapsed. It was also alleged by the insurer that the life assured paid the premium on 23.08.2003, after the death of the life assured. In view of the terms and conditions of the policy, the insurer repudiated/rejected the claim of the complainant as the policy was not in force as on the date of death of the life assured.

Now in the instant case, the life assured had to pay the premium due 28.05.2003. This premium had to be paid by him before 28.06.2003 (before expiry of grace period). But this was not done by the life assured. Hence the policy lapsed. But the life assured paid the said premium on 23.08.2003 at 11.10 AM. It was contended by the insurer that this premium was paid after the death of the life assured on 23.08.2003. In support of their contention, they obtained a statement given by Shri K. Venkateswar Reddy, son of the life assured where in he reported that the deceased life assured **died in the early hours of 23.08.2003 (Saturday) itself.** Incidentally, the complainant and nominee under this policy witnessed his statement besides another person by name Shri K. Venkata Reddy. The insurer also obtained another statment from one Ms. Gorantla Mahalakshmi, a resident of Reghava Reddy Colony Buchireddipalem (where the life assured stayed during her life time) wherein she reported that the deceased life assured died on **23.08.2003 itself (Saturday).** The evidences obtained by the insurer especially by the family member (son of the life assured) established the fact that the insured died in the early hours of 23.08.2003. When the representative complainant

Shri K. Venkateswar Reddy, contended that he had not given the statement, I directed him to sign once again. Accordingly, he signed and his signature perfectly tallied with the one appearing on his statement.

In view of the above facts and the policy conditions, the repudiation/rejection of the claim of the complainant by the insurer invoking the terms and conditions of the policy is correct and proper and does not call for any interference at my hands.

The complaint is, therefore **not allowed.**

Hyderabad Ombudsman Centre
Case No. L / 21.001.0528 / 2004 - 05
Shri Syed Shabbeer
Vs.
Life Insurance Corporation of India

Award Dated 30.08.2005

BACKGROUND

Shri Syed Meera Mohiddin, S/o Shri Syed Ameer Saheb, carpenter and a resident of Nellore took the life insurance policy no. 841365714 from City Branch - II of LIC under Nellore Division. The life assured died due to sudden heart attack on 10.07.2003. The cause of death was reported to be heart attack. The insured, while proposing his life for insurance, understated his age by 24 years and thereby induced the insurer for issue of the policy. According to the insurer, had the life assured disclosed his correct age of 79 years at the time of taking the insurance policy, they would not have issued the insurance policy, as the life assured was not eligible for insurance at all. In view of suppression of material facts relating to his age by the life assured, LIC repudiated the claim under the policy.

Though the complainant disputed the authenticity of the voters' list on the basis of which the claim was repudiated by the insurer, the complainant, however, failed to submit any other concrete evidence and prove that there was no understatement of age by the insured.

In connection with the acceptance of age from the voters' list, the A. P. State Commission Disputes Redressal commission, Hyderabad in case No. FA No. 612/1997 of P. Sundaram Vs LIC of India, held that entries made in the voters' list was a public document since it was prepared by a public servant in discharge of his duties and hence the entries made therein were admissible as presumptive evidence. It was also held that the certified extracts of electoral rolls of family members of a village which were public documents were admissible in evidence to prove the contents as presumptive evidence. The burden would be on the other party to prove that the entries were incorrect.

Therefore, I have told, for the reasons as aforesaid and also in the light of the evidences available on record as referred to above, the repudiation of the claim by the insurer is legal, proper and correct and does not call for any interference at my hands.

The complaint is, therefore, dismissed.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0015 / 2005 - 06
Smt. T. Savithramma
Vs.
Life Insurance Corporation of India

Award Dated 31.08.2005

FACTS OF THE CASE

One Shri T. Nagaraja Reddy, S/o Late T. Venkata Reddy, doing cultivation and a resident of Punganur Mandal in Chittoor District, took a Jeevan Sanchay Life Insurance Policy No. 841046389 (covering risk of accident benefit) in 01/2002 (dated back as requested by the insured to 28.10.2001) for a Sum Assured of Rs. 200000 from Piler Branch of LIC of India, under Nellore Division. The life assured died on 24.09.2002. The cause of death was reported to be **"poisoning (organo phosphate an insecticide)".** Smt. T. Savithramma, who is the nominee and complainant under the policy, lodged a claim with the LIC. The LIC repudiated her claims on 31.03.2004, citing the reason that the life assured committed suicide and died. According to the insurer, in the event of death due to suicide within one year from the date of acceptance of the policy, claim moneys were not payable as the policy was issued subject to suicide clause. Since the death was due to suicide, they invoked suicide clause and repudiated/rejected the claim of the complainant.

Although in FIR and hospital reports it was reported that the life assured would have consumed the pesticide as he had his meals without washing his hands, the post mortem is silent on this aspect. But it lays that the stomach contained 150 ml of fluid with offensive smell, the insurer jumped to the conclusion that the entire liquid was poison and that such large quantity of poison could be consumed only if the deceased wanted to commit suicide. The Post Mortem Report does not say that the entire 150 ml. of liquid was poison and there is no basis, therefore, for the insurer's conjecture. In view of this, I am left with no other alternative than to give the benefit of doubt to the deceased life assured/complainant.

As per policy condition 10.2 (b), accident benefit is payable if the Life assured shall sustain any bodily injury resulting solely and directly from the accident caused by outward, violent and visible means and such injury within 180 days of its occurrence solely, directly and independently of all other causes result in the death of the life assured". In the instant case, according to post mortem report, we do not find any external injuries. Death is not proved to be accidental death beyond doubt as the same is not conforming to the definition of accidental death benefit clause as mentioned above. The police report, post mortem report and the chemical analysis report put together did not establish the death of the life assured as accidental death Under the circumstances, **the benefit for accidental benefit is not allowed.**

In view of the above-mentiond above facts and after considering the facts and circumstances and other statements/reports, I am of the opinion that ends of justice would be adequately met if the claim is considered for full sum assured under the policy. Accordingly, I direct the insurer to settle the claim for sum assured of Rs. two lakhs under the policy.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0098 / 2005 - 06
Shri R. S. Sarma / R. Vimala Devi / R. Uma Devi
Vs.
Life Insurance Corporation of India

Award Dated 31.08.2005

FACTS OF THE CASE

One Ms.Rayaprolu Valli Nagasenamma, D/o Shri R. Ramakrishna, working as teacher and a resident of Markapur in Prakasam District took a Jeevan Anand Life Insurance Policy No. 841334321 in 08/2002 from Giddaldur Branch of LIC of India, under Nellore Division. The life assured

died on 23.11.2002, within 3 months from the date of the policy. The cause of death was reported to be heart attack. Shri R. S. Sarma, who is one of the nominees and complainants under the policy, lodged a claim with the LIC. The LIC repudiated their claim on 17.09.2003, on the ground of suppression of material facts at the time of submission of the proposal for taking a life insurance policy on her own life. It was stated by the LIC that they held indisputable proof to show that the life assured suffered from Enteric Fever and took treatment and also availed medical leave during the period 06.07.2002 to 16.07.2002, which was prior to taking the policy. She, however, did not disclose these facts in the proposal form submitted by her while taking the policy. Finding the life assured to be guilty of deliberate suppression of material facts relating to her health at the time of taking the insurance policy, LIC repudiated the claim.

According to the underwriting norms of LIC, had the life assured disclosed the above material fact relating to her availing leave on sick grounds for treatment of enteric fever, they would not have considered her for insurance immediately as there was a waiting period of six months.

In view of the above facts, I am of the view that the insurer (LIC) rightly repudiated the claim because the policy had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and the policy was unenforceable. Therefore, I have to hold for the reasons as aforsaid, the repudiation of the claim by the insurer invoking the provisions of 1st part of Sec. 45 of the Insurance Act 1938 on the ground that the insured had suppressed material facts is sustainable on law as wellas on facts and the decision of the insurer was legal correct and proper and does not warrant any interference at my hands.

In the result, the complaint is not allowed.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0080 / 2005 - 06
Shri G. Nagabhushanam
Vs.
Life Insurance Corporation of India

Award Dated 31.08.2005

FACTS OF THE CASE

One Shri Gudi Sudhakar, S/o Shri Ramaswamy, working as a doctor and a resident of Pakal Mandal, in Chittor District, took a Jeevan Mitra (Triple Cover) Endowment Insurance Policy no. 840804036 in 3/2002 from Ongole Branch of LIC of India, under Nellore Division. The life assured died on 21.05.2003. The cause of death was reported to be Sun stroke. Shri G. Nagabhushanam, who is the nominee and complainant under the policy, lodged a claim with the LIC. The LIC repudiated his claim on 08.09.2004, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal form. It was alleged by the insurer that even before the life assured proposed for the above policy, he held one more policy taken in 02/2002 at Kandukur Branch of LIC He, however, did not disclose these facts in the proposal. Finding the life assured to be guilty of deliberate suppression of material facts relating to his earlier insurance at the time of taking the present insurance policy, LIC repudiated the claim.

In the instant case, the only contention of the insurer for repudiating the claim is violation of the principle of utmost good faith by the life assured. Although there appears to be some force in the contention of the insurer, it does not establish any fraudulent/malafide intent on the part of the deceased life assured.

In the above facts, I am of the view the wholesale repudiation of the claim on the ground that the deceased life assured suppressed material facts relating to earlier insurance held by him is harsh and not justified. I, therefore, direct the insurer to settle the claim for Sum Assured under the policy.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0135 / 2005 - 06
Smt. Muta Malleswari
Vs.
Life Insurance Corporation of India

Award Dated 12.09.2005

BACKGROUND

The life assured late Shri Muta Pochaiah, S/o late Pochaiah, working as Police Constable and a resident fo Adilabad District, took two life insurance policies no. 683055318 & 683317812 from Mancherial and Nirmal Branches of LIC under Karimnagar Division. The insured died on 17.02.2003 due to **stomach pain.** The duration of the 1st claim was 2 years & 1 month and that of the second claim was just 1 year and 4 months only. Smt. M. Malleswari, who is the nominee and complainant under the policies, lodged a claim with the LIC. But the claims were repudiated by the LIC of India, citing the reason that the life assured, while submitting the proposals for insurance in 12/2000 and 09/2001, gave false answers to certain questions relating to his health in the proposal forms. The insurer also asserted that they held indisputable proof to show that even before he proposed for insurance, he availed leave on sick grounds, suffered from Pneumanitis and took treatment for the same. The life assured, however, did not disclose these material facts at the time of taking the insurance policies. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policies. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policies, the insurer repudiated the claims.

Althogh the insurer held that the insured suffered from Pneumanitis and took treatment, prior to taking the insurance policies, they could not produce any details like treatment particulars relating to the above. Instead, the insurer chose to repudiate the claim simply on the basis of form no. 5152 issued by a doctor (history recorded). Especially, when the insured was reported to have been diagnosed to have had pneumanitis, the insurer ought to have probed further and secured supportive evidences like treatment particulars, details of doctors/hospitals consulted, dates of consultations, full particulars of medicines used by the life assured for treatment of pneumanitis, etc. to sustain their repudiation action. The insurer repudiated the claim after 2 years and hence such vital information is very essential to strengthen their repudiation action. The only contention of the LIC appears to be violation of the principle of utmost good faith.

In the result, complaint is **allowed.**

Hyderabad Ombudsman Centre
Case No. L / 21.001.0278 / 2005 - 06
Smt. P. Swarajyam
Vs.
Life Insurance Corporation of India

Award Dated 19.09.2005

FACTS OF THE CASE

One Shri Peddi Surendranath Banerjee, S/o Shri Raghunadha Rao, working as Civil contractor and a resident of Hyderabad took the above two life insurance policies no. 62372509 & 680695955 from City Branch - II of LIC, under Hyderabad Division. The policies were in a lapsed condition due to non-payment of premium due from 03/2001. Subsequently, the policies were revived by the life assured on 07.10.2003 by paying the arrears of premiums and also submitted health requirements, as advised by the LIC. But the life assured died on 17.04.2004. The cause of death was reported to be **"Cardio pulmonary arrest sec. to CAD. Unstable angina Ischemia induced LVF - Cardiogenic Shock".** Smt. P. Swarajyam, the complainant under the policies, lodged a claim with the LIC. But the claims were repudiated by LIC of India, citing the reason that the life assured, while reviving his lapsed policies, gave false answers to certain questions in the declaration of good health form, submitted by him at the time of reviving his lapsed policies. It was also stated by the LIC that they held indisputable proof to show that even before he revived his lapsed policies, he suffered from chest pain and hypertension since 1983 and was on medication. He, however, did not disclose these facts in the declaration of good health form. Instead, he gave false answer to the relevant questions in the declaration of good health form. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of reviving his lapsed policies, the insurer repudiated the claims by setting aside the revival and offered paid up value accrued under the policies.

While, there is undoubtedly a suppression of some facts relating to health, the insured could not establish any fraudulent intent on the part of the deceased life assured. The deceased life assured was examined by the panel doctor of LIC, who did not report even an iota of ill health or adverse features relating to health of the insured in the medical report. Further, the insured was also medically examined earlier during the year 1991 at the time of taking the policy. In both the reports the BP readings recorded by the doctors were normal. Both the policies have almost run for more than 15 years of the total term of the policies. According to the investigating official, the insured contacted Dr. Devendra Singh for treatment of chest pain but the official could not get treatment particulars from this doctor also. The investigating official also reported that except the present records of Yashoda Hospital, he could secure no other details/particulars relating to treatment particulars.

In the absence of substantial evidence to the effect that the life assured was on continuous treatment for chest pain and hypertension except the recordings of Yashoda Hospital and as the insurer also could not establish any fraudulent intent on the part of the insured, I am of the opinion that the total repudiation of the claims is not proper, correct and justified.

In view of the above facts, I am of the view that ends of justice would be adequately met if the claim is considered for face value of the policies, and accordingly, I direct the insurer to settle the claims for face value of Rs. 150000 (Rs. 50000 under Pol. No. 62372509 + Rs. 100000 under Pol. No. 680695955).

In the result, the complaint is allowed.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0223 / 2005 - 06
Smt. Shashikala
Vs.
Life Insurance Corporation of India

Award Dated 19.09.2005

BACKGROUND

One Shri Devraj, S/o Shri T. Bosagi, a resident of Gulbarga District in Karmataka Submitted a proposal no. 11800 seeking insurance under Jeevan Mitra (Triple Cover) Endowment Assurance at Gulbarga Brach - II of LIC, under Raichur Division. The policy covered the risk of accidental benefit, in case of death by accident, as per the policy conditions. The life assured died on 10.03.2001. The cause of death was reported to be accident. LIC, DO, Raichur forwarded the papers to their higher office viz. Zonal Office, Hyderabad recommending consideration of the claim. The Zonal Office of LIC at Hyderabad considered the facts of the case and allowed the claim for Rs. 100000 as Ex-gratia since it was an unconcluded contract. The insurer contended that the life assured died even before they accepted the risk and issued the required policy document establishing the contract with the insured.

During the course of hearing, it was informed to me by Shri S. P. Hiremath, AAO (Claims), LIC, Raichur, representing the insurer, that their Zonal Office, Hyderabad considered the claim under Ex-gratia for a sum of Rs. One lakh as it was an unconcluded contract. The insurer (representative) also informed that they were prepared to settle the claim under Ex-gratia as per the directions of their Zonal Office after obtaining the discharge form the complainant, which would be sent to them shortly.

Since the life assured under the proposal died even before issue of the policy document and acceptance of risk by the insurer and in view of the fact that the insurer already took a decision to consider the claim for a sum of Rs. One lakh under Ex-gratia, as applicable under Unconcluded Contract of Insurance, I am of the view that the decision of the insurer is proper, correct and justified and I therefore, decline to interfere with the decision of the insurer. However, the only fact, which requires serious attention, is the abnormal delay in communication the decision by the inusrer. The insurer took nearly two years to communicate their final decision. Ends of justice would be adeqately met if the claim is considered for an additional sum of Rs. 25000/- as compensation for the delay caused to the complainant in settling the claim.

In the result the complaint stands closed as the insurer already offered a sum of Rs. One lakh as ex-gratia amount. But, the insurer is also directed to pay an additional sum of Rs. 25000/- for the reasons referred above.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0041 / 2005 - 06
Smt. Mallamma
Vs.
Life Insurance Corporation of India

Award Dated 19.09.2005

FACTS OF THE CASE

One Shri Mallanna, S/o Shri Bhimsha Biradar, an agriculturist and resident of Gulbarga in Karnataka, took two Life Insurance Policies No. 663170833 & 663171289 in 8/2003 and 09/2003 from Gulbarga Branch - 1 of LIC of India, under Raichur Division. The life assured died on 13.01.2004. The complainant reported the cause of death as heart attack. Smt. Mallamma, who is the nominee and complainant under the policies, lodged a claim with the LIC. The LIC repudiated her claims on 10.11.2004, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal forms. It was also stated by the LIC that they held indisputable proof to show that even before he proposed for the above policies, he suffered from **cancer** and took treatment for the same. He, however, did not disclose these facts in the proposals. Instead, he gave false answers to the relevant questions

in the proposal forms. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policies, LIC repudiated the claims.

According to the underwriting norms of LIC, had the life assured disclosed the above material facts at the time of taking the insurance policies they would not have considered the proposal for insurance immediately.

From the records before me, I am of the view that the insurer rightly repudiated the claims because the said policies had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and the policies were unenforeceable.

In the result, the complaint is dismissed as devoid of any merit.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0119 / 2005 - 06
Shri Krishna Chavan
Vs.
Life Insurance Corporation of India

Award Dated 19.09.2005

BACKGROUND

One Smt. Phoolabai, W/o Shri Krishna alias Kisan Chavan, milk vendor and a resident of Gulbarga District in Karnataka, took the insurance policy no. 660881374 from Gulbarga Branch - I of LIC, under Raichur Division. The policy covered the risk of accidental benefit, in case of death by accident, as per the policy conditions. The life assured died on 21.03.2002. The cause of death was reported to be snakebite. LIC settled the claim for Basic Sum Assured but repudiated/rejected the claim for accident benefit alleging that the complainant did not submit any evidence satisfactory to the Corporation, establishing the cause of death as accident, as per the policy conditions.

The life assured and the complainant were agriculturists with complete rural background. They might not have suficient knowledge for informing such matters to police and arrange for postmortem, etc. The residential area also is an interior place in the district. Already the investigating official of the insurer very categorically reported the cause of death as snakebite. The insurer accepted the investigation report and settled basic sum assured. This established the fact that the insurer accepted the cause of death as snakebite. When this be case, it is quite surprising to know as to how the insurer repudiated/rejected accident benefit and there appears to be no justification for repudiating the accident benefit under the aforesaid insurance policy.

In the result, the complaint is allowed.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0026 / 2005 - 06
Smt. M. Dhanalakshmi
Vs.
Life Insurance Corporation of India

Award Dated 20.09.2005

FACTS OF THE CASE

One Shri Mungi Ramesh Kumar, S/o late M Narasinhulu, working as Junior Assistant and a resident of Cuddapah District in Andhra Pradesh, took a Life Insurance Policy no. 652854670 in 12/2002 under Non-medical Scheme from Cuddapah Branch of LIC of India under Cuddapah Division. The life assured died on 23.07.2003. The cause of

death was reported to be **gangrene right lower leg.** Smt. M. Dhanalakshmi, who is the nominee and complainant under the policy, lodged a claim with the LIC. The LIC repudiated her claim on 31.03.2004, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal form. It was also stated by the LIC that they held indisputable proof to show that even before he proposed for the above policy, he suffered from multiple sacular aneurysms in both the lower limbs due to collagen vascular disease and arthritis and took treatment for the same. He, however, did not disclose these facts in the proposal. Instead, he gave false answers to the relevant questions in the proposal form. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, LIC repudiated the claim.

The policy under dispute was issued by the insurer under Non-medical Scheme, without undergoing medical examination by authorized medical examiner of LIC and there is, therefore, more responsibility cast on the insured to disclose all material facts to the insurer;

The medical records obtained by the insurer established the fact that the answers given by the deceased life assured to various questions in the proposal forms are not reflecting the real state of affairs and as a matter of fact, he had suppressed the vital facts relatable to his health while submitting the proposal for insurance policy. Therefore, it goes without saying that the deceased life assured willfully and deliberately suppressed the material facts relating to his health as revealed by the medical evidences referred above.

In the aforesaid circumstances, the complaint fails and is dismissed as devoid of any merit.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0207 / 2005 - 06
Shri Raja Naik
Vs.
Life Insurance Corporation of India

Award Dated 20.09.2005

FACTS OF THE CASE

One Smt. Parvathi Bai, W/o late Jatra Naik, doing cultivation and a resident of Nellisara (Post), Shimoga District in Karnataka, took an Endowment Assurance Insurance Policy No. 621068616 from Bhadravathy Branch of LIC, under Udupi Division. The policy lapsed due to non-payment of premiums due from 03/1997. Later, the life assured got the policy revived by paying the arrears of premium from 03/1997 to 03/2002 and also submitted a declaration of good health form, as required by LIC. The life assured died on 03.04.2003. The complainant reported the cause of death as jaundice. Shri Raja Naik, the complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by LIC of India, citing the reason, that the life assured, while reviving the isurance policy, gave false answers to certain questions in the declaration of good health form submitted by her. It was also alleged by the LIC that they held indisputable proof, to show that even before she executed the declaration of good health form for revival of her lapsed policy, she suffered from **fibroid uterus** and took treatment in a hospital from 01.05.2000 to 07.06.2000 and that the Pelvic Scan taken on 02.05.2000 revealed that the insured was suffering from Bulky Uterus Rt. Ovarian Tumor. She, however, did not disclose these facts in the declaration of good health form executed by her on 29.06.2002. Finding the life assured to be guilty of

fraudulent suppression of material facts relating to her health at the time of reviving the insurance policy, the insurer repudiated the claim.

The policy in question was revived under medical scheme. In other words, the authorized medical examiner of the insurer who conducted the medical examination did not report any adverse features relating to the health of the insured and the policy was revived on the basis of his report.

To establish fraud, the LIC would have to prove in this case that it was their normal practice not to give insurance policies in favour of people who underwent total abdominal hysterectomy and that the life assured by not divulging the fact obtained policy thereby gaining an advantage for herself vis-a-vis other policyholders. Since it is not the policy of LIC to deny insurance policies to people who underwent hysterectomy operation at the time of inception or revival of an insurance policy, it does not constitute fraud.

In the result, the complaint is, allowed.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0038 / 2005 - 06
Shri Easwara
Vs.
Life Insurance Corporation of India

Award Dated 20.09.2005

BACKGROUND

The life assured late Smt. Narasamma W/o Shri Gangappa working as a peon in Municipal Office and a resident of Bangalore took a life insurance policy No. 612770713 from Rajaji Nagar Branch of LIC under DO-1, Bangalore, as per details furnished above. The insured died on 07.01.2001 due to **bronchial asthma.** The duration of the claim was 4 months only. Shri Eswara, who is the nominee and complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by the LIC of India, citing the reason that the life assured, while submitting the proposal for insurance in 06/2001, gave false answers to certain questions relating to her health in the proposal form. The insurer also alleged that they held indisputable proof to show that even before she proposed for insurance, she was reported to be suffering from bronchial asthma and took treatment for the same. The life assured, however, did not disclose these material facts at the time of taking the insurance policy. Finding the life assured to be guilty of deliberate suppression of material facts relating to her health at the time of taking the insurance policy, the insurer repudiated the claim.

The insured had not disclosed his illness relating to asthma which had a nexus with the cause of death. There is, therefore, fraudulent intent on the part of the life assured in not disclosing the material facts, which were vital for assessment of the risk.

From the records/documents and contentions submitted by both sides, I am convinced that the insurer (LIC) rightly repudiated the claim because the policy in question had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and policy was unenforceable.

In the result, the complaint is not allowed.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0546 / 2004 - 05
Smt. Siddamma Sharadahalli

Vs.
Life Insurance Corporation of India

Award Dated 20.09.2005

FACTS OF THE CASE

One Shri Mahadevappa Hanamantappa Shradahalli, S/o Hanamantappa Sharadahalli doing cultivation and a resident of Gulbarga District in Karnataka, took a New Janaraksha Life Insurance Policy No. 632962110 under Non-medical Scheme from Basavana-Begawadi Branch of LIC of India under Belgaum Division. The life assured died on 23.02.2003. The cause of death was reported to be heart attack. Smt. Siddamma who is the nominee and complainant under the policy, lodged a claim with the LIC. The LIC repudiated her claim on 23.02.2003, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal form. It was also stated by the LIC that they held indisputable proof to show that even before he proposed for the above policy, he was suffering from **tuberculosis/asthma** and took treatment for the same. He, however, did not disclose these facts in the proposal. Instead, he gave false answers to the relevant questions in the proposal form. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, LIC repudiated the claim.

It is quite surprising to note that both certificates (a) and (b) were issued by two different doctors on the same day i.e. on 19.11.2003. Further, as per the certificate issued by Dr. C. B. Mahindrakar, the insured took treatment long time back, which is vague statement in the absence of sufficient and concrete proof. Barring these certificates, the insurer did not make any serious attempt to probe the claim in the right direction and secure evidence to substantiate their action of repudiation.

When the insurer alleged that the deceased life assured suffered from tuberculosis and asthma and took treatment for the same, he ought to have secured evidences like details of doctors/hospitals consulted, details of patholigical tests conducted and the reports thereof, details of medicines prescribed and used by the insured to strengthen their repudiation action.

In the present case, considering the totality of circumstances as referred to above, I am of the view that the repudiation of the claim under the aforesaid insurance policy is not legal, proper, correct and justified and I, therefore, direct the insurer to settle the claim for sum assured under the aforesaid insurance policy.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0222 / 2005 - 06
Shri K. M. Jayadevaiah
Vs.
Life Insurance Corporation of India

Award Dated 30.09.2005

FACTS OF THE CASE

One Smt. M.Sharadamma, W/o Shri K. M. Jayadevaiah, doing cultivation and a resident of Devanagere District in Karnataka took the life insurance policy No. 621455974 from Channagiri Branch of LIC, under Udupi Division. The mode of payment of premium was half-yearly. The policy was in a lapsed condition due to non-payment of premium due from 01/2002. Subsequently, the policy was revived by the life assureed on 27.01.2003. But the life assured died on 12.10.2003. The cause of death was reported to be **suicide.** Shri K. M. Jayadevaiah, the complainant under the policy, lodged a

claim with the LIC. But the claim was repudiated by LIC of India, citing the reason that the life assured, while reviving her lapsed policy, gave false answers to certain questions in the declaration of good health form submitted by her at the time of reviving her lapsed policy. It was also stated by the LIC that they held indisputable proof, to show that even before she revived her lapsed policy, she was suffering from mental illness and took treatment for the same. She, however, did not disclose these facts in the declaration of good health form. Instead, she gave false answers to the relevant questions in the declaration of good health form. Finding the life assured to be guilty of deliberate suppression of material facts relating to her health at the time of reviving her lapsed policy, the insurer repudiated the claim by setting aside the revival.

Authorized doctor of LIC examined the life assured at the proposal stage as also at the time of revival; and no adverse features were reported by the doctor/s. And, accordingly, the insured was considered for insurance and his policy was revived. According to the complainant, the life assured was leading a normal life, attending to her duties regularly. The evidence (FIR) alone does not constitute a conclusive evidence to add credibility to the contentions of the insurer. In all fairness, such reports are to be tested against evidence so as to be of any help to the insurer. The insurer, therefore ought to have probed further through the family doctors and other sources and obtained evidence to the effect that the deceased life assured was a mental patient prior to revival of the policy. It is to be noted that the term mental illness is ageneric term consisting of illness ranging from mild and harmless deviation from normal behaviour to serious ones like schizophrenia. It should be established, as Sec. 45 is attracted on facts, that not only deceased life assured was suffering from serious mental illness but also such illness could have lead to accidental or otherwise death. The personnel of the insurer (LIC) should have conducted an enquiry of its own in the light of the FIR instead of solely basing its conclusion upon the report of the complainant before the police as in FIR. But for reasons well known to the insurer, this was not done. The FIR had come handy for the insurer and therefore, the question of supportive evidence did not seem to have received the attention of insurer. Therefore, the insurer had not proved its point even if there be some merit in it.

In view of the above facts, I am of the view that the repudiation of the complainant's claim is not justified and ends of justice would be adequately met if the claim is considered for sum assured under the policy.

In the result, the complaint is allowed for Sum Assured under the policy.

Kochi Ombudsman Centre
Case No. IO / KCH / LI / 21.001.282 / 2004 - 05
Smt. U. R. Sethulakshmi
Vs.
Life Insurance Corporation of India

Award Dated 06.04.2005

The Complaint under rule No. 12(1)(b) read with Rule 13 of the RPG Rules, 1998 arose out of repudiation of a death claim under LIC Policy NO. 772897699 held by the husband of the complainant. It was an early claim. Even as the claim forms were issued, the insurer received an affidavit purportedly executed by the complainant disowning the claim. Accordingly, the claim was treated as discarded and the policy was declared null and void. Subsequently, the complainant preferred an appeal to the Zonal Office of the insurer disowning the disclaimer itself saying that it was a mischief by the agent. The Zonal office however affirmed the earlier decision and thereafter she appealed to the Insurance Ombudsman. Considering the circumstances of the case, the

ombudsman asked the insurer to re-open the file, issue the claim forms and assess the case afresh. The insurer did so and on going through the records they found out that the life assured was a chronic alcoholic and he had suffered from cirrhosis of liver much before taking the policy. So, the claim was repudiated and once again the claimant approached the Zonal Office of the insurer. However, the Zonal Office upheld the order of repudiation and hence the second complaint before the Insurance Ombudsman. This Forum found the arguments of the insurer convincing enough to substantiate the order of repudiation. However, considering the plight of the complaint, the Forum ordered refund of 3 quarterly premia to the complainant as ex-gratia and upheld the order of repudiation by the insurer.

Kochi Ombudsman Centre
Case No. IO / KCH / LI / KKD / 21.001.029 / 2005 - 06
Smt. K. K. Sarala
Vs.
Life Insurance Corporation of India

Award Dated 19.04.2005

The Complaint under rule No. 12(1)(b) read with Rule 13 of the RPG Rules, 1998 arose out of rejection of a death claim under pol. No. 793921650 (held by the husband of the complainant) by the respondent insurer. The policy for a sum assured of Rs. 5 lakhs commenced on 28.03.03 (New Jeevan Sree Plan) and only the first premium was paid before the death of the life assured. The policy holder Shri V. G. Saseendran died on 29.07.03 and the grace period of the premium due 06/03 was also over on the date of death. Since the policy was completely lapsed the insurer could not help the complainant and her appeal to the Zonal Claims review committee of the insurer also did not find any favour and hence the complaint before this Forum. While this Forum agreed with the insurer in so far as there was nothing payable on the policy, considering the impecunious circumstances of the complainant a sum of Rs. 8000/- out of the First Premium paid (Rs. 11594/-) was allowed as Ex-gratia.

Kochi Ombudsman Centre
Case No. IO / KCH / LI / 21.001.299 / 2005 - 06
Smt. Sherly Thomas
Vs.
Life Insurance Corporation of India

Award Dated 19.04.2005

The Complaint under rule No. 12(1)(b) read with Rule 13 of the RPG Rules, 1998 relates to repudiation of a death claim under LIC Policy No. 392629654 held by the husband of the complainant. The life assured had declared himself to be hale and hearty in the proposal. The early death claim was subjected to an investigation by the insurer and it was found that the party had earlier spells of hospitalization for Diabetes and related health problems which were all suppressed in the proposal form. The agent who introduced the complainant pleaded ignorance about the health condition of her husband, her version was not believable more particularly as her father was also the agent who canvassed the insurance. The suppression of material facts being self-evident and beyond all doubts, the insurer had rightly repudiated the claim. The complaint was therefore dismissed as devoid of merits.

Kochi Ombudsman Centre
Case No. IO / KCH /LI / 21.001.01 / 2005 - 06
Smt. P. Syamala

Vs.
Life Insurance Corporation of India

Award Dated 31.05.2005

The complaint under Rule 12(1)(b) read with Rule 13 of the RPG Rules, 1998 arose out of rejection of a claim under policy no. 782621243 by the insurer invoking the "suicide clause" of the Life Insurance policy. The complainant's husband (late Shri P. Jayakumar) had committed suicide on 29.05.2003 whereas the insurance policy had commenced only on 06.06.2002. The insured had paid 4 quarterly premia in all. The complainant is a domoestic helper with two young school going children. Although the rejection of the claim was found proper and justifiable as per the policy conditions, taking into account the poverty of the complainant, this Forum awarded an ex-gratia of Rs. 2500/- in the case and the complaint was disposed of.

Kochi Ombudsman Centre
Case No. IO / KCH / LI / 21.001.11 / 2005 - 06
Smt. Lucyamma Philip
Vs.
Life Insurance Corporation of India

Award Dated 07.06.2005

The complaint under Rule No. 12(1)(b) read with Rule 13 of the RPG Rules 1998 arose out of repudiation of a life insurance claim under three policies (1) 771493282 (2) 773954679 and (3) 771493292 held by the husband of the complainant late Shri T. C. Philip. Two of the disputed policies were taken on 2002 and one in 2000. However, as per the records obtained by the insurer, late Mr. Philip was an in-patient of the Lourde's Hospital, Ernakulam from 13.02.1999 to 26.02.1999 for Septic Arthritis and Diabetes. He had also prior treatment at MOSC Medical Mission Hospital, Kolencherry. He had an adverse leave history and all these relevant facts were not disclosed in the proposal for insurance. Considering the significance of suppression of material facts, the insurer had repudiated the claims and even the Zonal Review Committee of the insurer had turned down the appeal of the complainant. On verification of the records in the file and considering the oral testimony of the complainant at the time of personal hearing before this Forum, the factum of suppression of material facts at the time of proposal for insurance was self-evident and hence the decision of the insurer was found justifiable in all respects. The complaint was therefore dismissed.

Kochi Ombudsman Centre
Case No. IO / KCH / LI / 21.001.264 / 2004 - 05
Smt. Anitha Sadanandan
Vs.
Life Insurance Corporation of India

Award Dated 07.06.2005

The complaint under Rule No. 12(1)(a) read with Rule 13 of the RPG Rules 1998 relates to repudiation of a death claim by the insurer under Life Insurance policies 772883979 and 772793180 held by the husband of the complainant late Shri Sadanandan. Both the policies commenced on 28.01.1998. The insured had died on 20.06.2000. The proposal for Pol. No. 772883979 was received by the insurer on 24.10.1997 while the insured was under treatment at Medical College, Trichur for Myeloid Leukamia. So also under policy no. 772793180, prior to the commencement of risk, the party was suffering from Leukamia. The suppression of material facts being very clear, the insurer had repudiated the claims and the decision was upheld by the

Zonal Review Committee as well as the Central Claims Review Committee of the insurer. However, considering the pitiable pecuniary conditions of the claimant, while upholding the decision of the insurer, an amount of Rs. 10,000/- was awarded to the claimant as ex-gratia. The last unpaid premium under both the policies was 7 / 2000 and the insured had paid a considerable amount by way of premium even out of his meagre earnings which was given due weightage by the Forum.

Kochi Ombudsman Centre
Case No. IO / KCH / LI / 21.001.306 / 2004 - 05
Smt. O. Sreekumari Amma
Vs.
Life Insurance Corporation of India

Award Dated 14.06.2005

The complaint under Rule No. 12(1)(b) read with Rule 13 of the RPG Rules, 1998 arises out of repudiation of a death claim by the respondent insurer under Pol. No. 782674649 held by the husband of the complainant. The insurer - Shri Sasidharan Nair had proposed for life insurance (Rs. 20000/-) on 28.08.2002. He died on 04.12.2003. Being an early claim, the insurer had investigated into the claim and it was revealed that the insured was under treatment at Medical College, Trivandrum from 04.07.2002 form Carcinoma. The insurer had also collected case sheets from the Regional Cancer Centre, Trivandrum. In fact, the records proved that the problems were diagnosed in May 2002 itself whereas the proposal for insurance was on 28.08.2002. The suppression of material facts at the time of proposing for insurance being very clear and evident from the records, the insurer had repudiated the claim. In the circumstances, this Forum found that no interference was required in the decision of the insurer and the complaint was dismissed.

Kochi Ombudsman Centre
Case No. IO / KCH / LI / 21.001.37 / 2005 - 06
Smt. P. Geethakumari
Vs.
Life Insurance Corporation of India

Award Dated 15.06.2005

The complaint under Rule 12 (1)(b) read with Rule 13 of the RPG Rues 1998 relates to repudiation of a life insurance (death) claim by the insurer under policy no. 390743600 held by the son of the complainant late Shri Biju the insured took the above policy commencing on 15.10.1998. He died on 05.03.2004 due to Carcinoma Caecum, liver disfunction etc. The policy was revived on 03.10.2003 and the insurer contended that the history of the disease at the time of revival was concealed in the personal statement of health. But, on the date the personal statement was submitted at the office of the insurer, the insured was at Chennai at his work place. He was an Engineer with the Air Port Authority. His mother-the complainant disputed the signature on the personal statement while she confirmed the signature on the proposal form The amount for revival was a cheque payment sent in advance. The insurer had sent the lapse notice, if at all they had sent it, to the residential address of the insured at Cherthala while he was employed at Chennai The circumstances indicated that the personal statement was fabricated and submitted to the insurance office by some one else. This possiblity could not be ruled out by the insurer either. Particularly when the insured was out of station, a personal statement was seen to have been filed before the insurer and the factum of the policy being lapsed having been not informed to the insured at

his Chennai address, it was probable that he was unaware of the lapsation. The insurer could not prove beyond doubt that the insured had suppressed any material fact or that the revival was a fraud on the part of the insured. In the circumstances, the repudiation was set aside and the claim was allowed subject to deduction of the amount already paid as paid - up value.

Kochi Ombudsman Centre
Case No. IO / KCH / LI / 21.001.27 / 2005 - 06
Smt. A. Raheema
Vs.
Life Insurance Corporation of India

Award Dated 16.06.2005

The complaint under Rule 12(1)(b) read with Rule 13 of the RPG Rules arose out of repudiation of a death claim under Life Insurance policies 771520354 and 771520355 by the respondent insurer. The complainant's son late A Saleem had taken these policies commencing from 15.03.2001 and both the policies lapsed from December 2001. One of the policies was revived on 08.03.2003 and the other on 10.10.2002. The life assured expired on 12.06.2004. Being an early claim, the insurer had investigated into the claim and found out that the life assured was sufering from Hypertension and Renal failure and that he was hospitalized at Ramakrishna Hospital, Coimbatore during the period 26.03.2002 to 29.03.2002. The case sheets were also procured by the insurer. However, the life assured had not disclosed his health problems in the declaration of good health submitted for revival of the policies. Therefore, the insured had repudiated the revival under both the policies and since no paid-up value either was accrued, no money became payable to the complainant. The complainant came from very poor circumstances and she was struggling to make both ends meet with a young daughter and her husband was also bed ridden. Although the repudiation was just and proper as per insurance law, considering the pitiable circumstances of the complainant the Hon'ble Ombudsman ordered refund of the entire premiums paid under both the policies (Rs. 4,700/- altogether) as ex-gratia and the complaint was disposed of.

Kochi Ombudsman Centre
Case No. IO / KCH / LI / 21.001.24 / 2005 - 06
Smt. Ponnamma
Vs.
Life Insurance Corporation of India

Award Dated 6.07.2005

The complaint under Rule 12 (1)(b) read with Rule 13 of the RPG Rules, 1998 came up due to non-settlement of a life insurance claim under Policy No. 391927862 held by late Shri C. K. Shibu, the son of the complainant. The policy commenced in January 2004. The life assured died on 19.03.2004 under suspicious circumstances. The life assured was reportedly a known alcoholic with previous history of heart ailment and treatment at the ESI hospital. Pending receipt of chemical analysis report and Final police report of the police, the insurer had not settled the claim. Suppression of material facts was self-evident in the case and the suicide clause being operative, the insurer could not take a firm decision in the case in the absence of the Forensic reports and Final Police report. Considering the circumstances of the case in detail, this Forum concurred with the insurer that there was suppression of material facts.

However, the claimant was advised to submit the requirements called for by the insurer and enable the insurer to take a decision in the case. As of the delay on the part of the insurer at the present juncture, it was found inevitable and the complaint being devoid of merits was dismissed.

Kochi Ombudsman Centre
Case No. IO / KCH / LI / 21.001.25 / 2005 - 06
Smt. C. J. Syamala
Vs.
Life Insurance Corporation of India

Award Dated 06.07.2005

The complaint under Rule No. 12(1)(b) read with Rule 13 of the RPG rules, 1998 relates to repudiation of a life insurance claim under Pol. No. 391960114 held by the husband of the complainant - late Shri V. G. Kuttapan. The policy commenced on 28.03.2003 and the life assured died on 02.10.2004 due to complications arising out of Diabetes, epilepsy and allied diseases. The insurer, who conducted an investigation into early claim, had obtained records from Morning Star Hospital, Adimali confirmig inaptient/outpatient treatment of the life assured from August 2002 to 30.09.2004. There were also references pointing out that the life assured had sporadic problems right from the year 2000 as evidenced by the OP Ticket No. 2488/2000 of the hospital. In the aforesaid circumstances, considering the significance of the suppression of material facts, the insurer had repudiated the claim. From the records available in the file and the oral testimony of the complainant, the concealment of material facts was self-evident and hence the repudiation of the claim was upheld. However, considering the very poor economic background of the claimant a sum of Rs. 12000/- was allowed as ex-gratia as the total premium paid by the life assured during his life time exceeded Rs. 15,000/-.

Kochi Ombudsman Centre
Case No. IO / KCH / LI / 21.001.56 / 2005 - 06
Shri Ivinraj
Vs.
Life Insurance Corporation of India

Award Dated 19.07.2005

The complaint under Rule 12(1)(b) read with Rule 13 of the RPG Rules, 1998 arose out of repudiation of a life insurance claim under Pol. No. 391932732 held by the father of the complainant late Shri S. Selvaraj for suppression of material facts at the time of proposing for insurance. The policy had commenced from 28.09.2002. The life assured was employed in the Tata Tea Estate and on 02.09.02 and 04.09.02, he had consulted Doctors at the Tata Tea General Hospital Munnar for problems like difficulty in urination, burning sensation while walking etc. The life assured died on 15.09.2004 due to renal failure and allied illnesses. Considering the information as disclosed in the Doctor’s Certificates, OP tickets etc. the insurer had detected the suppression and repudiated the claim. The policy holder had a previous policy and therefore it could not be said that he was unaware of insurance procedures. It was therefore clear that the insurance at or around the same time of medical consultations was done with an ulterior motive and the suppression was proved in the case. However, it was possible that the life assured was not knowing the severity of the problem. The family of the life assured was in a very precarious condition financially and considering their pitiable

plight, the Forum ordered 2/3 of the premium paid (Rs. 2500/-) as ex-gratia in the case and the complaint was disposed of.

Kochi Ombudsman Centre
Case No. IO / KCH / LI / 21.001.106 / 2005 - 06
Shri K. P. Rohini
Vs.
Life Insurance Corporation of India

Award Dated 27.09.2005

The complaint under Rule No. 12(1)(b) read with Rule No. 13 of the RPG Rules, 1998 relates to repudiation of a life insurance claim (death claim) under Pol. No. 793004008 by the respondent. The complainant's husband - Late Shri K. Janardhanan had submitted a proposal on 15.03.2004 (proposal dt 11.03.2004) to the insurer under the SSS scheme whereunder he had not disclosed anything adverse about his health. However, the life assured died on 16.08.2004 due to cirrhosis of liver and the subsequent early claim enquiring by the insurer revealed that the life assured was suffering from cirrhosis of liver right from Nov. 2003. He was under treatment for hepatitis from 29.10.2003 to 16.11.2003 and he was on medical leave during the said period. He had previous treatment records at Madhav Rao Scindia Hospital, Kannur and MIMS Calicut. He was holding 11 policies in all and barring this disputed policies, the respondent had admitted the claims under all policies. From the medical papers submitted by the claimant herself, the suppression was obvious and there was no merit in the case. The insurer had very carefully examined the case and the repudiation for suppression of material facts was inevitable in this case. Hence the complaint was dismissed devoid of merits.

Mumbai Ombudsman Centre
Case No. LI - 198 of 2004 - 05
Smt. Alka Ashok Athlekar
Vs.
Life Insurance Corporation of India

Award Dated 03.05.2005

The claim was preferred by Smt. Alka Ashok Athelkar wife of the deceased life assured which was repudiated by Mumbai D. O. III of LIC vide their letter dated 31.03.2004 / 12.04.2004, on the grounds of suppression of material facts stating that the life assured has history of Hypertension, for which he was on medication, and that he was a smoker prior to the date of proposal for insurance. Smt. Alka Ashok Athlekar deposed that her husband was a technician and he had his own consultancy firm. Being an Ex-Marine Engineer, he used to take lot of manual work and withstand the same without any difficulty. The end came as a result of an accident and the impact was in abdominal region for which he was immediately shifted to hospital where despite all efforts he succumbed to multi-organ failure primarily caused by traumatic pancreatitis.

As per the Medical Attendant's Certificate (Claim Form 'B') and Certificate of Hospital Treatment (Claim Form - 'B-1') from P. D. Hinduja National Hospital and the Narrative summary of P. D. Hinduja Hospital beginning the date of admission on 07.07.03, till death on 15.07.03, the patient had history of Hypertension one year before for which he was on medicine Aten & Lipril 25 mg one tablet daily. Dr. G. L. Shenoy certifies that the deceased life assured was suffering from mild hypertension for last 2 years and periodic B. P. check up was also being done.

There is conclusive evidence through hospital records that it was a case of road traffic accident (RTA) and the diagnosis was clear “Traumatic Pancreatitis with Multiorgan dysfunction”. This exactly tallies with the details of the accident particularly the handle of the scooter hitting and pressing the abdomen region, secondary to abdominal trauma (Traumatic acute Pancreatitis)”.

Dr. Ashok Punjabi of Krishna Cardiac Care Center who was referred, as a Medical Attendant did not confirm the treatment being given to the deceased life assured and in fact on recommended payment of claim and also confirmed that Dr. Punjabi was not the usual Medical Attendant and was not consulted for any illness of the life assured.

The deceased was charged extra premium on his life on the basis of special medical reports, which was vetted by the Divisional Medical Referee. Possible health issues at age 56 must have been evaluated at that stage with sum assured being Rs. 10.00 lakhs and LIC’s note dated 04.12.04 says, “at the proposal stage all special Medical Reports were called. DMR has seen and the case was passed with health extra Rs. 3.10%0” (Emphasis added). In absence of all those underwriting records this Forum can only make observations on the basis of LIC’s self - contained note dated 04.12.04. Granting for a moment that he was once a smoker, the possible fallout viz. Hypertension, Diabetes Mellitus and Cardiac Problems as per special Questionnaire Form for smoking must have been evaluated anyway along with the special reports called for giving rise to loading on normal rates. Hence physical risk/health hazards in totality must have been throughly evaluated even without any disclosure on issues impacting circulatory / disorders as per the underwriting procedure. All the relevant factors for consideration must have surfaced at the time of underwriting when DMR who reviwed the proposal form must have duly examined the same of which overall health extra of Rs. 3.10 % was charged. It is thus envisaged that the Special Report called for by LIC would have covered the relevant health issues embracing the questions in the special questionnaire form as well. The evaluation and upgradation of a life through loading having been done there cannot be a charge of non-disclosure of a material fact being Ex-smoker, or even being a case of borderline hypertensive duly managed by medicine. The veiled risk of heart problems would have been taken care of comprehensively by LIC by charging a loading and collecting a hefty annual premium of Rs. 1.00 lakh plus which was agreed to and paid for by the life assured to fulfill the terms of the contract. In all fairness, therefore, the completion of special reports form on top of the proposal form should serve as an extended form of proposal with special reports forming part of it and legally speaking special report and quotation of a price can be regarded as a counter offer for acceptance by the Insurer and once that is paid the revised offer is accepted by the life assured and the contract would be deemed to be complete endowed with all merits. The charge of non-disclosure on both counts then becomes diluted and also non-tenable in the ultimate analysis.

Based on these facts, circumstances, documents and preponderance of probability and also in absence of conclusive evidence to probe suppression of material facts by the deceased life assured himself, LIC’s repudiation of this claim may be set aside and the complainant’s complaint for settlement of claim for full sum assured under policy No. 891276131 be admitted. The case is disposed of accordingly.

Mumbai Ombudsman Centre
Case No. LI - 196 of 2004 - 05
Smt. Lajwanti Ramesh Kadam
Vs.
Life Insurance Corporation of India

Award Dated 31.05.2005

The claim was preferred by Smt. Lajwanti R. Kadam, wife of the deceased life assured and it was repudiated by Mumbai D. O. - II of LIC stating that the deceased life assured withheld correct information regarding his health at the time of effecting the insurance with them.

The discharge card of the Lilavati Hospital & Research Centre the insured was first admitted to their hospital and transferred to Bombay Hospital and diagnosed as Liver Cirrhosis with ascitis with upper GI Bleed Hepatic Encephalophaty. From Claim Form E it is observed that the life assured was taking leave on medical ground frequently. The insured was a chronic alcoholic as per the available records submitted to this Forum. Alcohol is regarded as one of the principal causes of cirrhosis and hepatic encephalopathy, ascitis and finally failure of liver. The issue before this Forum would be to examine how far LIC has been able to prove the fact that the life assured was suffering from the ailments before the policy was taken and thus deliberately suppressed material facts vital to the contract. The history recorded at Lilavati Hospital refers to the life assured being alcoholic since 20 years which gives us a fact that the life assured was alcoholic since his age 13-14 yrs which is rather incomprehensible. Dr. Amrapurkar who treated Shri Kadam finally at Bombay Hospital had categorically written that he had no knowledge of the DLA getting treatment earlier or what were his earlier symptoms or who treated him earlier etc. He also wrote that history was given by his relative and not by him. In the context of this analysis, the issue of continuous treatment or treatment received before the policy was taken to constitute suppression of material fact by the Life assured would remain vulnerable and confirmed. Based on the evidence and records of treatment received at the repudiation of liability by LIC in respect all policies unacceptable and therefore is hereby set aside by me on the ground that as per the requirements of Section 45 as the actual repudiation of liability was made well after 2 years, LIC required to prove that the life assured had been suffering from certain illness before the proposal was made and therefore deliberately suppressed his health status and the ailments he was suffering from at the time of taking policies. LIC has failed to prove this conclusively and because of insufficient proof the benefit must go to the life assured and therefore the complaint is sustainable.

Mumbai Ombudsman Centre
Case No. LI - 236 of 2004 - 05
Smt. Suchitra H. Harania
Vs.
Birla Sun Life Insurance Co. Ltd.

Award Dated 08.06.2005

Shri Hiren D. Harania submitted the proposal for insurance on his own life on 12.09.2002 for a face amount of Rs. 10,00,000/- under Birla Sun Life Insurance Term Plan. His wife, Smt. Suchitra H. Harania was named as the nominee under the policy. Shri Harania allegedly committed suicide. When the claim arose the Company investigated about LA's income and source of income and found that it was not matching with the facts given in the proposal form. Accordingly, the Company repudiated the claim stating that there was suppression of material facts as regards the financial status of the Life Assured. First of all this Forum is aware that the unnatural death of Shri Hiren D. Harania has been the subject of a Police Investigation but as this Forum has obtained a copy of suicide note and a death certificate based on Post Mortem Report, it is possible to adjudicate on specific issues of repudiation made by the Company.

On analysis of the facts as presented through the documents submitted by both the parties it is clear that the main dispute is about the maximum insurance cover that could have been granted, on the basis of the annual income. As per the proposal form the life assured had mentioned the annual income as Rs. 25.00 lakhs. His occupation was mentioned as Managing Directer, M/S Informatics. The company submitted that they in good faith took this information of annual income as true and issued a policy for Rs. 10 lakhs with an overall Sum Assured of Rs. 50 lakhs kept in mind. The Company was specifically queried at the hearing their system of financial underwriting and they replied that first of all they did not doubt the salary terms of a Managing Director of a Firm to be the order of Rs. 25 lakh p.a. and the total Sum Assured was found commensurate with their Underwriting policy. However, the further document which has been forwarded by them following the hearing on 20th May, 2005 viz. Special Report Chart with notes on financial requirements categoriclly says that “If total insurance is greater than Rs. 15,00,000/- then income evidence e.g. I. T. returns, Form 16, Salary Slip is required”. The definition of total insurance has been given as “sum of all insurance cover on the life to be insured from Birla Sun Life Insurance Company and any other Insurance Company”. Evidently the Company lapsed in finding out the facts and getting the requirements as above before granting the cover from their office and had they done it they would have found the truth. To a question as to how the business had been introduced the Company representative replied that it was a direct business being a known connection to the Office through a reference. The doubt indeed deepens at this suggesion that how the principle of basic underwriting was sacrificed and why was it not underwritten properly. On receiving intimation of death and death claim made by the nominee, the Company called for documentary proof of income and copy of Form No. 16 which revealed the actual annual income as Rs. 1,62,000/-. Taking into account the insurance cover obtained from other insurers amounting to Rs. 49.00 lakhs, the actual annual income as shown in Form No. 16 could not have been adequate to meet the premiums. The company thus felt it was clearly misled regarding the financial standing and the premium paying capacity of the life assured and was made to issue a policy for high sum assured of Rs. 10.00 lakhs by unfair means. As per the documents submitted to this Forum, this contention of the Company is acceptable and the effect of this material suppression would be repudiation of liability under the policy. It was evident that the total insurance proposed by the Life Assured vis-a-vis his actual annual income were utterly disproportionate as policies in force or sum proposed with other companies and the actual income were not correctly disclosed.

In the facts and circumstances, and as per analysis made, the claim of Smt. Suchitra H. Harania under policy No. 36443 for payment of policy moneys on the life of late Shri Hiren D. Harania is not sustainable. The case is disposed of accordingly.

Mumbai Ombudsman Centre
Case No. LI - 237 of 2004 - 05
Smt. Suchitra H. Harania
Vs.
Kotak Mahindra Old Mutual Life Ins. Co. Ltd.

Award Dated 08.06.2005

Shri Hiren D. Harania had taken a Kotak Term Assurance Plan from Kotak Mahindra Old Mutual Life Insurance Company Limited undre policy No. 000000012290 for a sum Assured of Rs. 10,00,000. Shri Hiren D. Harania allegedly committed suicide on 11.04.2004, following which his wife Smt. Suchitra H. Harania who was one of the

nominees under the policy preferred a claim to Kotak Mahindra OM Life Insurance Co. The Company repudiated the claim. Their contention was that Shri Harania had misrepresented them by understating the Insurance cover he already had or applied for from other Insurance companies. They said that he had disclosed only Rs. 5,00,000 insurance cover from the other Insurance Company whereas on investigation it was found that he was already having a cover of Rs. 24 lacs which was not disclosed in the proposal form that was filled in by Shri Hiren Harania. Not satisfied with the decision of the Company Smt. Harania represented to the Company but the Company reiterated their earlier stand of repudiation. Aggrieved by the decision of the Company, Smt. Harania approached the Office of the Insurance Ombudsman seeking intervention of the Ombudsman for settlement of her claim. After perusal of the records parties to the dispute were called for hearing.

Facts of the case as presented in the documents submitted to this Forum as also by oral deposition by both the parties were analysed. The total insurance cover taken is grossly disproportionate to the income as revealed on scrutiny although not disclosed in the proposal form. Late Shri Hiren Dhanji Harania within a short span of few months went on taking insurance policies from different compannies for high Sum Assured without proper disclosures of insurance cover obtained from other companies as also his exact personal income.

In the facts and circumstances and as per the analysis made above the claim of Smt. Suchitra H. Harania, wife of late Shri Hiren D. Harania for the policy monies under Kotak Term Assurance policy No. 000000012290 is not sustainable.

Mumbai Ombudsman Centre
Case No. LI - 238 / 2004 - 05
Smt. Suchitra H. Harania
Vs.
Bajaj Allianz Life Insurance Co. Ltd.

Award Dated 08.06.2005

Shri Hiren Dhanji Harania had taken an Alliaz Bajaj Risk Care - Protect Policy from Bajaj Allianz Life Insurance Company Limited under policy No. 0000308423 for a sum Assured of Rs. 10,00,000/-. The date of proposasl and commencement of the policy was 08.04.2002. Shri Hiren D. Harania allegedly committed suicide on 11.04.2004. Smt. Suchitra H. Harania, wife and the nominee under the policy preferred a claim to Bajaj Allianz Life Insurance Company for the policy monies. On receipt of the claim form and other relevant details from the Complainant, the Company investigated the matter and based on their report repudiated the claim on the ground of non-disclosure of previous insurance Coverage. Not satisfied with the decision of the Company Smt. Harania represented to the Company which was also turned down. Hence aggrieved Smt. Suchita Harania approached the Office of the Insurance Ombudsman seeking justice and redressal of her grievances. The records were perused and parties to the dispute were called for hearing. It is noted that after the death it appeared that the total sum assured at the risk was far higher in proportion to the estimated income of the deceased assured as also there is non disclosure of these policies, the company took the stand that had this been disclosed at the time of proposal, the Company would have called for additional information with documentary evidence to consider underwriting the proposal. As there was non-disclosure of this information the contract was denied and therefore, the claim was rejected. The facts as presented to this Forum by way of relevant documents and oral deposition by both the parties were analysed.

The policy was issued on the basis of the proposal form which is the basis of contract. The answers to the proposal form about Insured's health and personal matters are his own and similarly the information regarding other existing policies in force or proposed to be taken should be declared by him only. Non-disclosure of these material facts has misled the company to issue a policy for Rs. 10.00 lakhs for which the deceased life assured was not eligible considering his income of Rs. 1.86 lakhs. The company was therefore denied the opportunity of taking an appropriate underwriting decision.

On the basis of information made available to this Forum, it is evident that as on the date of proposal dated 06.04.2002 Late Shri Hiren Harania had Rs. 39 lakhs Sum Assured which is a clear case of non-disclosurer of a fact vital to the contract making as the Income Tax return had been filed for Rs. 1. 62 lakhs annual income.

In the facts and circumstances and as per the analysis made, the claim of Smt. Suchitra H. Harania, wife of late Shri Hiren Harania for the policy monies under Allianz Bajaj Risk Care - Protect Policy No. 0000308423 is not sustainable.

Mumbai Ombudsman Centre
Case No. LI - 256 / 2004 - 05
Smt. Sushila Hari Jagtap
Vs.
Life Insurance Corporation of India

Award Dated 09.06.2005

Shri Hari Vithal Jagtap was insured under Life Insurance Policy No. 922080543 issued by Branch 92 B, Ambernath Branch under Thane Divisional Office of Life Insurance Corporation of India through proposal dated 07.11.2001 for a Sum Assured of Rs. 40,000/- and the date of commencement was 01.11.2001. Unfortunately Shri Hari Vithal Jagtap expired on 15.08.2003 due to Hypertension with IHD. When the claim for the policy moneys was preferred by Smt. Sushila Hari Jagtap wife of the deceased life assured, it was held by Life Insurance Corporation of India that Shri Jagtap withheld material information from them regarding his health at the time of effecting the insurance, by not disclosing the fact that he had availed sick leave on medical ground. Based on this LIC repudiated the claim. Not satisfied with the said decision Smt. Sushila H Jagtap appealed to the Zonal Manager, Which was upheld. Aggrieved by the said decision, Smt Sushila H. Jagtap, approached the Office of the Insurance Ombudsman seeking intervention of the Ombudsman for settlement of her claim. Records were perused and the parties to the dispute were heard.

On an analysis of the entire records, it is observed that the Life Assured had 3 other policies but for the policy No. 922080543 which is under dispute at this Forum it is found that LIC had repudiated based on the Medical Attendent's Certificate i.e. Form 'B' issued by Dr. A. Hazarika, Principal Medical Officer, of Ordinance Factory Hospital. It is noted therein that Insured was a known case of Hypertension and IHD, and the insured consulted him 4 ½ years back and was availing treatment in the same hospital since last 4 ½ years back. The cause of death was Hypertension with secondary cause as Acute Myocardial Infarction. In the light of the records produced by Life Insurance Corporation of India it is evident that the deceased life assured was suffering from Hypertension and IHD which was not disclosed at the time of filling the proposal form. Had he disclosed about his leave taken on sick grounds and the treatment taken for Hypertension LIC would have called for Special Reports and decided the terms of acceptance of the proposal accordingly.

In the facts and circumstances of the case, the decision of Life Insurance Corporation of India to repudiate the claim is upheld.

Mumbai Ombudsman Centre
Case No. LI - 226 / 2004 - 05
Smt. Janvi Amol Kapadia
Vs.
Birla SUm Life Insurance Co. Ltd., Mumbai

Award Dated 10.06.2005

Shri Amol Rasiklal Kapadia was insured under policy Nos. 000261645 and 000261646 with Birla Sun Life Insurance Co. Ltd., Mumbai. After the death of Shri Kapadia, Smt. Janvi A Kapadia, wife of the deceased life assured preferred a claim to Birla Sun Life and the same was repudiated by Birla Sun Life Insurance Co. Ltd., Mumbai on account of the deceased having suppressed material facts as regards the life style. However, the Insurance Company investigated and established that the life insured had been treated for drug abuse in the past and had also been consuming alcohol. Hence there had been suppression of material facts as regards the life style of the deceased life assured and on this ground they have repudiated the claim vide their letter dated 26th October, 2004 and refunded the premiums paid under the above referred policies. Aggrieved by the above decision of the Birla Sun Life Insurance Company Ltd., the claimant, Smt. Janvi A. Kapadia approached Office of the Insurance Ombudsman requesting his intervention in the above matter. Records pertaining to the above case have been perused and parties to the dispute were heard.

The relevant records have been scrutinized at this Forum. The life assured after having met with a road accident at Silvassa at 10.00 PM on 14.07.04 had been brought for further management at 11:33:44 on 15.07.04 at Dr. Balabhai Nanavati Hospital, reportedly from Haria Rotary Hosptial, Vapi and ultimately died due to cardiac arrest. As per Indoor Case Papers of Dr. Balabhai Nanavati Hospital the deceased life assured had the history of drug abuse (multiple) since he had consumed 5-6 bottles of Corex Syrup a few years back and was taking treatment from KEM Hospital for the said drug abuse. He had also the history of smoking, taking alcoholic drinks occasionally and was suffering from depression with attacks of temper abnormalities, excessive perspiration and occasional high blood pressure. The complainant also in her letter stated that the deceased life assured was earlier an alcohol and drug addict about abuse 2 years back for which he had taken treatment from KEM Hospital but he was completely cured after the treatment which exactly corroborate with the history recorded at Dr. Balabhai Nanavati Hospital. Had the insured disclosed his past history about his health and habits in the proposal form, the insurer would have taken appropriate decision in acceptance of the risk which opportunity was not given to the Company. In view of these facts, the claim of Smt. Janvi A. Kapadia for payment of policy moneys under policy Nos. 000261645 and 000261646 on the life of late Shri Amol Rasiklal Kapadia is not sustainable.

Mumbai Ombudsman Centre
Case No. LI - 242 / 2004 - 05
Smt. Ranu Das
Vs.
Life Insurance Corporation of India

Award Dated 10.06.2005

Shri Sourav Das was insured with Life Insurance Corporation of India under policy no. 921299074 for Sum Assured Rs. 2,00,000/- since 28.08.2001. Shri Das was admitted to Jaslok Hospital and the diagnosis was made as malignant Thymoma on 14.09.2001. He was treated with Chemotherapy and Radiation therapy from October, 2001. Again in

second week of November, 2001 during follow-up with the same doctor it was found that he had developed a nodule in the anterior chest wall and a needle biopsy confirmed diagnosis of non-Hodgkin's lymphoma. He expired on 30.07.2002. When the claim was preferred by his wife Smt. Ranu Das, LIC of India repudiated the claim on 20.03.2003 stating that LIC had indisputable proof to show that he had suffered from non-hodgkin's lymphoma with chest pain and Rt Scapular pain and enteric fever before the date of proposal for which he had consulted a medical practitioner and had taken treatment from a hospital. He however did not disclose these facts in the proposal statement. He made incorrect statements and withheld correct information regarding his health at the time of effecting the insurance. The Zonal Office Claims Review Committee and C. O. Claims Review Committee have also upheld the decision of the Divisional Office.

The documents produced by LIC in support of their repudiation have been perused and it was found that the nature of disease was no-hodgkin's lymphoma which was malignant and it always develops over a period with the apparent noticeable swelling. It is recorded that the Insured had already been examined in a hospital and was admitted on 27.08.2001 i.e., just before the policy was taken. Even otherwise the hospitalisation was confirmed by subsequent certificates issued by BARC, Medical Division dated 06.11.2001 signed by Dr. B. J. Shankar and by the certificate issued by Dr. R. K. Deshpande of Tata Memorial Hospital dated 10.12.2002. While proposing for insurance Shri Das had on 30.08.2001 answered the relevant question as to whether he had even been admitted to any hospital or nursing home for general checkup, observation, treatment or operation as "No". This clearly indicates that the answer given was incorrect and deliberate. The investigation reports submitted by the LIC officials also corroborate this fact.

In the facts and circumstances, the claim of Smt. Ranu Das for payment of policy money under policy no. 921299074 on the life of late Shri Sourav Das is not sustainable. The case is disposed of accordingly.

Mumbai Ombudsman Centre
Case No. LI - 234 / 2004 - 05
Shri Balkrishna Baburao Dhumal
Vs.
ING Vysya Life Insurance Co. Ltd.

Award Dated 15.06.2005

Smt. Indumathi Balkrishna Dhumal took Policy no. 00105347 under 'Best Years Retirement Plan' form ING Vysya Life Insurance Co. Ltd. (IVL). She paid a deposit of Rs. 1,00,000/-. In the proposal Smt. Dhumal, Annuitant had mentioned her husband Shri Balkrishna Baburao Dhumal as the person to whom the pension is payable in case of death of annuitant before vesting age. Smt. Dhumal expired on 29.07.2004. at Jahangir Hospital, Pune and the same was intimated to the IVL on 29.07.2004. As Smt. Dhumal expired before the vesting age the options available under Clause 3.9 of the Best Years Retirement Plan was explained to Shri Dhumal and after due consideration Shri Dhumal directed IVL to transfer the funds accumulated in the individual Pension Account (IPA) of the Annuitant to 'LIC of India's New Jeevan Akshay - I Plan'. Accordingly, cheque for an amount of Rs. 90,931/- was drawn by IVL in favour of LIC of India and was sent to Shri Dhumal for which amount he issued a death claim discharge voucher in favour of IVL.

It is revealed from the records that the complainant has not produced any documentary evidence in support of his contention regarding false promises to the proposer, the complainant's wife, by the concerned IVL Advisor to take the policy with assured

marginal returns of at least 9 % as it declared by Govt. of India for the Senior Citizen's Post Office Scheme, neither could he bring to light any record for promised Rs. 1700/- p.m. payment after 5 years of operation of the policy. The Complainant's allegation that the policy was not suited for senior citizens appears to have been made as an after thought reflection. What would be the annuity per month on vesting after the deferment period is over, is a question wide open as the same would depend substantially on Market Conditions, Fund Management and Government policy. As the policyholder died early, this Forum need not look into this aspect. The policy documents was sent to the policyholder under cover of letter dated 19th February 2004 whereunder it was clearly stated by the company that the policyholder could return the policy document for cancellation within 15 days if he / she disagreed with the terms and conditions. In the claim discharge voucher the Company has already mentioned about deduction of contribution charge at 10 % other than Management fees. As per the policy condition one time charge at 10 % or variable rate from time to time specified by the Company will be levied on the contribution. Having accepted the policy document without any objection in writing or without having the policy document returned to the company, the objection by the complainant for the deduction of Rs. 10,000/- is beyond consideration. Again, he has signed the Discharge voucher in full and final settlement of his claim thereby demonstrating his full satisfaction. Another point to be noted is that the Company sent the cheque in favour of LIC at the complainant's address along with the discharge voucher for his execution. On further analysis, it is observed that Shri B. B. Dhumal has directed the Company to transfer funds under IPA of the deceased Annuitant to LIC of India, Branch 95 K towards policy under New Jeevan Akshay I Plan vide his letter dated 14.09.2004 and sent the death claim Discharge voucher duly signed for an amount of Rs. 90,931/- and the Company had acted on such direction. As per terms and conditions of copy of policy, it is noticed that the amount mentioned in Death claim discharge voucher is in order. The complainants' request for directions to allow maximum interest as per Government's policy towards Senior Citizens is beyond the scope of this Forum in so far as this policy product, as duly approved by the IRDA a Statutory body framed under Government of India, is concerned. Thus it is obvious that the Company has acted transparently fairly and as per the terms and conditions of the policy and hence I find no merit or valid reason to intervene.

Mumbai Ombudsman Centre
Case No. LI - 269 / 2004 - 05
Smt. Suvarna S. Khatekar
Vs.
Life Insurance Corporation of India

Award Dated 21.06.2005

Shri Sanjay U. Khatekar took policy nos. 920671367 and 921317981 from Life Insurance Corporation of India, Thane Division for Rs. 25,000/- & Rs. 3,00,000/- with effect from 05.09.1996 and 28.08.2001 respectively under Plan 74 for a term of 15 years and Plan 111 for a term of 30 years, through his proposal dated 11.09.1996 and 20.08.2001. The Life Assured died on 25.01.2003 due to Pulmonary Koch's. Smt. Suvarna S. Khatekar preferred a claim to Life Insurance Corporation of India. Life Insurance Corporation of India informed Smt. Suvarna about repudiation of the claim stating that Shri Sanjay was suffering from Pulmonary Koch's with Retro Viral Infection (HIV) before the date of proposal for which he had consulted a medical practitioner and had taken treatment from the hospital and he deliberately withheld this material fact.

The entire records have been scrutinized at this Form. It is revealed from the records produced by the defendant that the earliest prescription give to the deceased life assured as per copy produced form Dr. Raju's Hospital is dated 30.09.1995, i.e. prior to the proposal dated 11.09.1996. Thereafter, copies of presciptions for treatment given on 20.11.1996, 07.03.1997, 24.06.1997, 07.05.1998, 28.08.2000, 20.12.01, 20.03.2001, 29.03.2001 & 29.05.2001 to the deceased life assured have been furnished, from prescription dated 20.01.1996, is observed that Dr. Raju, Chest Physician had advised for HIV Test. In the prescription dated 07.03.1997, Dr. Raju has mentioned the disease as HIV + ve with Pulmonary T. B. Further, as per the copy of Discharge Card issued by Dr. Raju's Hospital, the assured was admitted for treatment from 08.05.98 to 11.05.98 for R. V. Infection c Enteric Fever c gastritis c Pulmonary Kochs' and again on 21.09.2000 wherein the diagnosis has been stated as 'RVI c Pul Ko'. This was before submitting the proposal dated 20.08.2001 under the second policy. The supporting medical and investigation documents reveal that the Deceased Life Assured has taken almost continuous treatment from Dr. Raju, M. D, DTCD, Chest Physician from 30.09.1995 onwards. In the prescription dated 29.05.01, Dr. Raju has mentioned 'RVI c Old Pul TB completed AKT cover' and the treatment with various medicines was on continuous process for pain in chest.

In the certificate of Medical Attendant, Dr. Sampat D. Khatal has mentioned primary cause of death as Pulmonary Kochs' and secondary cuase Retroviral infection (HIV). From the said certificate it is noticed that Dr. Sampat was the usual medical attendant of the Insured since last two three years and the insured was suffering from the disease since one year. The doctor has also mentioned that the insured was suffering from Anemia and Neuropsychatric complication which were co-existed with the cause of death. The earliest reference to HIV test is found in Dr. Raju's Prescription dated 20.11.1996 and confirmation of HIV + ve is stated in the prescription dated 07.03.1997. Apart from all the above medical records, the father of the Insured vide his letter dated 26.03.03 addressed to Branch Manager, LIC, Thane Branch which was submitted to the Investigating Officer had informed that his son, the insured was suffering from HIV positive since 1996 and was under the treatment of Dr. Raju.

All the above records establish the fact that the insured was suffering from Pulmonary Koch's with Retroviral Infection (HIV) which was the cause of his death, well before the date of proposals under the policies under question. Therefore, it is clear that there was suppression of material fact about his health, past illness by the insured while submitting the proposal forms under both the policies. Had the fact been disclosed LIC would have called for special medical reports based on which underwriter would have taken appropriate decision.

Mumbai Ombudsman Centre
Case No. LI - 253 / 2004 - 05
Smt. Gulab Dattatray Patil
Vs.
Life Insurance Corporation of India

Award Dated 22.06.2005

Shri Jitendra Dattatray Patil was insured under Life Insurance Policy No. 921452017 by Branch 92J of Life Insurance Corporation of India, Thane Divisional Office through prooposal dated 29.08.2002 for a Sum Assured of Rs. 50,000/- under Plan and Term 107-20 (15) - a 20 year Jeevan Surabhi Policy with Profits + Accident benefit. The policy commenced on 28.08.2002. Shri Jitendra D. Patil unfortunately expired on

06.06.2003 at Nanavati Hospital due to an assault by a group on 04.06.2003. When the claim for the policy money was preferred by the nominee, Smt. Gulab Dattaray Patil, Life Insurance Corporation of India admitted the basic claim and disallowed the Double Accident Benefit.

Not satisfied by the said decision Smt. G. D. Patil appealed to the Zonal Manager, Western Zone LIC, for reconsideration of the decision and settlement of her DAB. However the CRC Zonal Office Mumbai upheld the decision, hence aggrieved for not receiving DAB under her son's policy Smt. G. D. Patil approached the Insurance Ombudsman seeking invention of the Ombudsman for settlement of Double Accident Benefit. After Perusal of the records parties to the dispute were called for hearing The entire records have been scrutinized at this Forum. It is revealed from the records produced that the deceased life assured had got involved in a brawl around 10.00 p.m. on 04.06.2003, followed by violent physical assult by two members of a group The accused assilants have been taken under Police custody and thereafter kept under remand of Magistrate custody. As per the post mortem report probable cause of death was "fatal head injury with bilateral intrapulmonary bleeding". Since Viscera was not preserved, consumption of alcohol was not proved.

As per policy condition 10(b) 'Accident Benefit will not be payable if the death of the life assured is caused by intentional self injury attempted suicide, insanity or immorality of whilst the life assured is under the influence of intoxicating liquor, drug or narcotic'.

In the facts and cirucmstances the decision taken by the Company to reject the payment of Accident benefit is found to be appropriate and this Forum finds no valid reason to interfere with the decision of the Company.

Mumbai Ombudsman Centre
Case No. LI - 012 / 2005 - 06
Smt. Dora Bridget Rego
Vs.
Life Insurance Corporation of India

Award Dated 23.06.2005

Smt. Dora Bridget Rego had approached the Office of the Insurance Ombudsman with a complaint dated 08.04.2005 against Life Insurance Corporation of India for partial settlement of her policy moneys under two policies which her late husband Shri Atul J Rego had taken from Branch 937 of Life Insurance Corporation of India, Mumbai Divisional Office - II.

Based on these statements LIC had revived the policies. Shri Atul J Rego unfortunately expired on 31.07.2004 due to Cardiorespiratory failure. When the claim for the policy moneys was preferred by the nominee Smt. Dora Bridged Rego, Life Insurance Corporation of India, infomed Smt. Rego vide their letters dated 02.11.2004 (separate letters issued for both the policies) that they had indisputable evidence to show that the deceased life assured was suffering from heart decease since November 1994 for which Shri Rego had undertaken medical treatment and also undergone Angioplasty in 1995. These things were not disclosed in his Personal Statements filled in by Shri Rego at the time of reviving the policies. Thus, Divisional Office of Life Insurance Corporation of India therefore, in terms of the declaration signed by him at the foot of the Personal Statements regarding health, declared the revival effected under the policies as null and void and decided to pay Rs. 29,650 under policy No. 880199447 and Rs. 47,282 under Policy No. 880204776 being the paid up value with vested bonus on the policies.

On an analysis it is observed that the policies were revived on the basis of personal statements of health and medical reports. As per the medical certificate the cause of death was cardiorespiratory failure due to Myocardial Infarction. Further in the claim form B dated 24.08.04 completed by Dr. Lionel E D'souza, it has been mentioned that he was the usual medical attendant of the insured since 15 years and the insured had suffering from this disease since 9 years, the symptoms of chest pain and breathlessness was observed for the first time in 1995.

From the hospital records dated 18.12.1998 of Holy spirit hospital it is observed that Shri Atul Rego was a known case of IHD, HT & DM on treatment and Angioplasty was done 3 years ago. While going through the medical records of the Insured it is observed from the Consultation and prescription from Dr. C. G. Shirodkar, Cardiologist that the insured has undergone 'Emergency PTCA after a failed Thrombolysis in cae of Acute myocardial infarction with Left Ventricular Dysfunction'. The Doctor also had mentioned that the Insured was a known case of Diabetes Mellitus and was on medicines. In the Certificate of Treatment dated 04.10.04, Dr. Ajit G. Desai, cardiologist has also mentioned that the Insured was a known Diabetic and hyperuricemia i.e. an abnormal amount of uric acid in blood. Dr. Ajit also has mentioned that he has treated the insured during the period November, 1994 to May'03 and in November' 94 the insured consulted him for Acute Anterior Wall Myocardial Infarction with LVF and Post infarction and the insured was referred for Coronary Intervention at Jaslok Hospital. The Doctor also has mentioned that the Insured was under regular follow up and regularly evaluating his Diabetic status.

All these conclusively point out the continuous illness Late Shri Rego had and topping up all was the Angioplasty which also he did not disclose and this was a clear case of deliberate suppression of material fact vital to the contract for which the repudiation made by LIC is hereby upheld as the revival of the policies were void as per the terms of the policy contract.

Mumbai Ombudsman Centre
Case No. LI - 200 / 2004 - 05
Smt. Madhu Sharma
Vs.
Tata AIG Life Insurance Co. Ltd.

Award Dated 28.06.2005

Shri Devraj Sharma had taken a policy of Assure 15 years lifeline (with return of premium Plan) under policy No. C000254908 from Tata AIG Life Insurance Company limited on 22.07.2002 for a Sum Assured of Rs. 2,00,000/-. He also had the cover for Critical Illness Rider. Shri Sharma who was diagnosed on 21.05.2003 to have a chronic renal failure and had undergone treatment had preferred a claim for critical illness rider facility from the Company. Later on Shri Sharma's condition worsened and he was hospitalized at Mahatma Gandhi Mission's New Bombay hospital where unfortunately he passed away on 22.11.2003. The diagnosis was chronic renal failure + DM + HTN + Azotemia. After the demise of Shri Devraj Sharma, his wife Smt. Madhu Sharma preferred a claim under the said policy also for the death benefit alongwith the critical illness rider which her husband had claimed for earlier. The Company informed Smt. Sharma about the repudiation of death claim due to non-disclosure of Diabetes and Hypertension and also informed her that as the condition suffered by Shri Sharma was not covered under the critical illness rider she would not receive the critical illness benefit. Aggrieved by the decision of the company Smt. Sharma approached the Office of the Insurance Ombudsman seeking intervention of the Ombudsman for settlement of her claim. After the perusal of the records parties to the dispute were called for the

hearing. A close scrutiny of the records would reveal that while submitting the claim for critical illness to the Company, the insured submitted the 'Health record for emergency dated 13.07.99, 13.08.2001 and 27.09.2002 at the time of evaluation done by his employer which showed that he was having Hypertension. The indoor case papers of Mahatma Gandhi Mission, New Bombay Hospital mentions that the Insured was a known case of Diabetes mellitus since 8 years and on medication for the same. There is also a mention in the case papers that 'the insured was also a known case of Hypertension since 3 years and on medication'. While considering all the above medical findings in toto, it would be important to note the invasive progress of the disease which could not have developed within one year of the date proposal submitted to Tata AIG Life Insurance Company. It would also be evident that the insured was aware of his having Hypertension which was proved by the health checkup records pertaining to years 1999, 2001 and 2002. Had he disclosed these ailments at the time of proposal the insurance company would have taken appropriate decision in acceptation of one proposal and this opportunity was denied to them.

Accordingly, the decision taken by Tata AIG Life Insurance Company to repudiate the claim on the ground of non-disclosure of material facts is held sustainable and I find no reason to interfere with the decision of the Company.

Mumbai Ombudsman Centre
Case No. LI - 225 / 2004 - 05
Shri Dakram Madhav Raut
Vs.
Life Insurance Corporation of India

Award Dated 18.07.2005

Smt. Nanda Dakram Raut took a life insurance policy no. 972899185 for Rs. 25,000/- under Table & Term of 14-21 through proposal dated 24.03.2001 with effect from 28.03.2001 from 97C Branch Gadchiroli under Nagpur Division of Life Insurance Corporation of India. The claim arose after the death of Smt. Raut due to a number of diseases including old Pulmonary TB as per hospital records on 04.11.2003. The claim which was preferred by her husband Shri Dakram Madhav Raut to the Life Insurance Corporation of India was rejected by Nagpur Division Office on 31.03.2004 as it was observed by LIC that Smt. Raut withheld correct information regarding her health at the time of effecting the insurance with them. LIC took the view that all the above statements were false and stated that they held indisputable proof to show that about six months before she proposed for the above policy she was suffering from pulmonary tuberculosis for which she had consulted a Doctor and had taken treatment from/in a hospital and was on medical leave for 6 and 7 days respectively from 06.06.2000 to 11.06.2000 and 16.08.2001 to 22.08.2001. However, she did not disclose this in her proposal, instead she gave false answers as above. Aggrieved by the decision of LIC to reject the claim, the claimant, Shri Dakram Madhao Raut appealed to the Zonal Manager, Western Zone of LIC for reconsideration of the decision but the Claims Review Committee of the Zonal Office decided to uphold the repudiation decision taken by Divisional Office and the same was informed to the Insured vide letter dated 16.08.2004. As per the Discharge Card of District General Hospital, Gadchiroli signed by unit incharge Dr. Anil Rudey, late Smt. Nanda Dakram Raut was admitted in the hospital on 25.06.2000 and the diagnosis was Enteric fever. She was discharged from the hospital on 29.06.2000. In the above discharge card it has been stated that the patient was an old case of having Pulmonary Tuberculosis.

As per the claim form 'A' the deceased life assured had consulted the Medical Officer, General Hospital, Gadchiroli on 06.06.2000 for cough and fever, on 16.08.2001 for

cough and fever and on 06.01.2003 for fever, cold and cough. It is well known that the positive symptoms of Tuberculosis is repeated attack of cold, cough and fever marked by persistent cough and lowgrade fever.

As per the certificate of Hospital Treatment (Claim Form B - 1) dated 05.01.2004 issued by Dr. N. D. Usendi, Ward In-charge, General Hospital, Gadchiroli the deceased was admitted into the hospital on 03.11.2003 for breathless/cough fever since 4 days. The history of fever, cough, breathlessness was reported by the patient himself to Dr. N. D. Usendi. The diagnosis arrived at in the hospital was k/c of Kyphoscoliosis c old PTB c Bronchial asthma. It was also reported by Dr. N. D. Usendi that Bronchial Asthma c Ac. Exacerbation c Pulmonary Oedema preceded or co-existed with the ailment at the time of the patient's admission into the hospital. It is evident from the above records that the deceased life assured was not in good health and the same was not disclosed by her Proposal Form.

The claim of Shri Dakram Madhav Raut for the sum assured under policy No. 972899185 on the life of late Smt. Nanda Dakram Raut is not sustainable. The case is disposed of accrodingly.

Mumbai Ombudsman Centre
Case No. LI - 261 / 2004 - 05
Smt. Suchita Prasad Parvatkar
Vs.
Life Insurance Corporation of India

Award Dated 18.07.2005

Shri Prasad Krishnanath Parvatkar took a policy no. 930496445 from Life Insurance Corporation of India, Bicholim Branch Office of Goa D. O. with effect from 14.09.2001 for Rs. 50,000/- under Plan 111 for a term of 20 years through his proposal dated 19.01.2002 and as reported by LIC the policy lapsed by non-payment of monthly premium due 14.06.2003 without acquiring any paid -up value. The policy was revived on 27.02.2004 for the full sum assured on the strength of a Personal Statment regarding health dated 25.02.2004 made by the deceased life assured. He died on 17.04.2004 and when a claim was preferred by Smt. Suchita Prasad Parvatkar, his wife, LIC of India repudiated the liability under the above policy by their letter dated 08.07.2004 stating that he had made deliberate mis-statements and withheld material information regarding his health at the time of getting the policy revived and hence in terms of the Declration contained in the personal statement, they were not liable for any payment under the policy.

It is revealed from the records produced that the life assured died on 17.04.2004 at his residence. The medical attendent, Dr. Vinod V. Verekar, who attended him during his last illness has stated in his certificate that the assured died due to Acute Myocardial Infarction, Cirrhosis of liver with Ascitis c portal hypertension. He has further stated that the illness was observed first on 15.11.2003 and has mentioned in the certificate of treatment dated 06.07.2004 that the patient had Viral Hepatitis which co-existed with the above diseases for six months, Dr. Vinod V. Verekar also had mentioned in above two certificates that he was his usual medical attendant for 3 years and the insured was given treatment by him during the period from June 2001 to 17th April, 2004 for ailments like Lumbago, Bronchitis, Gastritis etc. on OPD level. The insured did not disclose about his health as well as treatment taken either in the proposal form dated 19.01.2002 or at the time of revival while submitting form of Declaration regarding Good Health dated 25.02.2004. Further, he was suffering from Viral Hepatitis following which he had cirrhosis of liver with ascitis c portal hypertension of which he was having

knowledge since November, 2003. This was secondray cause of his death. Suppressing this material information, he gave a false declaration of his good health on 25.02.2004 for revival of the policy which was in lapsed condition as back as from 14.06.2003. Lapsation of policy is discontinuance of the contract which is an important intervention. When the policy is to revived, the Insurer would like to be assured of the status of health of the life assured and self declaration plays, therefore, the most vital role.

Thus the rejection of death claim by the Company for deliberate mis-statements and for withholding material information from the Company regarding the health of the assured at the time of revival of above policy is just and fair action. Hence this Forum finds no valid reason to intervene with the decision of the Company.

Mumbai Ombudsman Centre
Case No. LI - 296 / 2004 - 05
Shri Harishankar H. Bind
Vs.
Life Insurance Corporation of India

Award Dated 18.07.2005

Smt. Hiramani Harishankar Bind took a policy no. 922594757 from Life Insurance Corporation of India, Thane Divisional Office with effect from 10.08.2002 for Rs. 1,50,000/- under Plan 11 for a term of 25 years through her proposal dated 15.07.2002. Smt. Hiramani expired on 17.05.2003 due to Abdominal pain. Her husband, Shri Harishankar H. Bind, nominee under the policy, preferred a claim upon LIC of India. Life Insurance Corporation of India repudiated the claim stating that at the time of submitting the Personal Statement regarding health the deceased assured had answered the questions which is not correct and they held indisputable proof to show that she was suffering from Palpitation 3-4 days back prior to the date of completion of Personal Statement form. She had consulted a medical practitioner but the same was not disclosed in the Personal Statement regarding her health.

The entire records have been scrutinsed at this Forum. It is revealed from the records produced that the life assured was taken by her husband to native place and she suddenly died there on 17.05.2003 reportedly due to sudden development of severe abdominal pain, without getting any medical attention. While underwriting the above proposal LIC had obtained Personal Statement regarding Health from the life assured, which was dated 10.10.2002. However, in this declaration of Health there was no mention of having suffered from any illness/disease and hospitalisation which has been corroborated by the letter to the Branch Manager by Dr. Aslam A. anasari. The doctor has mentioned that the Insured was admitted in Apna Nursing Home for palpitation and she was discharged next day.

From the claim Investigation Report submitted by LIC, Thane D. O. it is revealed that Dr. Ansari has stated that deceased Life Assured was worried about her children in native place and Shri H. H. Bind was working in Dr. Ansari's Hospital for about seven years in the capacity of a 'caretaker' for a salary of about Rs. 2000/- per month during nights only and looking after patients there. Thus it is clear that he was not RMO as claimed by him in his deposition before the Forum. It is also observed that Shri Bind was running a dispensary in Bhiwandi with the Board 'Bipin Clinic' Dr. M. S. Bind. However, as regards the bonafides of Shri M. S. Bind, there is no issue before this Forum except that it constituted an overall malafide intention as also his annual income was wrongly stated by the Insured to mislead LIC to grant the life insurance. His own policies were also in lapsed condition althogh the Insured (his wife) made a statement in the propossal that those were in force.

From the investigation Report it is observed that the Insured was all the time residing at her native place, village shreepur and she joined her husband in Bhiwandi in the month of April / May, 2002 and after she joined all insurances on her life were proposed / taken. It is also noticed that proposal no. 3413 on the life of the deceased for Rs. 5 lakhs was rejected due to insufficient income. On further analysis on this aspect it is noticed that in the proposal form dated 15.07.2002 under policy no. 922594757 for Sum Assured Rs. 1,50,000/- previous policies were shown as for Rs. 2 lakhs Sum Assured and her husband's insurance for Rs. 5,50,000/-. Since the insured was housewife, being in catetory III of female lives as per underwriting rules, requiring minimum equal sum insured on husband's life, all the policies on the life of her husband were shown as inforce, while it was revealed from the Investigation Report that all the policies on her husband's life i.e. for Shri Bind were in lapsed condition after payment of first premium under the rejected proposal no. 3412 as discussed earlier. Smt. Hiramani Bind who was illiterate mentioned herself as a Category II female life without disclosing previous polices on her life. All these prove the malafide intention of the Insured to take out a Life Insurance Policy on her life by making false statements. Based on the facts and circumstaces, the rejection of the claim by LIC on grounds of misrepressentation and suppression of material facts is held sustainable.

Mumbai Ombudsman Centre
Case No. LI - 257 / 2004 - 05
Smt. Minal S. Patil
Vs.
Life Insurance Corporation of India

Award Dated 20.07.2005

Shri Sunil V. Patil was insured under Anmol Jeevan Policy Nos. 891380865/66, issued by Branch 887 of the Mumbai Division - III of Life Insurance Corporation of India, through proposal, medical examination of Shri Patil was also done. and on 21.04.2004 he was admitted to Tata Memorial Hospital for radiation treatment. He committed suicide on 28.05.2004. When the claim for policy moneys was preferred by the nominee, Smt. Minal S. Patil, Life Insurance Corporation of India informed her that the deceased, Shri S. V. Patil committed suicide within one year from the date of the policy, due to which the policy had become null and void in terms of the policy contract and therefore, nothing is payable.

On going through processing sheet viz. Rating sheet, it is found that there is a remark on14.05.2003 'call for Income Proof' and finally the proposals were accepted on 31.05.2003. In the absence of any documentary evidence from the Complainant in respect of date of submission of Income proof and in view of completion of underwriting and acceptance of the proposal from 31.05.2003, this Forum has to accept the date of acceptance of risk as 31.05.2003 which is also termed as date of commecement of risk. As per the hospital records it is observed that the insured was registered in the hospital on 21.04.2004 and he was diagnosed to have non-Hodgkin's lymphoma of Serum, for which he received Radiopathy. From the clinical notes it is noticed that the MRI of the insured in October, 2003 and March, 2004 showed infective lesion of iliac bone. The NHL i.e. non-Hodgkin's lymphoma is malignant and does not occur suddenly. The duration must be for quite a long time as it throws off various symptoms. The Insured within 6 months from the date of proposal / policy had gone for MRI which did not show normal findings. Thus it can be concluded that the insured was very much aware of some kind of sickness affecting him at the time of submitting the proposal but he suppressed the facts at that time. It is not expected that the entire medical file of

the LA would be made available to find out the treatment received before the policy was taken but some positive and strong indications are available not only by analysing the health status in October, 2003 but also by making an analysis of the circumstances leading to his taking high value policies in one go. His annual salary was written in one proposal as Rs. 1,00,000/- and in the other Rs. 1,40,000/-. One can guess about the intention of two declarations but an intelligent guess would be what would be the “take-home” salary to spare such a high premium of Rs. 6,000/- per year, when the salary received per month was so low and having to pay for the other policy in force at Satara. The next question would be who introduced the business and what has been done about that initially before acceptance of the risk. It appears that the concerned Agent is the father - in - law of the deceased life assured and LIC should find an answer about the action taken against such introduction of business in disregard of norms. It has been noted that LIC asked for income proof but why so late on 14.05.2003, when the proposal prima facie should have been faced with such question at the time of entry. The Complainant claimed that the proposal papers included income certificate. We have no machinery to check it, as LIC had no documentary proof to support calling for income proof by means of issue of a letter to the Agent. The Suicide Clause is applicable within one year from the date of risk of the policy and as such LIC has repudiated the claim. Consequently, the suicide clause is held operative as per the above mentioned policy conditions, and therefore, this Forum finds no valid reason to interfere with the decision of the Company to repudiate the claim.

Mumbai Ombudsman Centre
Case No. LI - 42 / 2005 - 06
Smt. Shailaja Ramnath Sawant
Vs.
Life Insurance Corporation of India

Award Dated 29.07.2005

Shri Ramnah Vithu Sawant was insured under Life Insurance policy No. 932552489 under Table and Term 14-10 issued by Bicholim - 93B, Branch of Life Insurance corporation of India, Goa Divisional Office through proposal dated 25.05.2001 for a Sum Assured of Rs. 50,000/- under Plan and Term 14-10 - an Endowment Assurance policy with Profits + Accident benefit. The policy commenced on 13.06.2001. Shri Ramnath Sawant expired on 17.12.2003 at Vrundavan Hospital and Research Centre, Mapusa, Goa due to Intracranial bleed. When the claim for the policy moneys was preferred by the nominee, Smt. Shailaja R. Sawant, it was held by Goa Divisonal Office that they had indisputable evidence to show that the assured had suffered from Motor Neuron disease with peripheral neuropathy and polyneuropathy for which he had taken medical treatment before he proposed for the policy which was not disclosed while filling the proposal form. Based on this LIC repudiated the claim Not satisfied by the said decision Smt. S. R. Sawant appealed to the Zonal Manager, Western Zone LIC, for reconsideration of the decision, however the Zonal Claims Review Committee upheld the decision of Goa D. O. Aggrieved by this decision, Smt. Sawant approached this Forum for redressal of her grievance. After perusal of records parties to the dispute were called for hearing. The entire records have been scrutinized at this Forum. The Life Assured died due to massive Intracranial bleed as mentioned by Dr. D. Naik, Vrundavan Hospital & Research Centre, Mapusa in the certificate of hospital treatment claim Form B1. It is revealed from the records produced that the life assured had been availing leave on medical grounds since 23.02.89. as per medical certificate dated 30.12.95 issued by Dr. Rajbuman Chaudhary, 05D, Medical Administration, Bombay Hospital, the deceased life assured had availed medical treatment from 04.12.95 to

22.12.95 at Bombay hospital. However, the nature of illness/diagnosis has not been mentioned in the above cetificates. As per the leave record with supporting medical certificates. It is observed that the Insured had remained absent on medical grounds for duration of more than one week on various occasion before the date of proposal.

In view of the above analysis which proves that the deceased life assured knowledge about his illness and made deliberate mis-statements and withheld material information from the Company regarding his health at the time of insurance and revival of the above policy, the decision for repudiation of the claim by LIC is justified and therefore, this Forum finds no valid reason to interfere with the decision of the Corporation to repudiate the claim.

Mumbai Ombudsman Centre
Case No. LI - 263 / 2004 - 05
Smt. Sangeeta Chintamani Bugde
Vs.
Life Insurance Corporation of India

Award Dated 08.08.2005

Shri Chintamani Pundalik Bugde took policy no. 931918007 from Life Insurance Corporation of India, Mapusa Branch of Goa Divisional Office for Rs. 20,000/- with effect from 28.03.2003 under plan 14 for a term of 15 years, through his proposal dated 21.03.2003. He died on 20.07.2003 and cause of his death was Alcoholic liver disease. LIC of India repudiated the liability under the above policy by their letter dated 15.01.2004 stating that the deceased life assued had withheld correct information regarding his health at the time of effecting the assurance and hence, in terms of the policy contract and declaration contained in the proposal forms and personal statements, they were not liable for any payment under the policies.

LIC took the view that all the statements were false and stated that they held indisputable proof to show that about 4 months before he proposed for the above policy he had suffered from Viral Hepatitis for which he had consulted a doctor and had taken treatment from him and was on medical leave for 16 days from 06.11.2002 to 21.11.2002 but he had not disclosed this in his proposal, instead he gave false answers as above. The entire records have been scrutinized at this Forum. It is revealed from the records produced that the life assured was admitted in Asilo Hospital, Mapusa, Goa on 18.07.2003 and underwent treatment under Dr. S. Falcao, Medical Officer of the aforesaid hospital. As per the medical certificate of 28.08.2003, Claim Form B and Certificate of Hospital treatment and Claim Form B1 issued by Medical attendant, Asilo Hospital, the cause of death was ‘Alcoholic Liver Disease’. It is also noticed from the insured’s employer’s certificate that insured used to take leave frequently including leave on medical ground. To be specific, the Medical Certificate dated 21.11.2002 issued by Dr. B. V. Chodankar of Dr. Hemant Memorial Clinic, Mapusa, it is stated that the Deceased Life Assured was under his treatment from 06.11.2002 to 21.11.2002 for Viral Hepatitis and as per Certificate dated 10.01.2003 issued by Dr. S. M. Kalangulkar, the insured suffered from Lumbago during the period from 30.12.2002 to 11.01.2003. These ailments were recorded well before the policy was taken in March, 2003. The claim of Smt. Sangeeta Chintamani Bugde for payment of policy moneys under policy no. 931918007 on the life of late Shri Chintamani Pundalik Bugde is not sustainable. The case is disposed of accordingly.

Mumbai Ombudsman Centre
Case No. LI - 259 / 2004 - 05

Shri Seshan Krishnamoorthy
Vs.
Life Insurance Corporation of India

Award Dated 10.08.2005

Smt. Kamakshi Seshan, mother of Shri Seshan Krishnamoorthy had taken two Varishta Pension Bima Yojana policies from Branch 937, of Mumbai Division Office - II for Rs. 80,000 and Rs. 50,000 respectively under policy No. 881229611 and 881232268. While proposing for the second policy, Smt. Kamakshi Seshan had mentioned in the proposal form dated 21.10.2003 that she had a policy for Rs. 80,000/- under the same plan i.e. Table 161. The pension amount under both the policies were directly being credited by LIC to the bank account of Smt. Kamakshi Seshan. Smt. Kamakshi Seshan expired on 26.02.2004. When Shri Seshan Krishnamoorthy, who was nominee under the preferred policies claimed for refund of Purchase price. LIC settled the claim under the preferred policies claimed for refund of purchase price. LIC settled the claim under the first policy and cancelled the second policy and refunded Rs. 47,671 after deducting the amount of pensions paid i.e. Rs. 2383 and not Rs. 50,000 without any deductions. Not Satisfied with the decision Shri Seshan Krishnamoorthy represented and after personal visits to LIC Office and several reminders when he did not receive any favourable response he filed a complaint before the Insurance Ombudsman for release of amount Rs. 2383 which was recovered from purchase price alongwith Interest for delay, costs and expenses. After perusal of the records parties to the dispute were called for hearing. It is evident from the above facts that the dispute is regarding non-payment of full purchase price of Rs. 50,000 over and above annuities, if any, paid as per the policy condition. This has happened as LIC issued a second policy under Varishta Pension Bima Yojana against the administrative instruction then prevailing by failing or ignoring to take note of the reference of the previous policy under the same plan made by the annuitant in the proposal form. This is a previous policy under the same plan made by the annuitant in the proposal form. This is a lapse no doubt. In any case the mistake which occurred had to be rectified and payments made had to be recovered, keeping in mind that the second policy was wrongly issued since inception. Obviously the proposer deservded to get back the amount in full and Whatever administrative costs LIC had incurred from procuration of business till issue of policy and thereafter should be borne by them only. The only issue which merits some consideration is a fact that the nominee of the Annuitant has lost the notional interest amount which would have accrued on Rs 50,000 between October, 2003 to January, 2004 and LIC would be justified in giving him this benefit as whole thing arose out of the mistake which has been admitted by them. As per then prevailing bank rate 6 % interest on Rs. 50,000/- would have yielded roughly Rs. 1000 for a period of 4 months and payment of this amount as a direct consequence of the wrongly issued policy would meet the end of justice in tune with the provision of 16 (2) of the RPG Rules, 1998.

Mumbai Ombudsman Centre
Case No. LI - 220 / 2004 - 05
Shri Sandeep Khamkar
Vs.
Birla Sun Life Insurance Co. Ltd.

Award Dated 11.08.2005

Shri Sachin Rajaram Khamkar had taken a Birla Sun Life Term Plan under policy No. 000042600 for Rs. 10 lakhs from Birla Sun Life Insurance Company Limited Mumbai. The date of commencement of the policy was 18.11.2002. Shri Sachin R. Khamkar

unfortunately expired on 18.12.2003 in a railway accident. When the claim was preferred by Shri Sandeep Khamkar brother of the deceased life assured and the nominee under the said policy the Company appointed an investigator to investigate the case. The Company based on the investigator's report repudiated the claim vide their letter dated 31.03.2004. The Company's contention was that there had been suppression of material facts regarding the Life Assured's health in the proposal for insurance. Shri Sandeep Khamkar, the brother of the life of the Life Assured had paid the amount towards the first and only premium under the policy although the deceased life assured was employed with The Oriental Insurance Company Limited. The Birla Sun Life Insurance Company Limited refunded the premiums under the policy. After perusal of the records parties to the dispute were heard. A scrutiny of the records submitted, it is observed that Shri Sachin Rajaram Khamkar was appointed as a Record Clerk in The Oriental Insurance Company Limited had availed sick leave due to T. B. Pulmonary (Koch's disease) Shri Sachin Rajaram Khamkar was admitted in Punamiya Hospital on 09.12.03 and was discharged on 17.12.03. As per the case paper dated 09.12.03 of Punamiya Hospital, the deceased life assured was a known Immuno compromised patient. He was admitted with High grade fever over last 1 ½ months, cough loss of appetite nausea and vomiting on taking food. The hospital recorded an earlier history of PTBM c Hemiparesis in 2002 which was (PTBM = Pulmonary Tuberculosis and Meningitis). The Company has rejected the above claim on the ground that there has been suppression of material facts as regards the health of the life to be insured in his application for insurance. However, no medical records or treatment particulars before the policy was taken could be made available by the Company to this Forum. It was, however, evident that the deceased life assured was suffering from the diseases mentioned above as also some other invasive diseases the progress of which takes a long time. Pulmonary TB with meningitis would first of all take time to progress and during this time it would send signals in the form of various symptoms which would be well within the knowledge of the Life Assured. Based on ths circumstantial evidence coupled with incisive analysis, it can be safely concluded that at the time of making the proposal the Life Assued did have some complications, symptoms or disease which was not disclosed. Based on the above analysis founded on medical science and aided by the fact that Section 45 was favouring the Company in so far as documents obtained were concerned, this Forum does not find any scope to interfere with the decision of Birla Sun Life Insurance Company Limited to repudiate the claim and refund the premium paid to the Complainant and therefore, the Company's decision is held sustainable.

Mumbai Ombudsman Centre
Case No. LI - 194 / 2004 - 05
Smt. Laxmidevi Arun Dhengale
Vs.
Life Insurance Corporation of India

Award Dated 24.08.2005

Shri Arun Damodar Dhengale took a life insurance policy no. 960190850 for Rs. 1,00,000/- under Table & Term of 149-21 through proposal dated 07.10.2003 with effect from 15.10.2003 from Branch 96-D of Nasik Divisional Office of Life Insurance Corporation of India. As per claim note of Nasik D. O., Shri Dhengale was first taken to Maharashtra Heart and Critical Care hospital on 10.11.2003 due to loss of consciousness as he was unable to get up from sleep wherefrom he was transferred to Lifeline Hospital on same day i.e. on 10.11.2003 and discharged on 04.12.2003 and he was admitted dead on 05.12.2003 in JDC Bytco Hospital, Nasik Road. When a claim

was preferred by Smt. Laxmidevi Dhengale wife of the deceased life assured, it was rejected by Nasik D. O. as it was observed by LIC that Shri Arun Dhengale withheld correct information regarding his health at the time of effecting the insurance with them.

As per the Agents Confidential Report dated 07.10.2003, Shri C. V. Deshmukh, Agent Code No. 139396 D who initially canvassed for the proposal and also witnessed the signature of the proposer in the proposal form, is related to the deceased life assured. However, the Agent has not disclosed any material facts regarding the health of the deceased life assured in his Agent's Confidential Report and suprisingly the company has also neither taken any action against the agent nor called for his explanation for suppressing the health status of the deceased life assured.

As per the certificate of Hospital Treatment (Claim Form BI) dated 21.01.2004 sumbmitted by the Medical Officer of Lifeline Hospital, Nasik, the deceased was admitted in the Lifeline Hospital on 10.11.2003 and was discharged from the hospital on 04.12.2003. Prior to admission, the deceased was treated by Dr. Rakesh Tiwari. And at the time of admission 'the deceased was a k/c/o Diabetes Mellitus presented c sudden onset and the nature of complaint was loss of consciousness. The Patient was having (Rt) facial paresis c (Rt) hemiparesis c Bipyramidl signs. The Company was asked to submit copies of Indoor Case papers from Lifeline Hospital & Medical Research Centre Pvt. Ltd.,Nasik. However, the Company is unable to submit the Indoor case papers from Lifeline Hospital. The primary cause of death is cardiac arrest and the secondary cause of death is Myocardial Infarction and it was ascertained by examination after death. And as per the certificate, he had been suffering from this disease 24 days before his death. The symptoms of the illness was sudden loss of consciousness in the morning on 10.11.2003 and the insured was a Biddi smoker.

From the medical records it is observed that the Insured was known case of Diabetes Mellitus. On the date of proposing for this policy (i.e. 07.10.2003) the deceased life assured was on medical leave for 128 days from 03.07.2003 to 07.11.2003. The deceased life assured had knowledge about his illness and made deliberate mis-statements and with held material information from the Company regarding his health at the time of insurance. The decision for repudiation of the claim by LIC is justified and therefore, this Forum finds no valid reason to intefere with the decision of the Corporation to repudiate the claim.

Mumbai Ombudsman Centre
Case No. LI - 213 / 2004 - 05
Smt. Pushpa Shyamsunder Shukla
Vs.
Life Insurance Corporation of India

Award Dated 30.08.2005

Shri Shyamsunder Madhav Prasad Shukla was insured under Life Insurance Policy No. 821588764 issued by Life Insurance Corporation of India, Branch 82 E, of Amravati Divisional Office through proposal dated 31.03.2003 for a Sum Assured of Rs. 50,000/- under Plan and Term 14-20 an Endowment Assurance Policy with Profits + accident benefit. The policy commenced on 28.03.2003. Shri Shyamsunder Madhav Prasad expired suddenly on 23.05.2003 due to Chest Pain. When the claim for the policy moneys was preferred by the nominee, Smt. Pushpa Shyamsunder Shukla, Life Insurance Corporation of India repudiated the claim on the grounds of suppression of material fact. Not satisfied with the said decision Smt. Shukla made an appeal to the Zonal Manager, but the same was turned down Aggrieved by the decision of LIC Smt.

Shukla approached the Office of the Insurance Ombudsman seeking intervention of the Ombudsman for settlement of her claim.

After perusal of the records parties to the dispute were called for hearing. The records as made available to this Forum been examined and it is evident that LIC has relied upon the special query form duly completed by Dr. K. R Bhuchandi, which confirms that the deceased life assured was suffering from Hepatitis. It was evident that the Life Assured had suppressed the material information in the proposal form about the illness 'Hepatitis' he suffered five months before he submitted proposal for insurance. He had also not disclosed about the leave he took on medical ground for the above illness which was vital for LIC's consideration. Accordingly he violated the principle of utmost good faith by not disclosing material facts truthfully to the LIC for enabling them to assess the risk in the right perspective.

In the circumstances this Forum has no valid ground to interfere with the decision of LIC to repudiate the claim for the Sum Assured.

Mumbai Ombudsman Centre
Case No. LI - 033 / 2005 - 06
Smt. Manisha Bharat Saindane
Vs.
Life Insurance Corporation of India

Award Dated 16.09.2005

Shri Krishna Nimba Warude was insured under a Life Insurance Policy No. 961053749 issued by Branch 96 E of Life Insurance Corporation of India Nasik Divisional Office. The proposal form he submitted was dated 10.03.2004 for a Sum Assured of Rs. 30,000/- under Plan and Term 133-20. Shri Krishna Nimba Warude unfortunately expired on 24.05.2004 due to Sudden Cardiac Arrest. When the claim for the policy money was preferred by the nominee, Smt. Manisha Bharat Saindane, daughter of Shri Krishan Nimba Warude, Life Insurance Corporation of India repudiated the claim as he had not disclosed the facts in the proposal or even during the intervening period when the proposal was being processed and before acceptance of the insurance as proposed. Aggrieved by LIC's decision Smt. Saindane approached the Insurance Ombudsman for settlement of her claim. Her plea was 20.04.2004 her father felt giddiness and he fell down and was taken to the hospital and after the treatment her father was discharged on the same day. Thereafter her father used to go to the shop regularly, but on 24.05.2004 while her father was on his way to the shop he fell down on the road when he was taken to the hospital, the doctor had declared him dead. The relevant records made available to this Forum have been examined. It is seen that two proposals are placed with the Agent for processing it is but natural that premium amount would be deposited alongside and there is no reason why it should not be so as otherwise it would not have gone through the processing and medical examination only to determine the exact premium to be charged and additional primium, if any, would have been collected.

The Medical Attendant's certificate dated 22.06.2004 by Dr. Rajan P. Pantvaidya states the cause of death as "Sudden Cardiac Arrest". In the special questionnaire from by Dr. Suresh G. Patil, DHMS has stated that the deceased life assured had just consulted him on 21.04.04. The nature of his disease was hypertension with anxiety severe perspiration and thready pulse and he has been suffering from this disease since 21.04.04. LIC confirmed that the proposal deposit was with the Agent concerned and he somehow forgot to pay the deposit amount under the policy of Shri Krishna Nimba Warude. LIC also advised that the concerned Agent has been terminated. Keeping in

view that Agents are authorized to take the proposal deposit amount and in view of LIC's confimation that the Agent forgot to deposit the amount, and in the face of alteration in date of inward of proposal deposit date and also in the absence of any conclusive evidence for any treatment/medication taken by the Insured before submission of the proposal, the benefit of doubt must be given to the insured and therefore, claim merits favourable consideration and I hereby decide to set aside LIC's repudiation.

Mumbai Ombudsman Centre
Case No. LI - 228 / 2004 - 05
Smt. Sanghamitra Rajendra Wakode
Vs.
Life Insurance Corporation of India

Award Dated 26.09.2005

Shri Rajendra Pandurang Wakode was insured under two Life Insurance Policy Nos. 821615166 & 821615167 issued by Life Insurance Corporation of India Branch 82 A, of Amravati Divisonal Office through proposals dated 11.11.2002 submitted to the Branch on 20.11.2002 for a Sum Assured of Rs. 50,000/- each under Plan and Term 103-20 Jeevan Chaya Policy with profits + accident benefit. The policy commenced on 21.11.2002. Shri Rajendra Pandurang Wakode expired on 12.03.2003 due to Ca Oesophagus at Sant Tukaram Hospital and Medical Research Centre, Akola. When the claim for the policy moneys were preferred by the nominee, Smt. Sanghmitra Rajendra Wakode, Life Insurance Corporation of India repudiated the claim.

Not satisfied with the said decision Smt. Wakode made an appeal to the Zonal Manager, for reconsideration of the decision and settlement of her claim. Which was upheld. Aggrieved by the decision of LIC, Smt. Wakode approached the Office of the Insurance Ombudsman seeking intervention of the Ombudsman for settlement of her claim. After perusal of the records parties to the dispute were called for hearing. The relevant records submitted to this Forum have been scrutinized. The proposal forms for Insurance were completed on 11.11.2002 and were submitted to the Company on 20.11.02. On the same day Life Assured had undergone histopathology test in view of the symptoms of Dysphagia i.e., difficulty in swallowing solids and liquids prior to this date. As per the histopathology report dated 20.11.02 the deceased was diagnosed to be suffering from cancer of oesophagus. The proposals have been accepted on 30.11.02 and the dates of first premium receipt is 30.11.02. In the meanwhile during the period from filling up the proposals to its completion the deceased had come to know about his adverse health status but the same was not intimated to LIC. Both the proposals were on non-medical basis and as no medical examiantion of the Insured was conducted, LIC solely relied on the health declaration given by the Insured, on the basis of which proposal were completed The suppressed material fact about his health by the Insured was the very cause of his death.

Based on the facts and documents produced, this Forum does not find any scope to interfere with the decision of LIC to repudiate the claim and therefore, the Company's decision is held sustainable.

Mumbai Ombudsman Centre
Case No. LI - 235 / 2004 - 05
Smt Nisha Ramesh Vairagade
Vs.
Life Insurance Corporation of India

Award Dated 26.09.2005

Shri Ramesh H. Vairagade took policy no. 971320066 from Life Insurance Corporation of India Wardha Branch Office No. 974 of Nagpur Divisional Office for Rs. 2,00,000/- with effect from 06.06.2001 under plan 91 for a term of 16 years, through his proposal dated 29.05.2001. He died on 27.06.2002 under cause of his death was Cardio Respiratory Arrest. Smt. Nisha Vairagade, wife of the deceased, preferred a claim to LIC of India for reimbursement of policy money. LIC of India informed Smt. Vairagade by their letter dated 19.04.2003 about their decision to repudiate the liability under the above policy stating that the deceased life assured and hence, in terms of the policy contract and declaration contained in the proposal forms and personal statements, they were not liable for any payment under the policy.

LIC took the view that all the above statements were false and stated that they held indisputable proof to show that before he proposed for the above policy he had undergone a massive surgery for open Closed Mitral Valveotomy (CMV) in a hospital which he had not disclosed in his proposal, instead he gave false answers as above. It is revealed from the records produced that the deceased life assured had undergone operation in 1985 for closed Mitral Valvectomy (CMV). As per the Medical Attendant's Certificate (Claim Form 'B') dated 16.10.2002 issued by A. M. O. KEM Hospital, Mumbai the death was caused due tocardiorespiratory failure in an operated case of Rheumatic Heart disease with Mitral restenosis and Pulmonary Hypertension (not related to surgery). The deceased had H/o OCC. PND and H/o Rheumatic fever in childhood. The doctor has also mentioned that the insured had earlier habit of smoking cigarette which was stopped since 10 years and Tobacco consumption which was stopped 4-5 months back and had a habit of alcohol consumption also. As per the history given in the Coronary Angiography Report dated 28.05.2002 of Ekvira Heart Institute, Nagpur the deceased was hypertensive, chronic tobacco chewer and ex-smoker, a diagnosed case of Rheumatic Heart disease-calcific mitral stenosis with severe pulmonary Hypertension, Post CMV presented with history of chest pain and breathlessness on exertion for the last 7 months. It also states history of palpitation edema over feet.

The above records establish the fact that the deceased life assured was having history of Heart ailments prior to the date proposal and he had been under treatment of doctors for the disease. This earlier heart ailment and consumption of Tobacco/alcohol had contributory role in causing death and this ailment and surgery was not disclosed. Had he disclosed about this in his proposal form, LIC would have called for special reports before accepting the proposal and taken appropriate decision to underwrite the risk. The claim of Smt. Nisha Ramesh Vairagade for payment of policy money under policy no. 971320066 on the life of late Shri Ramesh Haribhauji Vairagade is not sustainable.

Mumbai Ombudsman Centre
Case No. LI - 264 / 2004 - 05
Smt. Vimlabai Ramkhilawan More
Vs.
Life Insurance Corporation of India

Award Dated 26.09.2005

Shri Ramkhilawan Gayadin More was insured under Life Insurance Policy issued by Life Insurance Corporation of India, Branch, II, of Amravati Divisional Office through proposal for a Sum Assured of Rs. 72,000/- under Plan and Term 14-15. The policy commenced on 15.06.1999. The policy lapsed in June 2001 which was revived on

28.12.2001. Shri Ramkhilawan Gayadin More expired on 27.09.2002 due to Heart Attack When the claim for the policy moneys were preferred by the nominee, Smt. Vimlabai R. More, LIC repudiated the claim. Not satisfied with the said decision Smt. More made an appeal to the Zonal Manager, Western Zone LIC, for reconsideration of the decision which upheld the decision of the Divisional Office. Aggrieved by the decision of LIC Smt. More approached the Office of the Insurance Ombudsman seeking intervention of the Ombudsman for settlement of her claim. After perusal of the records parties to the dispute were called for hearing. The relevant records pertaining to the case have been scrutinized at this Forum. In the Medical Attendant's certificate Claim Form B, Dr. Manju Lata Tiwari, Medical Officer, Central Railway, Itarsi has mentioned that the primary cause of death was chest pain sweating and giddiness. As per the proposal form dated 15.06.99 the deceased life assured had passed the secondary school certificate examination He was employed with Central Railway, Nagpur as ticket Inspector and his annual income was Rs. 96,000/- through salary. The policy lapsed on 15.07.2001 but the same was revived on 28.12.2001 on the basis of personal statement regarding health dated 23.12.2001, which did not mention anything adverse. As per the certificate dated 23.02.04 issued by DRM (P), Central Railway, Nagpur the deceased had availed sick leave on several occasions during the period from 15.12.98 to 16.12.02. However, the Company could neither collect supporting medical certificate for the leave taken on medical ground nor produce corroborative evidence such as treatment particulars, Doctor's prescriptions or whether he had suffered from any illness and taken treatment for the same prior to the date of revival of the policy. As per the Investigation Officer's Report the general state of health of the deceased life assured was good. The deceased was never admitted in any hospital. The deceased was treated only at the time of his death when he was admitted at New Yard Hospital of Central Railway, Itarsi at 9.35 a.m. on 27.09.02 and expired at 9.55 a.m. on the same day due to Heart Attack.

In the absence of conclusive evidence for the illness on which ground sick leave was taken by the Insured LIC's decision for repudiation of the claim has no justifiable ground. In consequence LIC's repudiation becomes vulenrable and the Complainant's appeal gains merit for consideration on grounds of insufficient evidence leaving the benefit of doubt in favour of the Complainant.

Mumbai Ombudsman Centre
Case No. LI - 014 / 2005 - 06
Smt. Rita Anal Das
Vs.
Life Insurance Corporation of India

Award Dated 30.09.2005

Shri Anal Rauanih Das took six policies in the year 2002 - 2003 from Wani Branch under Amravati Division of Life Insurance Corporation of India. Nominee under these policies was his wife Smt. Rita Anal Das. Shri Das died on 12.10.2003 due to Debilitating disease as per Post Mortem Report. When the claim was preferred by Smt. Rita Das, Life Insurance Corporation of India repudiated the claim on 31.03.2004 on the ground that deceased life assured had suffered from Chronic Alcoholic Pancreatitis two to three years before the inception of the policy which he did not disclose at the time of filling the proposal forms instead he gave false answers to the questions in the proposal. LIC therefore held that he had made deliberate incorrect statements and withheld correct information from them regarding his health at the time of effecting the assurance.

The relevant records submitted to this Forum have been examined. The deceased Life Assured had taken all the six policies within a gap of one year that too an advanced age of 50/51 years and died within two years. It is revealed from the discharge card of K. E. M. Hospital that DLA was admitted to K. E. M. Hospital from 18.04.2000 to 06.05.2000 for Chronic Alcoholic Pancreatitis. From the narration of the previous history made in the discharge card it had been observed that the DLA was chronic for past 15 years and had also taken treatment in Sevagram Hospital earlier for jaundice with lump abdomen. The Investigating Officer's report also confirms the fact that DLA was chronic alcoholic for 15 years. The Life Assured died at his residence and the dead body was found in the house after the door was forced open in the presence of Personnel Manager. The reason of death given in the Medical Attendant's Certificate and Post Mortem Report is debilitating disease, perhaps this reason was given in the absence of information about the personal history and habits of DLA, which would be a reasonable conclusion.

There is a duty on the applicant for life insurance to answer the questions put to him in the proposal form, personal statement and by medical examiner, honestly and truthfully. The statement made by the DLA while taking the above policies about his previous illness and habits were inaccurate, false and he deliberately suppressed the fact which it was material to disclose. Had he disclosed the ailments for which he was admitted to hospital and taken treatment, LIC would have taken appropriate underwriting decision at the time of accepting the proposal.

Thus the decision of the rejection of death claim by LIC of India for deliberate mis-statements and withholding material information regarding health of the Life Assured at the time of proposing for insurance under the above policies is sustainable. Hence this Forum finds no valid reason to interfere with the decision of LIC of India. LIC is directed to take neceassary action against the agent in this regard. The claim of Smt. Rita Anal Das under policy No. 973025819, 973025818, 821709601, 973031800, 973030252 and 821647626 on the life of late Anal R. Das is not sustainable. The case is disposed of accordingly.