Death Claim

Ahmedabad Ombudsman Centre
Case No. 21-001-0070
Ms. H D Patel
Vs
Life Insurance Corporation of India

Award Dated : 9.10.2007

Repudiation of Claim under Life Policy. The assured while going in for insurance had, in the proposal form, not stated that he was taking treatment for High Blood Pressure and Acidity. The assured died of Heart Attack. Claim was repudiated. There being a strong nexus between the disease not disclosed and the reason of death, that too within 28 days of taking the policy, the decision of the Respondent to repudiate the Claim was upheld.

Ahmedabad Ombudsman Centre
Case No. 21-000-0380
Mr. T C Patel
Vs
Life Insurance Corporation of India

Award Dated : 11.10.2007

Repudiation of Claim under Life Insurance Policy: On the death of the Insured, the Death Claim was repudiated since the Respondent submitted that the DLA had given false quantum and source of Income while filling the proposal form. Besides, the initial premiums were paid from an NRE Account of the DLA's brother (Complainant) and the policy was also assigned to the said brother. Thus the insurance was for a wagering contract. The Complainant submitted copies of Pass Book of the dairy giving detailed income from milk sold to the dairy on a day to day basis. He gave adequate proofs of sale of vegetable and pulses, milk, FDR-Interest Income etc. showing that the DLA had income adequate to take insurance as per the norms of Financial Underwriting set by the Respondent Insurer. From the records adduced, it was seen that the Assignee of the Policy was the real brother of the DLA. The Respondent is still accepting premiums paid by the Complainant on the lives of other brothers and their spouses as well as the spouse of the DLA. If the logic used by the Respondent to declare this to be a wagering contract, the other policies should also have been declared null and void ab-initio which was not the case. Since the Respondent could not establish any of the reasons for repudiation of the Claim, the Complaint succeeded and the Respondent was directed to pay the full Claim.

Ahmedabad Ombudsman Centre
Case No. 21-001-0173
Sri. G D Patel
Vs
Life Insurance Corporation of India

Award Dated : 18.10.2007

Repudiation of Claim under Life Policy. The Assured while going in for insurance did not state the fact that she was 8 weeks pregnant while proposing the Policy. Evidences in the form of Certificate of the treating physician were adduced. The assured died due to Septicemia after intra-uterine foetal death. The Complainant did not remain present nor had he contested the Respondent's stand in repudiating the Claim. Since breach of utmost good faith vitiated the insurance contract itself, the decision of the Respondent to repudiate the Claim was upheld.

Ahmedabad Ombudsman Centre
Case No. 21-007-0145
Ms. C K Trivedi
Vs
Max New York Life Insurance Co. Ltd.

Award Dated : 18.10.2007

Repudiation of Death Claim under Life Policy. The Assured while going in for insurance did not state the fact that he was under treatment for hypertension 2½ years and for bronchitis 6 months prior to proposing the Policy. Evidences in the form of Certificate of the treating physician were adduced. Since breach of utmost good faith vitiated the insurance contract itself, the decision of the Respondent to repudiate the Claim was upheld.

Ahmedabad Ombudsman Centre
Case No. 21-001-0080
Mr. N K Manghnani
Vs
Life Insurance Corporation of India

Award Dated: 23.11.2007

Repudiation of claim for Female Critical Benefit under Life Insurance Policy. Claim for Critical Illness benefit on detection of malignant tumor of the breast was repudiated due to misstatement of facts regarding occupation, educational qualifications and income. While filling the proposal form, the Deceased had stated that she was BCom by qualification and working as a teacher in an English Medium School with an annual income of Rs. 58000/- from service. During the course of investigation, the Complainant admitted that the DLA was not in any service but was a private tutor and was giving help to her husband in his provision store. The Respondent repudiated the claim and declared the contract null and void ab-initio. However, after a period of 10 months, the Respondent sent another letter to the DLA informing her to pay further premiums under the policy so that it is kept in force. This letter effectively annulled the action of the Respondent to suspend the risk. Under such a situation, it was held that in the absence of any other cogent reasons for repudiation of Critical Illness Claim, the Respondent itself has held the Claim for Critical Illness benefit to be valid. However, there has also been a definite mis-statement on material facts. As such, the Respondent was directed to pay 50% benefit on an ex-gratia basis.

Ahmedabad Ombudsman Centre
Case No. 21-001-0196
Ms. H D Parmar
Vs
Life Insurance Corporation of India

Award Dated : 17-12-2007

Repudiation of Claim under Life Insurance Policy: While proposing for Insurance, the Assured had not disclosed the fact of his being treated for Cancer of Right Buccal Mucosa about 4 months prior to proposing for insurance. The Certificate of the Cancer Hospital stated that the DLA was operated for sub-mandibular swelling for which Radiotherapy and Chemotherapy were administered. The disease was critical enough for one who suffered not to ignore its mention. Non disclosure of the said disease led to repudiation of the Claim by the Respondent. Since, the non-disclosure sniped Utmost Good Faith, which formed the cornerstone of Insurance Contract, the decision to repudiate the Claim was upheld.

Ahmedabad Ombudsman Centre
Case No. 21-001-0263
Ms. M S Prajapati
Vs
Life Insurance Corporation of India

Award Dated : 28.01.2008

Repudiation of Claim under Life Insurance Policy: While proposing for Insurance, the Assured had not disclosed the fact of his being treated for Renal Disease since 2½ years prior to proposing for insurance. The Certificate of the Cancer Hospital stated that the DLA was a known case of renal disease for 3 years. The Assured died of Chronic Renal Failure within 6 months of effecting the Insurance. Direct nexus is observed between the suppressed material fact and cause of death. Non disclosure of the said disease led to repudiation of the Claim by the Respondent. Since, the non-disclosure sniped Utmost Good Faith, which formed the cornerstone of Insurance Contract, the decision to repudiate the Claim was upheld.

Ahmedabad Ombudsman Centre
Case No. 21-001-0251
Ms. S A Indrekar
Vs
Life Insurance Corporation of India

Award Dated : 28.01.2008

Repudiation of Death Claim under Life Insurance Policy: While proposing for Insurance, the Assured had misstated that his annual Income is Rs.110000/- and induced the Respondent to issue a policy which they would not have done had the Assured given correct information. Since, the mis-statement sniped Utmost Good Faith, which formed the cornerstone of Insurance Contract, the decision to repudiate the Claim was upheld.

Ahmedabad Ombudsman Centre
Case No. 21-001-0230
Ms. C K Jani
vs
New India Assurance Co. Ltd.

Award Dated: 28.01.2008

Repudiation of Death Claim under Life Insurance Policy: While proposing for Insurance, the Assured had not disclosed the fact of his suffering from Allergic Asthmatic Bronchitis since birth. This non-disclosure denied the Respondent an opportunity to call for further special reports. But, the decision to repudiate the Claim was communicated after 2 years from the date of effecting the insurance thus giving

the Assured the benefit of the ennobling provisions of Sec. 45 of Insurance Act. Besides, the documents on record show that the Assured had a history of Cough in winter and summer season aggravated by fumes, smoke etc. Nowhere could it be proved that the Allergic Asthmatic Bronchitis was present since birth. The DLA died due to suicide which had no nexus with the suppressed facts. As such, the Respondent was directed to settle the full claim

Ahmedabad Ombudsman Centre
Case No. 21-001-0291
Ms. V R Patel
Vs
Life Insurance Corporation of India

Award Dated : 29.01.2008

Repudiation of Death Claim under Life Insurance Policy: While proposing for Insurance, the Assured had not disclosed the fact of his suffering from Cancer of tongue for 4½ years prior to his filling the proposal form for which he was also operated for. The Respondent could produce Certificate of Treatment by Cancer Hospital. Had he disclosed the facts in the proposal form, the Respondent would have declined to accept the risk. The Assured died within 2 yrs 10 months of taking the Policy due to Cardio Respiratory Arrest and Cancer of tongue, thus proving the nexus with the disease not disclosed. The evidence being foolproof beyond doubt, the decision of the Respondent to repudiate the Claim is upheld.

Ahmedabad Ombudsman Centre
Case No. 21-001-0240
Mr. B S Bhoi
Vs
Life Insurance Corporation of India

Award Dated : 30.01.2008

Repudiation of Claim under Life Insurance Policy: As per records the Deceased ignited herself by pouring Kerosene in her residence. The risk cover under the Policy commenced on 30-11-2004. Death took place on 8-2-2007 (i.e within 3 years). As such, the decision of the Insurer to repudiate the liability under the Policy and to refund the premiums paid without interest as per conditions of the Policy Clause 4B was upheld.

Ahmedabad Ombudsman Centre
Case No. 21-001-0202
Ms. R M Pathan
Vs
Life Insurance Corporation of India

Award Dated : 31.01.2008

Repudiation of Claim under Life Insurance Policy: While proposing for Insurance, the Assured had not disclosed the fact of his suffering from Abdominal Pain and Gastro-enteritis for which he had taken leave on medical grounds prior to his filling the proposal form. The Respondent produced a Certificate of Hospital Treatment which did not mention whether the diseases not disclosed in the Proposal Form were of a one-off/chronic nature. The Complainant pleaded that the Assured was a driver with the Municipality and it was very difficult for him to get leave even for family exigencies. So he had to per-force submit false medical certificates to avail leave. The Assured died due to Cancer of oral cavity and gastro-enteritis, pain in abdomen 2 years and 3

months after taking the Policy. The Respondent could not produce evidences of diagnostic tests/treatment, fraudulent intention or even nexus. As such, repudiation was set aside and the Respondent was directed to pay the full claim.

Ahmedabad Ombudsman Centre
Case No. 21-001-0246
Ms. M A Otiya
Vs
Life Insurance Corporation of India

Award Dated : 12.02.2008

Repudiation of Claim under Life Insurance Policy: While proposing for Insurance, the Assured had not disclosed the fact of his having been treated for Infective Hepatitis for which he had taken leave on medical grounds 3½ months prior to his filling the proposal form. However, the Assured had given an employer's certificate giving the dates of leave while proposing for Insurer, which the Insurer's underwriters had not probed into to know the reasons for such leave. The Cause of death was falling down suddenly. It had no nexus with the disease not alleged to have been disclosed in the Proposal Form. So both the parties having erred equally on one point or the other, the Respondent was directed to settle 50% of the Basic Sum Assured on an ex-gratia basis. It is notable to point out that the Respondent's Claim Review Committee too had vide their order coinciding with that of the Forum offered the same amount to the Respondent in full and final settlement.

Ahmedabad Ombudsman Centre
Case No. 21-001-0051
Ms. A B Shah
Vs
Life Insurance Corporation of India

Award Dated : 12.02.2008

Repudiation of Claim: As per the police report, the Insured was sitting on the parapet wall of the terrace of his apartment at about 12 noon when he fell down and sustained injuries on his head and was declared dead when taken to the Hospital. Claim under one policy was repudiated citing 'Suicide Clause' since death occurred in the first year. Double Accident Claim under 4 other policies too were similarly refused. The Respondent submitted that there were no witnesses to confirm that the incident was not a suicide. There was no reason for the Insured to sit on the parapet wall in the heat of noon. Sub-Divisional Magistrate too had not ruled out the possibility of suicide. However, there are several judicial pronouncements on the subject which holds that only concrete, hard evidence is required to prove suicide. Since the Respondent could only presume and not prove that the death was not due to suicide, the Respondent was directed to settle the Claim.

Ahmedabad Ombudsman Centre
Case No. 21-001-0209
Mr. H C Dattani
Vs
Bajaj Allianz Life Insurance Co. Ltd.

Award Dated : 13.02.2008

Repudiation of Claim under Life Policy. The Insured met with an accident and died on spot. Claim was repudiated since the cheque for the first premium paid under the policy

had returned back dishonoured due to 'insufficient funds'. Since, the consideration was not received by the Insurer, the Policy stood cancelled ab-initio and the contract declared null and void.

Ahmedabad Ombudsman Centre
Case No. 21-001-0169
Mr. U H Thakkar
Vs
Life Insurance Corporation of India

Award Dated: 13.02.2008

Repudiation of Claim under Life Insurance Policy: Double Accident Benefit Claim was repudiated since the Insured had committed suicide by igniting herself. The Complainant submitted that the DLA was forced to commit suicide and her husband has already been arrested under the offence of abating her to commit suicide. Till a final verdict is not reached by the Court, it cannot be decided whether it is a case of suicide or murder. In view of this the Respondent was directed to keep the case open until a final decision can be taken for consideration of Accident Benefit claim on the basis of the verdict of the Court.

Ahmedabad Ombudsman Centre
Case No. 21-001-0226
Ms N J Pathak
Vs
Life Insurance Corporation of India

Award Dated : 10.03.2008

Repudiation of Death Claim: The Assured had not mentioned the details of previous policies held by him while proposing for insurance. Had he disclosed the facts of his previous policy, the Respondents would have called for further medical reports to properly assess the risk. The Assured thus committed a breach of utmost good faith which is the cornerstone for all insurance contracts. Therefore the policy contract was vitiated. As such, the decision of the Respondent to repudiate the Claim was upheld.

Ahmedabad Ombudsman Centre
Case No. 21-001-0335
Mr. R B Joshi
Vs
Life Insurance Corporation of India

Award Dated : 21.03.2008

Repudiation of Death Claim under Life Policy. The Assured while going in for insurance did not state that the fact that she was having generalised oedema all over the body. She was also a known case of Mitral Valvular insufficiency improved through homeopathy. Evidences in the form of Certificate of the treating physician were adduced. The assured died due to Left Ventricular failure with congested cardiac failure in a case of Rheumatic Heart Disease (Severe Mitral Stenosis-Mitral Regurgitation). There is strong nexus between the cause of death and the information not disclosed. Since breach of utmost good faith vitiated the insurance contract itself, the decision of the Respondent to repudiate the Claim was upheld.

Ahmedabad Ombudsman Centre
Case No. 21-001-0333
Mr. V M Manguwala
Vs
Life Insurance Corporation of India

Award Dated : 24.03.2008

Repudiation of Death Claim under Life Policy. The policy was revived by making payment of the difference of premiums with interest about two hours after the death of the Assured. The Respondent could prove that the Assured was undergoing treatment of tongue cancer. So the premiums paid for revival were also forfeited. However, the Policy Condition states that the 'Policy can be revived during the life time of the Assured subject ....' Since the premiums were not paid during the life time of the Assured, the revival itself is ineffective. As such, the Respondent was directed to refund the revival amount.

Ahmedabad Ombudsman Centre
Case No. 21-001-0283
Mr. B N Soni
Vs
Life Insurance Corporation of India

Award Dated : 24.03.2008

Repudiation of Death claim under life policy. The Assured died within 1 year and 4 months from the inception of the Policy. Claim was repudiated by alleging that the Assured was suffering from Paralysis two years prior to proposing for the policy. Reliance was placed on a letter given by Guj State Road Transport Corpn which states that Medical Expenses were claimed by the Assured's father for treatment of his son for treatment of paralysis. The information is vague and does not give specific dates of treatment. The Doctor of GSRTC while filling in the structured form replied that the Assured was treated in OPD routine basis only. No mention was done for paralysis treatment alleged by the Respondent. The Respondent could not show any corroboratory evidence to prove that the Assured was suffering from paralysis prior to inception of the policy. As such, the decision of the Respondent was directed to pay the full Claim.

Ahmedabad Ombudsman Centre
Case No. 21-001-0346
Mrs. C B Dabhi
Vs
Life Insurance Corporation of India

Award Dated : 24.03.2008

Repudiation of Death claim under life policy. The Assured died within 2 months from the inception of the Policy. Claim was repudiated by alleging that the Assured was a known case of HIV since 3 years. Reliance was placed on the Certificate of treatments of several large hospitals. Non disclosure of this fact denied the opportunity to decline grant of insurance. Misstatement in this regard sniped Utmost Good Faith which forms the cornerstone of Insurance Contract. As such, the decision of the Respondent to repudiate the Claim was upheld.

Ahmedabad Ombudsman Centre
Case No. 21-001-0334
Mr. L R Rabari

Vs

Life Insurance Corporation of India

Award Dated : 25-03-2008

Repudiation of Death claim under life policy. The Assured died within 2 years and 3 months from the inception of the Policy. Claim was repudiated by alleging that the Assured was suffering from Tuberculosis and was taking Anti-tubercular treatment. Reliance was placed on the Certificate of District T B Officer who certified that the Assured was under treatment of TB. Non disclosure of this fact denied the opportunity to decline grant of insurance. Misstatement in this regard sniped Utmost Good Faith which forms the cornerstone of Insurance Contract. As such, the decision of the Respondent to repudiate the Claim was upheld.

Ahmedabad Ombudsman Centre

Case No. 21-001-0336

Mr. S V Patel

Vs

Life Insurance Corporation of India

Award Dated: 25.03.2008

Repudiation of Death Claim under life policy. The Assured died within 1½ years from the inception of the Policy. Claim was repudiated by alleging that the Assured had congenital heart disease. During pregnancy her condition deteriorated and she died due to cardiac arrest. The Respondent produced a Certificate of Hospital Treatment which stated that the ailment of Ventricular Septal Defect with severe pulmonary arterial hypertension was since the Assured's childhood. However, it seemed from documents on record that the said disease had been diagnosed for the first time in her terminal illness. As such, there being no wittholdment of material facts by the Assured, the Respondent was directed to pay the full claim.

Ahmedabad Ombudsman Centre

Case No. 21-001-0265

Ms. H M Dabhi

Vs

Life Insurance Corporation of India

Award Dated : 25.03.2008

Repudiation of Death Claim under life policy. The Assured died within 4 months from the inception of the Policy due to Myocardial Infarction. Claim was repudiated by alleging that the Assured was suffering from Pyrexia of Unknown origin for which he had availed Sick Leave as per the Employer's Certificate. During the course of Hearing, the Complainant informed that the leave was taken on sick grounds since there was a marriage ceremony of his daughter at the same time. The Respondent was asked whether they could get any other corroborative evidence for treatment taken. In the absence of any such detailed evidence of treatment taken etc. the decision of the Respondent to repudiate the Claim was set aside.

Ahmedabad Ombudsman Centre

Case No. 21-001-0350

Smt. A S Modi

Vs

Life Insurance Corporation of India

Award Dated : 26.03.2008

Repudiation of Death Claim under life policy. The Assured died within 9 months from the inception of the Policy due to Cancer. Claim was repudiated by alleging that the Assured was suffering from Tuberculosis and was taking AKT Treatment. Reliance was placed on the Hospital Certificate which certified that the Assured was under treatment of TB. Non disclosure of this fact denied the opportunity to decline grant of insurance. Misstatement in this regard sniped Utmost Good Faith which forms the cornerstone of Insurance Contract. As such, the decision of the Respondent to repudiate the Claim was upheld.

Ahmedabad Ombudsman Centre
Case No. 21-001-0174
Smt. J S Mange
Vs
Life Insurance Corporation of India

Award Dated : 31.03.2008

Repudiation of Death Claim under Life Insurance Policy: While proposing for Insurance, the Assured had not disclosed the fact of his suffering from chronic Abdominal Pain and Renal Disease prior to filling in the proposal form for insurance. The Assured died within 8 months from taking the policy. This non-disclosure denied the Respondent an opportunity to call for further special reports. As such, the decision of the Respondent to repudiate the claim was upheld.

Ahmedabad Ombudsman Centre
Case No. 21-001-0252
Ms. S T Rathod
Vs
Life Insurance Corporation of India

Award Dated : 31.03.2008

Repudiation of Claim under Life Insurance Policy: The Claim on death of the Assured under the Life Insurance Policy was repudiated since the Respondent could prove that the School Certificate presented by the Assured at the time of taking the policy showing age as 54 years was false. As per the Driving Licence and the Election Card, the Assured's age was 62. High risk plans of insurance can be taken by Assured only upto the age of 60. The Complainant argued that the School Certificate was not fake. In order to decide the case, cross examination of the school authorities only can reveal the truth. Since the Forum operates only on the basis of records presented before it and has not powers to summon and administer evidence, the Complainant was directed to approach any other Forum/Court deemed appropriate for resolution of the grievance.

Bhopal Ombudsman Centre
Case No.: LI-205-21/08-07/IND
Shri Anil Badgi
Vs
Life Insurance Corporation of India

Award Dated : 11.10.2007

Shri Anil Badgi, Resident of Indore (M.P.) [hereinafter called Complainant] is the Son of late Smt. Kamla Badgi, Deceased Life Assured [in short DLA]. The DLA took a life insurance policy number 343098134 under Endowment plan Table/Term 14-10 for sum assured of Rs.30000/- from LIC of India, DO: Indore, DAB Indore [hereinafter called Respondent]. The Policy commenced on 28-05-2004. The DLA died on 17-06-2006 due

to Kidney problem. The death claim was preferred by Complainant with the Respondent, which was repudiated on the grounds of suppression of material facts regarding health of DLA at the time taking the policy. The complainant had referred the case to Respondent's Claims Review Committee for reconsideration which was also upheld by them on 05-07-2007. Aggrieved from the repudiation action of Respondent, the Complainant has lodged a complaint with this Office seeking directions to Respondent to settle the claim amount.

The Respondent vide their self-contained note dated 27-08-2007 replied that the Policy had run for 2 years and 10 days from the Date Of Commencement (DOC). The Respondent informed that as per claim form B and B-1 issued by Dr. P.Salgia, Chothram Hospital & Research Centre, Indore, the DLA was suffering from Polycigestic Kidney Disease since June 2004 and the DLA was admitted in the Chothram Hospital from 14-06-2004 to 24-06-2004 for the same. As per the Chothram Hospital & Research Centre, Indore and last medical attedent's certificate of Dr. P.Salgia the deceased was suffering from Kidney Disease prior to date of taking the policy which was not disclosed in the proposal form submitted for taking the polcy and suppressed the material fact regarding health of the DLA. As such death claim has been repudiated due to suppression of material facts. Further, the case was referred to claim review committee at Central Zonal Office Bhopal where the decision of DO was upheld by them on 05-07-2007 .

Observations of Ombudsman :

I have gone through the materials on records and submissions made during hearing and summaries my observations as follows:

There is no dispute that the Policy No. 343098134 was issued to DLA by the Respondent on 28-05-2004 and death of DLA occurred on 17-06-2006 due to Kidney disease.

During hearing, the complainant informed that the DLA was not suffering from any disease and was in good health at the time of taking the policy in question.

During hearing, the Respondent contended that there is sufficient evidence confirming that the DLA was suffering from Polycigestic Kidney Disease since June 2004 i.e. prior to date of proposal. The Respondent further added that the proposal form was signed by DLA on 01-06-2004 and proposal was completed on 24-06-2004, meanwhile the she was admitted in Chothram Hospital & Research Centre, Indore from 14-06-2004 to 24-06-2004 for the same. However, the history of aforesaid diseases/ailments was not been brought to the notice of Respondent by the DLA before the completion of policy. The DLA was diagnosed for aforesaid diseases/ailments and hence the claim was repudiated due to concealment of material facts regarding health of DLA. Had the DLA's ill health and treatment details been brought to the knowledge of the Respondent before completion of policy the underwriting decision of the Respondent would have been different.

It is further observed from the claim form B and B-1 submitted Dr. P.Salgia, Chothram Hospital & Research Centre, Indore whereas in the proposal form submitted for insurance shows that the he had never suffered from any ailment whatsoever in the past and that he was absolutely keeping normal health, hence the contention of Complainant is not tenable.

It is further observed that the Complainant himself is LIC Agent and the nominee in the policy, hence any adverse information in respect of insurance risk about the proposer should be brought to the notice of the insurance company but it has also not found done so in the case.

Thus, from the foregoing facts it is clear that the DLA intentionally suppressed the material facts regarding health to the Respondent at the time of taking the policy in question.

Insurance is a contract of Utmost Good Faith where both parties are required to disclose all the material facts. No party can be allowed to gain any undue advantage by suppressing any fact. In the instant case, there are sufficient evidential proofs to show that the DLA was already suffering from serious ailments but suppressed the same in the proposal form submitted at the time of taking the policy. Thus, the DLA has misled the Respondent by not providing vital information regarding his health at the time of taking the policy and hence the Respondent was not able to take proper underwriting decision. Had the facts been brought to the knowledge of the Respondent, its underwriting decision would have been different.

In view of the circumstances stated above, I am of the considered opinion that the decision taken by the Respondent is just and fair hence does not require any interference. The complaint is dismissed without any relief.

Bhopal Ombudsman Centre
Case No.: LI-212-21/08-07/IND
Smt.Laxmi Bai Khandelwal
Vs
Life Insurance Corporation of India

Award Dated : 12.10.2007

Smt.Laxmi Bai Khandelwal, resident of Indore [hereinafter called Complainant] is the wife of Late Shri Ramjilal, Deceased Life Assured (in short DLA). The DLA had a life insurance policy number 344633651 taken from LIC of India, DO: Indore, BO-3 Indore [hereinafter called Respondent]. The Policy commenced on 28-11-2005 under Jeevan Sathi plan Table/Term: 89-21 for Sum Assured of 50,000/- The DLA expired on 01-06-2006 due to suspected poisoning. The Complainant stated that death was not taken place due to suicide but it was happened due to heart attack. The death claim was preferred by the Complainant with the Respondent but the same was repudiated on the grounds that death occurred within one year and suicide clause is applicable. Aggrieved from the repudiation action of Respondent, the Complainant has lodged a complaint with this Office seeking directions to Respondent to settle the claim amount under the policy.

The Respondent vide its self-contained note received by this office on 03-10-2007 replied that the policy was commenced on 28-11-2005 and death was occurred on 01-06-2006 after 6 month and 3 days i.e. within one year, hence suicide clause is applicable under the policy , accordingly the death claim was repudiated as per term and conditions of the policy.

Observations of Ombudsman :

I have gone through the materials on records and submissions made during hearing and summarise my observations as follows:

There is no dispute that the policy number 344633651 was issued to DLA by the Respondent on 28-11-2005 and death of DLA occurred on 01-06-2006.

During hearing, the complainant informed that the DLA has not Committed suicide but he died due to heart attack.

During hearing, the Respondent stated that the policy was commenced on 28-11-2005 and death occurred on 01-06-2006 i.e. after 6 months and 3 days. The cause of death as per the Post Mortem Report and police final conclusion reports is due to poisoning.

The death of DLA occurred within one year from the commencement of policy and suicide clause is operative, hence the death claim was repudiated as per terms & conditions of the policy.

It is observed from the Post Mortem Report that the death was due to cardio respiratory failure as of suspected poisoning, hence Viscera preserved. Similarly it is also seen from the police final conclusion report issued by the S.P.office, Indore vide their letter dated 06-03-2007 that the death of DLA is due to poisoning. Therefore it is clear that death was due to intake of poison, hence the contention of Complainant that death is due to heart attack is not tenable.

As per the provision of suicide clause “this policy shall be void if life assured commits suicide (whether sane or insane at that time) at any time on or after the date on which the risk under the policy has commenced but before the expiry of one year from the date of this policy, the corporation will not entertain any claim by virtue of this policy except to the extent of a third party’s benefit/beneficial interest acquired in the policy for valuable consideration of which notice has been given in writing to the office to which the premiums under this policy were paid last, at least one calendar month, prior to death.”

As such, it is clear that the death occurred within one year from the date of commencement of policy due to intake of poison and suicide clause is operative in the instant case.

In view of the circumstances stated above, I am of the considered opinion that the decision taken by the Respondent is just and fair hence does not require any interference. The complaint is dismissed without any relief.

Bhopal Ombudsman Centre
Case No.: LI-212-21/08-07/IND
Smt.Ayodhya Bai
Vs
Life Insurance Corporation of India

Award Dated : 12.10.2007

Smt.Ayodhya Bai, resident of Rajod distt. Dhar [hereinafter called Complainant] is the wife of Late Shri Babulal, Deceased Life Assured (in short DLA). The DLA had a life insurance policy number 344778213 taken from LIC of India, DO: Indore, BO-Dhar [hereinafter called Respondent]. The Policy commenced on 28-12-2005 under money back plan Table/Term: 75-20 for Sum Assured of 1,00,000/- The DLA expired on 25-02-2006 due to chest pain. The death claim was preferred by the Complainant with the Respondent but the same was repudiated on the grounds of suppression of material facts regarding health of DLA at the time of taking policy. Aggrieved from the repudiation action of Respondent, the Complainant has lodged a complaint with this Office seeking directions to Respondent to settle the claim amount under the policy.

The Respondent vide its self-contained note received by this office on 19-09-2007 replied that DLA was suffering from anemia and kidney problem prior to the date of proposal for which he was admitted in Mittal Nursing home, Dhar from 04-12-2005 to 07-12-2005 for anemia etc. Ultra Sono Graphy, Urine Test, blood transfusion etc. but the DLA did not mention about his preexisting disease, illness, and hospitalization etc. at the time of proposing for insurance under the policy. However, DLA had not disclosed his illness in the proposal forms submitted for insurance and has stated his state of health was “GOOD”. Had the history of anemia and kidney problem been disclosed at the time of proposing for insurance, decision for acceptance of the case

would have been affected. Hence, the claim under the policy was repudiated due to non-disclosure of material facts.

Observations of Ombudsman :

I have gone through the materials on records and submissions made during hearing and summarise my observations as follows:

There is no dispute that the policy number 344778213 was issued to DLA by the Respondent on 28-12-2005 and death of DLA occurred on 25-02-2006 due to chest pain.

During hearing, the complainant informed that the DLA was not suffering from any disease and was in good health at the time of taking the policy in question.

During hearing, the Respondent stated that DLA was suffering from anemia and kidney problem prior to the date of proposal for which he was admitted in Mittal Nursing home, Dhar from 04-12-2005 to 07-12-2005 for anemia etc. Ultra Sono Graphy, Urine Test, blood transfusion etc. but the DLA did not mention about his pre existing disease, illness, and hospitalization etc. at the time of proposing for insurance under the policy. Hence, the claim under the policy was repudiated due to non-disclosure of material facts.

It is observed from the case history sheet of Mittal Medicare & Hospital, Dhar that DLA was already suffering from anemia and Kidney problem since prior to the date of proposal for which he was admitted in Mittal Nursing home, Dhar from 04-12-2005 to 07-12-2005 for anemia etc. Ultra Sono Graphy, Urine Test, blood transfusion etc., whereas in the proposal form submitted for insurance shows that the he had never suffered from any ailment whatsoever in the past and that he was absolutely keeping normal health, hence the contention of Complainant is not tenable.

Insurance is a contract of Utmost Good Faith where both parties are required to disclose all the material facts. No party can be allowed to gain any undue advantage by suppressing any fact. In the present case, there are sufficient evidential proofs to show that the DLA was already suffering from serious ailments but suppressed in the Proposal form. Had the same been brought to the knowledge of the Respondent, the underwriting decision would have been different.

In view of the circumstances stated above, I am of the considered opinion that the decision taken by the Respondent is just and fair hence does not require any interference. The complaint is dismissed without any relief.

Bhopal Ombudsman Centre
Case No.: LI-162-21/07-07/RPR
Smt. Rekha Bhandari
Vs
Life Insurance Corporation of India

Award Dated : 27.12.2007

Smt. Rekha Bhandari, Resident of Jagadalpur (M.P.) [hereinafter called Complainant] is the wife of Late Shri Ram Chandra Bhandari, Deceased Life Assured (in short DLA). The DLA had two life insurance policies bearing policy number 382895711 and 382895712 taken from LIC of India, DO: Raipur, BO Jagadalpur [hereinafter called Respondent]. The details of policies are as under.

Sr. No.	Policy No.	Date of Commencement	Table/ Term	Sum Assured
1	382895711	28-08-2003	14-11	500000

2 382895712 28-08-2003 5-40(11) 100000

The DLA expired on 15-11-2003 due to Acute Mayo Cardial infraction. The policies were in force at the time of the death of DLA. The death claim was preferred by the Complainant with the Respondent but the death claim has not been settled so far inspite of submitting all the requirements on 22-04-2005. The Complainant has visited the office of the Respondent several times as well as written so many letters to the Respondent but no response was given in writing by them. Aggrieved from the act of delay in settlement of death claim by the Respondent, the Complainant has lodged a complaint with this Office seeking directions to Respondent to settle the death claim amount under the policies.

The Respondent vide their letter dated 16-11-2007 stated that the death claim under the above policies are under consideration and requested more 15 days time to settle the case. Further , the Respondent vide their letter dated 22-12-2007 informed that the death claim has been settled against policy no. 382895711 and 382895712 of late Shri Ramchandra Bhandari vide cheque no. 332675 dated 22-12-2007 of Rs. 5,22,500=00 and cheque no. 332674 dated 22-12-2007 of Rs 1,08,000=00 to the Nominee Smt. Rekha Bhandari. The Respondent has submitted the copy of acknowledgment of the cheques from the nominee Smt. Rekha Bhandari.

Observations of Ombudsman :

There is no dispute that the Policies number 382895711 and 382895712 were issued to DLA by the Respondent and DLA died on 15-11-2003.

It is observed from the records that the Respondent has settled the death claim against policy no. 382895711 and 382895712 of late Shri Ramchandra Bhandari vide cheque no. 332675 dated 22-12-2007 of Rs. 5,22,500=00 and cheque no. 332674 dated 22-12-2007 of Rs 1,08,000=00 to the Nominee Smt. Rekha Bhandari. It is also confirmed from the copy of acknowledgment of the cheques from the nominee Smt. Rekha Bhandari. In view of above, the Respondent has settled the death claim, the Complainant is dismissed without any relief.

Bhopal Ombudsman Centre
Case No.: LI-116-24/06-07/JBP
Shri Sheikh Sabbir
Vs
Life Insurance Corporation of India

Award Dated : 27.12.2007

Shri Sheikh Sabbir, Resident of Parasiya (M.P.) [hereinafter called Complainant] is the son of Late Sheikh Mubaraque, Deceased Life Assured (in short DLA). The DLA took a life insurance policy number 373243151 under Anmol Jeevan plan Table/Term 164-20 for sum assured of Rs.6,00,000/- from LIC of India, DO: Jabalpur, BO Paasiya [hereinafter called Respondent]. The Policy commenced on 11-01-2005. The DLA died on 12-10-2005 due to loose motion with Vomitting. The death claim was preferred by Complainant with the Respondent but the death claim has not been settled so far in spite of submitting all the requirements on 06-09-2006.

The Complainant has visited the office of the Respondent several times as well as written so many letters to the Respondent but they gave no response in writing. Aggrieved from the act of delay in settlement of death claim by the Respondent, the Complainant has lodged a complaint with this Office seeking directions to Respondent to settle the death claim amount under the policy.

The Respondent vide their letter dated 03-10-2007 stated that the death claim under the above policies are under consideration and requested some more time to settle the case. The Respondent informed that the report from Hamidia Hospital Bhopal is called for consideration of claim. Further, the Respondent has vide their letter dated 26-12-2007 informed that the death claim has been repudiate by them against policy no. 373243151 of late Sheikh Mubaraque vide letter ref : D/Claim/Repdn/928/07-08/Suri Dated 18-12-2007 and the copy of the same is also sent to the Complainant by Regd Post.

Observations of Ombudsman :

I have gone through the materials on records and submissions made during hearing and summarise my observations as follows:

There is no dispute that the Policy No. 373243151 was issued to DLA by the Respondent on 11-01-2005 and death of DLA occurred on 12-10-2005.During hearing, the complainant was absent.

The Respondent contended that DLA was suffering from Vomiting, loose motion, Jaundice c RHD c severe MR c mild MS c mild AR c CCF and other heart disease for which he was admitted in Hamidiya Hospital, Bhopal from 15-04-2004 to 04-05-2004and 17-12-2004 to 23-12-2004 for taking treatment of aforesaid ailment since prior to the date of proposal of the policy. There is sufficient evidence confirming that the DLA was taking treatment for acute pancreatities at Hamidiya Hospital, Bhopal w.e.f. 15-04-2004 to 04-05-2004and 17-12-2004 to 23-12-2004. However, the history of aforesaid diseases/ailments was not been mentioned by the DLA in the proposal dated 07-01-2005 submitted for taking the policy. Had the DLA's ill health been brought to the knowledge of the Respondent whilst taking the policy, the underwriting decision of the Respondent would have been different. The claim was repudiated on the ground of suppression of material facts regarding his health.

It is observed from the records that the Respondent has taken the decision of repudiation against policy no. 373243151 of late Sheikh Mubaraque on 18-12-2007 and sent the copy of decision to the Complainant by regd.post. Further, The Respondent also advised in the repudiation letter to appeal to The Zonal Manager, L.I.C.of India, Zonal Office, Post Box No. 18, Bhopal within a month if not agreeable with the decision of the Divisional Office, Bhopal. In view of above, the Respondent has taken the decision on above said death claim under policy no. 373243151 and redressed the grievance of the Complainant. Hence the complaint is dismissed off without any further relief.

Bhopal Ombudsman Centre
Case No.: LI-235-21/08-07/BPL
Smt. Kusum Bai Malviya
Vs
Life Insurance Corporation of India

Award Dated : 11.02.2008

Smt. Kusum Bai Malviya, Resident of Amla M.P. [hereinafter called Complainant] is the wife of late Shri Motilal Malviya, Deceased Life Assured [in short DLA]. The DLA took two life insurance policies numbered 371639012 & 371639156 under "Endowment" plan table/term 14-15 & 14-16 for sum assured of Rs. 75000/- & 30000/- on 28-08-2003 & 25-10-2003 respectively from LIC of India, DO: Bhopal, BO Betul [hereinafter called Respondent]. The DLA died on 11-01-2006. The death claim was preferred by Complainant with the Respondent, which was repudiated by the Respondent on the

grounds of suppression of material facts regarding health of DLA at the time taking the policy. The complainant had referred the case to Respondent's Claims Review Committee for reconsideration which was also upheld by them on 05-07-2007. Aggrieved from the repudiation action of Respondent, the Complainant has lodged a complaint with this Office seeking directions to Respondent to settle the claim amount.

The Respondent vide its self-contained note dated 10-09-2007 replied that the Policies had run for 2 yrs 7 months and 2 yrs 5 months & 3 days from date of commencement (DOC) respectively. As per the Discharge summary of Padhar Hospital, the DLA was admitted for Cirrhosis of liver with portal HT with Hepatic/Encephalopathy c skin infection (fungal) from 23-05-2002 to 31-05-2002. The Leave Record submitted by the employer also confirm that the DLA was on medical leave from 22-01-2001 to 26-01-2001 (5 days), 18-10-2001 to 27-10-2001 (10 days), 28-10-2001 to 02-12-2001(36 days), 08-12-2001 to 17-12-2001 (10 days), 04-04-2002 to 13-04-2002 (10 days), 03-12-2002 to16-01-2002 (45 days), 08-05-2002 to 22-05-2002 (15 days) and 23-05-2002 to 30-07-2002 (69 days) due to Cirrhosis of Liver. There are sufficient evidences which confirm that the DLA had been suffering from Cirrhosis of Liver prior to the date of proposals i.e. 25-08-2003 and 27-10-2003.

However, the DLA had neither mentioned about his previous ailment nor about his absence from duty on medical grounds, in the proposal for insurance. The DLA has in proposal form dated 25-08-2003 and 27-10-2003, answered the question 11(a) to 11 (e), regarding presence of any ailment, treatment taken, absence from place of work on health ground, in negative. The status of health has also been stated as "GOOD" in answer to the question no. 11(j) in the proposal form. The Disclosure of the diseases been suffered by the DLA is material to their assessment of risk and had the same been disclosed, their decision to accept the proposal would have altered. As such, claim has been repudiated due to non-disclosure of material facts.

Observations of Ombudsman :

I have gone through the materials on records and submissions made during hearing and summarise my observations as follows:

There is no dispute that the Policy No. 371639012 & 371639156 was issued to DLA by the Respondent on 28-08-2003 & 25-10-2003 respectively and death of DLA occurred on 28-03-2006.

During hearing the Complainant stated that the DLA was an employee of M.P.Madhy Kshetriy Vidyut Vitaran Kendra, Betul working as Line Man posted at Bordehi. The policy was taken by her husband for the benefit of her family. She has further replied that the DLA was suffering from cold & cough since one and half year only prior to date of death and usually treatment was being taken from local Hospital. Simultaneously, the complainant informed that the DLA was not suffering from any disease and was in good health at the time of taking the policy in question.

During hearing, the Respondent contended that there are enough evidences confirming that the DLA was diagnosed as Cirrhosis of liver with portal HT with Hepatic/Encephalopathy c skin infection (fungal) and was taking treatment since 22-01-2001. However, these facts have been suppressed in the proposal form dated 25-08-2003 and 27-10-2003 submitted for taking the policy. The DLA was diagnosed for aforesaid diseases/ailments and hence the claim was repudiated due to concealment of material facts regarding health of DLA. Had the DLA's ill health and treatment taking been brought to the knowledge of the Respondent during taking the policy in proposal form submitted by the DLA, the underwriting decision of the Respondent would have been different.

The Patient's Discharge Summary Sheet dated 31-05-2002 obtained from Padhar Hospital confirms the diagnosis of Cirrhosis of liver with portal HT with Hepatic/Encephalopathy c skin infection (fungal). Similarly the leave records also confirm that the DLA had availed the sick leave on medical ground for self treatment since 22-01-2001. These reports confirm the history of sickness prior to taking the insurance by the DLA. However, in the proposal forms for insurance the DLA had suppressed about these illness. On scrutiny, it is observed from the Padhar Hospital records and leave records obtained from the employer that the DLA was suffering from Cirrhosis of liver with portal HT with Hepatic/Encephalopathy c skin infection w.e.f. 22-01-2001 whereas in the proposal form signed by DLA on 25-08-2003 and 27-10-2003 during taking policy shows that the he had never suffered from any ailment whatsoever in the past and that he was absolutely keeping normal health, hence the contention of Complainant is not tenable.

It is also observed from the leave record given by the employer of DLA i.e. Add. Superitendent of Engineer M.P.Madhy Kshetriy Vidyut Vitaran Kendra, Betul that the DLA had been on sick leaves during the period from 22-01-2001 to 26-01-2001 (5 days), 18-10-2001 to 27-10-2001 (10 days), 28-10-2001 to 02-12-2001(36 days), 08-12-2001 to 17-12-2001 (10 days), 04-04-2002 to 13-04-2002 (10 days), 03-12-2002 to16-01-2002 (45 days), 08-05-2002 to 22-05-2002 (15 days) and 23-05-2002 to 30-07-2002 (69 days). All these period of leave fall prior to the date of proposals but the DLA has not mentioned about his suffering from any illness in the proposal form dated 25-08-2003 and 27-10-2003 and has stated him to be in good health. Hence, it is clear that the DLA intentionally suppressed the material facts regarding health to the Respondent at the time of taking the policy in question.

Insurance is a contract of Utmost Good Faith where both parties are required to disclose all the material facts. No party can be allowed to gain any undue advantage by suppressing any fact. In the instant case, there are sufficient evidential proofs to show that the DLA was already suffering from serious ailments but suppressed the same in the proposal form at the time of taking policy. Thus, the DLA has misled the Respondent by not providing vital information regarding his health at the time of taking the policy and hence the Respondent was not able to take proper underwriting decision. Had the facts been brought to the knowledge of the Respondent, its underwriting decision would have been different. In view of the circumstances stated above, I am of the considered opinion that the decision taken by the Respondent is just and fair hence does not require any interference. Hence, the complaint is dismissed without any relief.

Bhopal Ombudsman Centre
Case No.: LI-381-21/12-07/BPL
Smt. Mangai Bai
Vs
Life Insurance Corporation of India

Award Dated : 11.02.2008

Smt. Mangai Bai, Resident of Bhopal M.P. [hereinafter called Complainant] is the wife of late Shri Naresh Harchand, Deceased Life Assured [in short DLA]. The DLA took a life insurance policy numbered 351440549 under "Endowment" plan table/term 14-15 for sum assured of Rs. 100000/- on 28-12-2005 from LIC of India, DO: Bhopal, BO –3, Bhopal [hereinafter called Respondent]. The DLA died on 28-11-2006 due to Cardio Respiratory Arrest. The death claim was preferred by Complainant with the Respondent, which was repudiated by the Respondent on the grounds of suppression

of material facts regarding health of DLA at the time taking the policy. Aggrieved from the repudiation action of Respondent, the Complainant has lodged a complaint with this Office seeking directions to Respondent to settle the claim amount.

The Respondent vide its self-contained note dated 24-12-2007 replied that the Policy had run for 11 months from date of commencement (DOC). The DOC of policy is 28-12-2005 and the DLA has died on 28-11-2006 (11 months after taking the policy). As per claim form E (Employer's Certificate), the DLA has availed 8 days leaves from 05-07-2004 to 12-07-2004 and was suffering from bleeding piles and Pyrexia (as per Dr.Ashok Shah's certificate dated 13-07-2004). The DLA had answered the following questions of proposal form dated 28-12-2005 in negative.

	Questions	**Answer**
Q.No. 11 (a)	During the last five years did you ever consult a medical practitioner for any ailment requiring treatment for more than a week?	NO
Q.No. 11(c)	Have you ever remained absent from place of work On ground of health during the last 5 years ?	NO
Q.No.11 (e)	Are you suffering from or have you ever suffered from diabetes, Tuberculosis, High Blood Pressure, Cancer, Epilepsy, Hernia, Hydrocele, Leprosy or any other disease?	NO

If the DLA had disclosed the facts, their underwriting decision would have been altered. As such, the death claim was repudiated due to non-disclosure of material facts. The complainant had referred the case to Respondent's Claims Review Committee for reconsideration which was also upheld by them on 20-10-2007.

Observations of Ombudsman :

I have gone through the materials on record and submissions made during hearing and summarise my observations as follows:

There is no dispute that the Policy No. 351440549 was issued to DLA by the Respondent on 28-12-2005 and death of DLA occurred on 28-11-2006.

During hearing the Complainant stated that the DLA was an employee of NABARD Bank, Bhopal working as Maintenance Attendant. The policy was taken by her husband for the benefit of her family. She has further replied that the DLA was suffering from piles one year and 5 months prior to date of death and usually treatment was taken at the time and the disease was cured permanently. Simultaneously, the complainant informed that the DLA was not suffering from any disease and was in good health at the time of taking the policy in question.

During hearing, the Respondent contended that there is evidence to confirm that the DLA was suffering from bleeding piles and Pyrexia and was taking treatment. However, these facts have been suppressed in the proposal form dated 28-12-2005 submitted for taking the policy. The DLA was diagnosed for aforesaid diseases/ailments and hence the claim was repudiated due to concealment of material facts regarding health of DLA. Had the DLA's ill health and treatment taking been brought to the knowledge of the Respondent during taking the policy in proposal form submitted by the DLA, the underwriting decision of the Respondent would have been different.

On scrutiny, It is observed from the medical certificate issued by Dr.Ashok Shah, Medical Officer, Kshetiy Krashi Gramin Vikas Bank, Bhopal on 13-07-2004 certified that the DLA was under his treatment for 8 days from 05-07-2004 to 12-07-2004 for suffering from bleeding piles with pyrexia. The leave records obtained from the employer also confirms that the DLA had been on leave on medical ground from 05-07-2004 to 12-07-2004 i.e. for 8 days for the reason illness whereas in reply to the question No. 11(a) , 11(c) and 11(e) of the proposal form signed by DLA on 28-12-2005 during taking policy shows that the he had never suffered from any ailment whatsoever in the past and that he was absolutely keeping normal health, hence the contention of Complainant is not tenable.

Insurance is a contract of Utmost Good Faith where both parties are required to disclose all the material facts. No party can be allowed to gain any undue advantage by suppressing any fact. In the instant case, there is sufficient evidence to show that the DLA was already suffering from ailments but suppressed the same in the proposal form at the time of taking policy. Thus, the DLA has misled the Respondent by not providing vital information regarding his health at the time of taking the policy and hence the Respondent was not able to take proper underwriting decision. Had the facts been brought to the knowledge of the Respondent, its underwriting decision would have been different.

In view of the circumstances stated above, I am of the considered opinion that the decision taken by the Respondent is just and fair hence does not require any interference. Hence, the complaint is dismissed without any relief.

Bhopal Ombudsman Centre
Case No.: LI-358-25/11-07/BPL
Dr. K.G.Jais
Vs
Life Insurance Corporation of India

Award Dated : 13.02.2008

Dr. K.G.Jais, Resident of Bhopal (M.P.) [hereinafter called Complainant] is a husband of Late Smt. Sandhya Jais Deceased Life Assured (hereinafter called DLA) had taken 3 life insurance policies No. 350249503, 350251666 & 350252989 under plan " Jeevan Dhara " from LIC of India, Branch Office No. 3, DO Bhopal [hereinafter called Respondent]. The DLA expired in road accident on 23-04-2003. The policies were in force at the time of death of DLA. The death claim was preferred by the Complainant being a nominee under these policies with the Respondent. The Respondent has refunded the amount of premium paid by her @ Rs. 34540/- in each policy only without any additonal death claim benefit or bonus. The Complainant further added that they have not given any response to my grievences in spite of my several correspondences and visits. Ultimately on referring the matter to the higher authority the Respondent has replied that they have refunded the full amount of premium paid in each policy without any interest and nothing is payable except this amount only as per policies terms and conditions. Aggrieved from the non responsive act of Respondent for not providing additional death claim benefit or bonus the Complainant has lodged a complaint with this Office seeking directions to Respondent to pay the amount of bonus/interest for delayed payment of refund of premiums paid in each policy.

The Respondent vide their letter dated 26-12-2007 stated that all the three policies are under plan no.145 (New Jeevan Dhara), wherein the death claim had been mistakenly settled by refund of premiums. However, the provision on death during deferment period under the said plan is 'Payment of Proportionate Notional Cash Option' which

was clarified subsequently after introduction of plan. Now the payment of balance amount under the three policies has been made as per details below:

Sr.No.	Policy No.	Amount	Cheque No.	Date
1	350249503	6766/-	27335	26-12-2007
2	350251666	6766/-	27336	26-12-2007
3	350252989	6766/-	27337	26-12-2007

Observations of Ombudsman :

I have gone through the materials on record and submissions made during hearing and my observations are summarized as follows: There is no dispute that the Policies number 350249503, 350251666 & 350252989 under plan “Jeevan Dhara” were issued to DLA by the Respondent. The DLA died on 23-04-2003 in road accident.

During hearing, the Complainant informed that he has received the cheques No. 0227335, 027336 and 027337 each for Rs. 6766/- but he is not satisfied with the payment of the difference amount of Proportionate Notional Cash Option without the interest for delayed settlment.

During hearing, the Respondent stated that all the three policies are under plan 145 (New Jeevan Dhara), wherein the death claim had been mistakenly settled by refund of premiums. However, the provision on death during deferment period under the said plan is ‘Payment of Proportionate Notional Cash Option’ which was clarified subsequently after introduction of plan. Now the payment of difference amount under the three policies has been made. During hearing the respondent informed that total amount of proportionate NCO in each policy was Rs. 41306=00 out of which amount of Rs. 34540=00 was already paid on 26-06-2003 and the balance amount of proportionate NCO in each policy Rs. 6766=00 was paid later on 26-12-2007. The Respondent further stated that the amount of interest for delay in settlement of proportionate NCO shall be payable as per rules and prevailing rates.

It is observed from the records that the amount of proportionate NCO under the three policies no. 3350249503, 350251666 and 350252989 were payable from the date when the amount of premiums were refunded i.e. on 26-06-2003, hence the payment of proportionate NCO which has been paid on 26-06-2003 and 26-12-2007 without the interest on delayed settlement is not justified.

In view of the above, the Respondent is directed to pay the interest for delayed settlement of total proportionate NCO under the policies no. 350249503, 350251666 and 350252989 at the prevailing rate on 26-06-2003 of penal interest within the 15 days from the receipt of this order failing which the Respondent shall be liable to pay further interest at the rate of 6 % per annum from the date of this Order till the date of actual payment.

Bhopal Ombudsman Centre
Case No.: LI-399-21/12-07/IND
Smt.Usha Gupta
Vs
Life Insurance Corporation of India

Award Dated : 14.02.2008

Smt.Usha Gupta, resident of Jiora distt.Ratlam[hereinafter called Complainant] is the wife of Late Shri Raja Gupta, Deceased Life Assured (in short DLA). The DLA had a life insurance policy number 342533188 taken from LIC of India, DO: Indore, BO-Jiora [hereinafter called Respondent]. The Policy commenced on 28-08-2001 under

Endowment plan Table/Term: 14-20 for Sum Assured of 25,000/- The DLA expired on 03-09-2006 due to chest pain. The death claim was preferred by the Complainant with the Respondent but the same was repudiated on the grounds of suppression of material facts regarding health of DLA at the time of taking policy. Aggrieved from the repudiation action of Respondent, the Complainant has lodged a complaint with this Office seeking directions to Respondent to settle the claim amount under the policy.

The Respondent vide its self-contained note received by this office on 19-09-2007 replied that DLA was suffering from pulmonary Tuberculosis since 10 years back i.e. prior to the date of proposal for which he has taken treatment for few months and present illness was also chest infection with ancephatopathy, Septicaemia & X-ray is showing cavities tubercular in origin.

As per Case History Sheet of CHL- Apollo Hospital, Indore Ad No. 1920 dated 29-08-2006 it was a known case of pulmonary T.B. – 10 years back and took treatment for 2 ½ months but the DLA did not mention about his pre-existing disease, illness, and hospitalization etc. at the time of proposing for insurance under the policy and stated his health was “GOOD”. Had the history of pulmonary T.B. been disclosed at the time of proposing for insurance, decision for acceptance of the case would have been affected. Hence, the claim under the policy was repudiated due to non-disclosure of material facts.

Further the case was referred to the Claim Review Committee at LIC Zonal Office Bhopal. The ZO CRC in it’s review admitted the x-gratia payment of Rs. 3437=50 in lieu of notional paid up value treating the revival null and void on 03-10-2007.

Observations of Ombudsman :

I have gone through the materials on records and submissions made during hearing and summarise my observations as follows: There is no dispute that the policy number 342533188 was issued to DLA by the Respondent on 28-08-2001 and death of DLA occurred on 03-09-2006 due to chest pain.

During hearing, the complainant informed that the DLA was not suffering from any disease and was in good health at the time of taking the policy in question. She has further informed that the treatment for cold and cough was taken 10 to 12 years back which was cured later on after treatment.

During hearing, the Respondent stated that it was a known case of pulmonary T.B. – 10 years back and took treatment for 2 ½ months but the DLA did not mention about his preexisting disease, illness, and hospitalization etc. at the time of proposing for insurance under the policy. Had the history of pulmonary T.B. been disclosed at the time of proposing for insurance, decision for acceptance of the case would have been affected. Hence, the claim under the policy was repudiated due to non-disclosure of material facts.

It is observed from the case history sheet of Apollo Hospital, Indore that DLA was already suffering from pulmonary T.B. – 10 years back and took treatment for 2 ½ months prior to the date of proposal, whereas in the proposal form submitted for insurance shows that the he had never suffered from any ailment whatsoever in the past and that he was absolutely keeping normal health, hence the contention of Complainant is not tenable.

It is also seen from the records that the policy was issued under the agency of Complainant who is a wife of DLA as well as nominee under the policy. Similarly, the past history regarding health of DLA in Apollo hospital was also informed by the complainant herself. As such the contention of the Complainant is not acceptable.

The revival of the policy was also done on 17-08-2005 in which also the illness was not disclosed. The DGH was also witnessed by the Complainant herself.

Insurance is a contract of Utmost Good Faith where both parties are required to disclose all the material facts. No party can be allowed to gain any undue advantage by suppressing any fact. In the present case, there is sufficient evident to show that the DLA was already suffering from serious ailments but suppressed in the Proposal form. Had the same been brought to the knowledge of the Respondent, the underwriting decision would have been different.

In view of the circumstances stated above, I am of the considered opinion that the decision taken by the Respondent to admit the payment of x-gratia in lieu of Notional Paid Up Value is just and fair hence does not require any interference. The complaint is dismissed without any relief.

Bhopal Ombudsman Centre
Case No.: LI-409-24/12-07/IND
Smt. Bharti Keswani
Vs
Life Insurance Corporation of India

Award Dated : 15.02.2008

Smt. Bharti Keshwani, Resident of Ujjain (M.P.) hereinafter called Complainant] is the wife of Late Shri Manoharlal Keshawani, Deceased Life Assured (in short DLA). The DLA was having two life insurance policies 342067656 and 340511694 under table/Term 14-25 and 93-25, for sum assured of Rs.125000/- and 10000/- on 28-01-1999 and 28-03-1987 respectively taken from LIC of India, DO: Indore , BO No.-1, Ujjain [hereinafter called Respondent]. The DLA expired on on 19-10-2006 due to murder at home at night by some thieves. The policies were in force at the time of death of DLA. The death claim was preferred by the Complainant with the Respondent. The Respondent has paid basic sum assured under both the policies but the accident benefit claim is not paid so far inspite of submitting all the required documents. Aggrieved from the act of Respondent for delaying in accident benefit claim, the Complainant has lodged a complaint with this Office seeking directions to Respondent to settle accident benefit claim under the policies. The Respondent vide their letter dated 22-01-2008 stated that to decide the case for Accident Benefit, Police Final Inquest Report is awaited.

Observations of Ombudsman :

I have gone through the materials on record and submissions made during hearing and summarise my observations as follows: There is no dispute that the Policy number 342067656 and 340511694 was issued to DLA by the Respondent on 28-01-99 and 28-03-87 respectively and the DLA died on 19-10-2006.

During hearing the Complainant stated that the DLA was a shopkeeper of Shoes shop at Ujjain and he was not suffering from any disease and was in good health at the time of taking the policy in question. The DLA was having two policies which were inforce at the time of death. The Respondent paid the basic sum assured under both the policies. But the Respondent has not been settled the Accident Benefit Claim so far whrere as all the requirements have been submitted by her. The complainant further added that reason is not known to her why delay is being done for settling the accident benefit claim even after the lapse of 14 months where as the accident benefit claim should have been paid within 120 days from the accident.

During hearing the Respondent stated that The DLA was having two policies no. 342067656 and 340511694 and the basic sum assured of Rs.125000/- and 10000/- respectively have been paid to the Complainant. The Respondent further informed that it is a case of murder hence police final conclusion inquest report is required, to asses the eligiblity of accident benefit claim. They are continuously making the follow up with Madhav Nagar Police Station, Ujjain to obtain the same. They shall proceed immediately on receipt of the same. They have not yet rejected the case.

On scrutiny, it is observed from the records that the Respondent has not received the police final conclusion inquest reports from the police Department, Ujjain for which the efforts are being done by them to obtain the same to decide the case. The Respondent has not taken any decision for the accident benefit claim under the policies for want of above requirement.

In the facts and circumstances stated above it is held that there is no lapse on the part of the Respondent at present. In view of the above, the Respondent is directed to settle the Accident Benefit Claim within 30days from the receipt of Police Final Conclusion Reports and also directed the Complainant that she is free to approach this forum again if not satisfied with the decision of the Respondent.

Bhopal Ombudsman Centre
Case No.: LI-359-21/11-07/BPL
Smt. Vidyabai Raikwar
Vs
Life Insurance Corporation of India

Award Dated : 14.03.2008

Smt. Vidyabai Raikwar, resident of Mandi Bamora Distt. Sagar M.P. (hereinafter called Complainant) is the wife of Late Shri Dhaniram Raikwar, Deceased Life Assured (in short DLA). The DLA had a life insurance policy numbered 352274594 taken from LIC of India, DO: Bhopal, BO Ganjbasoda (hereinafter called Respondent). The Policy commenced on 28.10.2004 under Table/Term: 75-20 for Sum Assured of Rs. 50000/-. The DLA expired on 17-10-2006. The death claim was preferred by the Complainant with the Respondent but death claim was repudiated stating that the policy was in lapsed status at the time of death. The Complainant has stated that the amount of premium of Rs.900/- was given to his LIC agent but he has not deposited the same as such the policy was not lapsed and death claim should be paid for full sum assured. The Respondent has not given any consideration to settle the death claim and straightway repudiate the same. Aggrieved from the repudiation action of Respondent, the Complainant has lodged a complaint with this Office seeking directions to Respondent to settle the death claim.

The Respondent vide its self-contained note dated 10th December 2007 replied that the DOC of the policy is 28-10-2004 with last quarterly premium paid for due 04/2006 and hence the policy got lapsed after 28-07-2006. The date of death of DLA is 17-10-2006 and as on the date of death the policy stood lapsed with premium paid for less than 2 years. As per the policy conditions, the non-forfeiture regulations are applicable only when premiums are paid for at least 3 full years. The Chairman relaxations are applicable if premiums are paid for at least 2 full years. Since the policy was in lapsed condition on the date of death of DLA with less than 2 years premiums paid, nothing is payable towards death claim under the policy.

Observations of Ombudsman :

I have gone through the materials on records and submissions made during hearing and summarise my observations as follows:

There is no dispute that the Policy No. 352274594 was issued to DLA by the Respondent on 28.10.2004 and death of DLA occurred on 17-10-2006. During hearing, the Complainant was absent.

The Respondent contended during hearing that the policy was in lapsed condition at the time of death of DLA and premiums were also paid for less than 2 years, accordingly as per the terms and conditions of the policy nothing is payable towards death claim under the policy.

It is observed from the records that the last premium paid by the DLA was for quarterly due 04/2006 on 04-08-2006 and next due 07/2006 and 10/2006 were unpaid where as the death of DLA took place on 17-10-2006. As such it is clear that the policy was in lapsed condition at the time of death of the DLA. The premiums were paid for one year and nine months only i.e. less than 2 years, hence as per the policy terms and conditions the policy chairman relaxation and claim concession is also not applicable under the policy and accordingly no death claim amount become payable.

In view of the above, the decision taken by the Respondent in repudiating the death claim is just and fair hence does not require any interference.The complaint is dismissed without any relief.

Bhopal Ombudsman Centre
Case No.: LI-355-21/11-07/IND
Shri Manohar Sakorikar
Vs
Life Insurance Corporation of India

Award Dated : 14.03.2008

Shri Manohar Sakorikar, Resident of Indore [hereinafter called Complainant] is the father of Late Shri Vivek Sakorikar, Deceased Life Assured (in short DLA). The DLA had a life insurance policy number 343111352 taken from LIC of India, DO Indore, Branch DAB Indore [hereinafter called Respondent]. The Policy commenced on 28.07.2005 under New Bima Kiran policy Table/Term: 150-24 for Sum Assured of 1,00,000/-. The DLA expired on 04-11-2005 due to congenital heart disease with brain abscess. The death claim was preferred by the Complainant with the Respondent but the same was repudiated on the grounds of suppression of material facts regarding health of DLA at the time of taking policy. Aggrieved from the repudiation action of Respondent, the Complainant has lodged a complaint with this Office seeking directions to Respondent to settle the claim amount.

The Respondent vide its self-contained note dated 22-01-2008 replied that the DLA was suffering from the heart disease and major operation was done at Vallore Hospital at the age of 7 years as per the case history sheet/ BHT of CHL Apollo Hospital. Further the case was referred to their Divisional Medical Representative who has not recommended for payment giving remarks that these important facts were neither disclosed by the person nor even noticed by medical examiner. The fact which was material to disclose was suppressed at the time of proposal submission. Therefore, the claim was repudiated on the grounds of suppression of material facts.

Observations of Ombudsman :

I have gone through the materials on records and submissions made during hearing and summarise my observations as follows: There is no dispute that the policy no.

343111352 was issued to DLA on 28-07-2005 by the Respondent and DLA died on 04-11-2005 due to congenital heart disease with brain abscess.

During hearing, the Complainant disclosed that DLA had other 2 insurance policies commencing on 25-08-95 and 20-02-98 for which death claim amounts were settled but repudiate the death claim under this policy. The DLA was in good health at the time of taking the policy although his heart was on right side and operation was done in childhood. He has completed his education and got marriage and having a daughter.

The Respondent contended during hearing that the DLA was suffering from heart disease and major operation was done at Vallore Hospital at the age of 7 years which was deliberately suppressed by him in the Proposal form of the Policy in question due to which the claim was repudiated.

It is observed from the records that replies given by DLA to Q.11 (a) and Q.11 (b) of Proposal form regarding health show that he was keeping good health at the time of taking Policy whereas Q.4(c) of Claim form 'B', i.e., Medical Attendant's Certificate given by Dr. Avinash Deote, M.D.(Medicine) of CHL Apollo Hospital Indore, who attended DLA during his last illness is that DLA was suffering from congenital heart disease was since birth. Also, Claim Form B1, i.e., Certificate of Hospital treatment given by Dr. Archana Mahajan of CHL Apollo Hospital Indore, who also attended DLA during last illness, is that the DLA was diagnosed for congenital heart dieases with brain abscess.

It is observed from the Case History Sheet / BHT of CHL Apollo Hospital records that it was a known case of CHD, Fallots Tetralogy Dextrocordin with VSD, PS. Further, It is also clear from the claim form 'B' issued by Dr. Avinash Deote, M.D.(Medicine) of CHL Apollo Hospital Indore who treated the DLA last before the death that congenital heart disease was since birth and as per the claim form B-1 also confirm that it was a known case of CHD, Fallots Tetralogy Dextrocordin with VSD , PS.

In this case, Provisions of Section 45 of the Insurance Act becomes applicable which states that where 2 years have not elapsed from the date on which the Policy was effected, the Policy contract would be repudiated if any untrue statement was found in Proposal form.

This clearly shows that DLA was a suffering with CHD and major operation was done at Vellore the age of 7 years but intentionally suppressed in the Proposal form dated 28-07-2005 under the Policy in question. It is also apparent that there is a direct nexus between the causes of death of DLA with the ailments suffered by DLA earlier.

Insurance is a contract of Utmost Good Faith where both parties are required to disclose all the material facts. No party can be allowed to gain any undue advantage by suppressing any fact. In the present case, there are sufficient evidential proofs to show that the DLA was suffering with congenital heart disease but suppressed the same in the Proposal form. Had the same been brought to the knowledge of the Respondent, the underwriting decision would have been different.

In the facts and circumstances stated above, the decision taken by the Respondent is just and fair hence does not require any interference. The complaint is dismissed without any relief.

Bhopal Ombudsman Centre
Case No.: LI-82-21/05-07/SDL
Smt. Sunita Verma
Vs
Life Insurance Corporation of India

Award Dated : 18.03.2008

Smt. Sunita Verma, Resident of Gram post – Purwa Tahsil – Sirmor Thana – Semariya Distt. Rewa M.P. [hereinafter called Complainant] is the wife of Late Shri Bhaiyalal Verma, Deceased Life Assured (in short DLA). The DLA had 8 life insurance policies bearing policy number 371217659, 371219062, 371219585, 378020896, 378022359, 378023091, 377804847and 378024739 taken from LIC of India, DO: Shahdol, BO-Sidhi [hereinafter called Respondent]. The DLA has expired on 23-12-2005 due to Road Accident. The death claim was preferred by the Complainant with the Respondent. The Respondent has paid the death claim under 4 policies, 2 policies were in lapsed condition. The detail of policies in which the death claim was not paid by the Respondent is as under:

Sr. No.	Policy No.	Date of Comm.	Table/ Term	Sum Assured Plan
1	377804847	13-03-2003	149-20	100000 Jeevan Anand – Lapsed
FUP Yly Due 03/2005				
2	378024739	14-10-2005	174-12	100000 Bima Gold Plan- Inforce.

The death claim under policy no. 378024739 was repudiated on the grounds of non discloser of lapsed policy no. 377804847 in the proposal form of the policy. Then the complainant had referred the case to Respondent's Claims Review Committee for reconsideration which was also upheld by them on 02-04-2007. Aggrieved from the repudiation action of Respondent, the Complainant has lodged a complaint with this Office seeking directions to Respondent to settle the claim amount under the policies.

The Respondent vide their letter dated 28-05-2007 stated that detail of lapsed policy no. 377804847 was not mentioned in the proposal form of policy no. 378024739. Therefore the death claim was repudiated on the basis of concealment of material facts which was material to assessment of risk. The Respondent informed that the DLA has not disclosed the particulars of policy no 377804847 in reply to question no. 9-A and 9-B of proposal form of policy no. 378024739. If the DLA disclosed the particulars of this lapsed policy number they would have been advise to revive the policy first or the proposal would not have been accepted which lead the insurer to wrong assessment of the risk. Due to this willful suppression of material facts the Respondent repudiate the claim under the policy

Observations of Ombudsman :

I have gone through the materials on records and submissions made during hearing and summarise my observations as follows: There is no dispute that the Policy numbers 377804847 and 378024739 were issued to DLA by the Respondent and DLA died on 23-12-2005 due to Road Accident..

During hearing the Complainant stated that the DLA was an employee of Rewa Sidhi Gramin Bank and working as cashier. The DLA was not suffering from any disease and was in good health at the time of submitting the proposal for the policy in question. The Complainant has further informed that the DLA had not paid the premium for yly due 03/2005 under the policy 377804847 as such it was lapsed, the premium of the policy no. 378024739 was being deducted from salary but unfortunately death took place on 23-12-2005 in Road Accident. She added that the proposal forms were filled in by the agent and nothing was suppressed by the DLA. But the Respondent repudiate the death claim merely on the ground that the information about the lapsed policy no.

377804847 was not mentioned in the proposal forms, where as the proposal form was filled in by the agent. The complainant further added that reason is not known to her why it was not mentioned in the proposal by the agent.

During hearing the Respondent stated that in reply of Question no 9-A and 9-B of the proposal forms dated 22-08-2003 the DLA has not mention about the lapsed policy 377804847 at the time of submitting the proposal for insurance. If this information of policy no 377804847 would have been disclosed in the proposal form, the underwriting decision would have been different and the policy could not have been issued to DLA. The Respondent further informed that the death claim against policy no 377804847 is in process which is in the purview of chairman concession clause.

On scrutiny, it is observed that if the DLA had mentioned the previous lapse policy no. would not affect the medical requirement as the DLA was an employee of Rewa Sidhi Gramin Bank and policy was issued under salary saving scheme.

It is observed from the records that the Investigation officer also opined that claim is true and may be admitted. It is also clear that as the cause of death is accident has no relevance with any medical treatment. In the facts and circumstances stated above it is held that the decision of the Respondent to repudiate the death claim is unjust and unfair.

In view of the above, On Equity and natural justice the Respondent is directed to pay the death claim amount for basic sum assured of Rs. 100000/-under Policies No. 378024739 and directed to pay the claim under policy no. 377804847 as per rules within 30 days of receipt of this order failing which the Respondent shall be liable to pay further interest at the rate of 6 % per annum from the date of this Order till the date of actual payment.

Bhopal Ombudsman Centre
Case No.: LI-339-24/10-07/GWL
Smt. Kalawati Bai
Vs
Life Insurance Corporation of India

Award Dated : 24.03.2008

Smt. Kalawati Bai, Resident of Dabara, (M.P.) (hereinafter called Complainant) is the wife of Late Shri Shivcharan Sahu, Deceased Life Assured (in short DLA). The DLA had a life insurance policy numbered 201230923 taken from LIC of India, DO: Gwalior, BO: Dabra (hereinafter called Respondent). The Policy commenced on 28-05-2001 with half yearly mode premium Rs.1260/- under Endowment Plan Table/Term: 14-20 for Sum Assured of Rs. 50,000/-. The DLA expired on 11-09-2005 due to Vomiting, Diarrhorea, and uneasiness. Thus the Policy had run for 4 years 3 months from date of commencement of the policy and 1 month 8 days from the date of revival. The death claim was preferred by the Complainant with the Respondent but the same was repudiated on the grounds of suppression of material facts regarding health of DLA at the time of revival of the policy. The complainant had referred the case to Respondent's Claims Review Committee for reconsideration which was also upheld by them on 01.11.2006. Aggrieved from the repudiation action of Respondent, the Complainant has lodged a complaint with this Office seeking directions to Respondent to settle the claim amount.

The Respondent vide its self-contained note dated 07-11-2007 replied that as per the certificate given by Dr. Rakesh Baghel, Dabra the DLA was suffering from pulmonary T.B. since 1 year and was taking treatment from him. The policy was lapsed from first unpaid premium due Hly 05/04 to 05/05 which was revived on 03-08-2005 on the basis

of declaration of good health but the DLA has not disclosed about his past illness in Declaration of Good Health (DGH) dated 03-08-2005 at the time of revival. The DLA died on 11-09-2005 just after one month and 8 days of revival. Had he disclosed it, underwriting requirements would have been different. Hence, the claim was repudiated due to concealment of material facts regarding health of DLA at the time of revival however the claim for paid up value was admissible.

Observations of Ombudsman :

I have gone through the materials on record and submissions made during hearing and summarise my observations as follows:

There is no dispute that the Policy No. 201230923 was issued to DLA by the Respondent on 28-05-2001 and policy was revived on 03-08-2005. The death of DLA occurred on 11-09-2005.

During hearing the complainant contended that the DLA was doing the job of cleaner on truck at Dabra and he was good in health at the time of revival. The Complainant has further informed that the DLA never suffered by any disease nor taken treatment or he was admitted in any hospital before revival.

The Respondent contented during hearing that the DLA was suffering from T.B. Prior to date of revival, which he did not disclose in the DGH submitted for revival of the policy. Had he disclosed it, underwriting requirements would have been different. Hence, the revival under the policy was set aside and paid up value prior to revival was admitted due to concealment of material facts regarding health of DLA in the DGH.

It is observed from the statement dated 20-10-2005 given by the Dr. Rakesh Baghel, Jawahar Coloney Dabra that the DLA was suffering from T.B. and taking treatment since last one year, he used to come here for treatment and the treatment was being taken from him for some period. Hence the contention of the Complainant that DLA was not suffering with any diseases is not acceptable.

It is also observed from the Investigation reports that the DLA was suffering from the aforesaid diseases/ailments since last 1 year and was in the knowledge of DLA and revive this insurance policy without disclosing the facts regarding his health deliberately and not recommended for payment.

It is also observed from the Declaration of Good Health dated 03-08-2005 submitted for revival in which DLA has not disclose about his past illness.

Insurance is a contract of Utmost Good Faith where both parties are required to disclose all the material facts. No party can be allowed to gain any undue advantage by suppressing any fact. In the present case, there is an evidential proof to show that the DLA was already suffering from serious ailments but suppressed in the Declaration of Good Health dated 03-08-2005 at the time of revival. Had the same been brought to the knowledge of the Respondent, the underwriting decision would have been different. In view of the circumstances stated above, I am of the considered opinion that the decision taken by the Respondent to repudiate the death claim considering revival null & void and paid up value prior to revival was admitted is just and fair hence does not require any interference. The complaint is dismissed without any relief.

Bhopal Ombudsman Centre
Case No.: LI-354-21/11-07/GWL
Smt. Hasina Begam
Vs
Life Insurance Corporation of India

Award Dated : 24.03.2008

Smt. Hasina Begam, Resident of Pohari, Distt. Shivpuri [hereinafter called Complainant] is the wife of Late Shri Nasiruddin, Deceased Life Assured (in short DLA). DLA had a life insurance policy number 200457847 taken from LIC of India, DO: Gwalior, BO Shivpuri [hereinafter called Respondent]. The Policy commenced on 07-02-2002 under Table/Term: 14-15 for Sum Assured of 50,000/- The DLA expired on 09-01-2004 due to cirrhosis, portal hepatitis, haematises etc. The death claim was preferred by the Complainant with the Respondent but the same was repudiated on the grounds of suppression of material facts regarding health of DLA at the time of taking policy. Aggrieved from the repudiation action of Respondent, the Complainant has lodged a complaint with this Office seeking directions to Respondent to settle the claim amount under the policy.

The Respondent vide its self-contained note dated 14-12-2007 replied that DLA had not disclosed his illness in the proposal forms dated 20-03-2002 submitted for insurance and has stated his state of health was “GOOD”. Had the history of his illness been disclosed at the time of proposing for insurance, decision for acceptance of the case would have been affected. Hence, the claim under the policy was repudiated due to non-disclosure of material facts. Further, the case was referred to the claim review committee at LIC zonal Office Bhopal. The ZO CRC in its meeting upheld the DO decision of repudiation on 05-07-2007.

Observations of Ombudsman :

I have gone through the materials on record and submissions made during hearing and summarise my observations as follows:

There is no dispute that the policy number 200457847 was issued to DLA by the Respondent with date of commencement on 07-02-2002 and the death of DLA occurred on 09-01-2004.

During the hearing the complainant contended that the DLA was an employee of Forest Deptt. as a Dy. Ranger and was throughout keeping normal health and he was not suffering with any disease and not taken any treatment before taking the policy. Further, She has added that Medical examination was also done by the authorized Doctor of the Respondent before taking the policy in which no adverse report was observed regarding health of the DLA.

During the hearing the Respondent replied that if the DLA had mentioned about his past illness in the proposal form correctly then the Respondent would have been called for relevant detail medical report. The Respondent contented that the DLA was suffering from Jaundice every year since last three years and also having a past history of Haemetaness since 8-10 years. The policy in question was proposed on 20-03.2003 where as the DLA did not mentioned any thing about his past illness. Hence the death claim was repudiated for the reason “Suppression of material facts” regarding his health.

It is observed from the Case History Sheet of G.R. Medical College & J.A.H. Group of Hospital Gwalior that the DLA was suffering from Jaundice every year since last three years and also history of Haemetaness since 8-10 years whereas in the proposal form signed by DLA on 20-03-2002 in which the answer of question no. 11 (a) i.e.During the last 5 years did you ever consult a Medical Practitioner for any ailment requiring treatment for more than a week ? Saying ‘ NO ’ to this question shows that the DLA had never suffered from any ailment whatsoever in the past and that he was absolutely keeping normal health, is not tenable.

This clearly shows that DLA was already suffering from Jaundice every year since last three years and also history of Haemetaness 8-10 years back but intentionally suppressed in the Proposal form under Policy in question.

Insurance is a contract of Utmost Good Faith where both parties are required to disclose all the material facts. No party can be allowed to gain any undue advantage by suppressing any fact. In the present case, there are sufficient evidential proofs to show that the DLA was already suffering from serious ailments but suppressed in the Proposal form. Had the same been brought to

the knowledge of the Respondent, the underwriting decision would have been different.

In view of the circumstances stated above, I am of the considered opinion that the decision taken by the Respondent is just and fair hence does not require any interference. The complaint is dismissed without any relief.

Bhubneshwar Ombudsman Centre
Case No. 21-001-0221
Smt. Sarojini Raj
Vs
Life Insurance Corporation of India

Award Dated 11.10.2007

The deceased life assured had taken two policies from LIC of India bearing nos. 591245839 and 591246496 commencing from 10.8.2001 and 28.12.2001 respectively nominating his wife Smt. Sarojini Raj as nominee. The life assured died on 9.2.2003. The nominee lodged the death claim with the Insurer, which was repudiated on the ground of suppression of material facts regarding health of the deceased policy holder. Being aggrived the Complainant moved this forum for redressal.

The complaint was heard on 25.9.2007. The Complainant contended that her husband was never suffering from any kind of disease at the time, the proposal was made. So the question of suppression of material facts does not arise.

The Insurer argued that the deceased life assured was suffering from Asthama prior to the date of proposal as per the case summary report of I.G.H & Medical treatment book issued to him by his authority. The cause of death is Actue severe bronchial Asthama. Since pre existing disease has got direct nexus with the cause of death, the repudiation was upheld. The complaint is dismissed with out any relief.

Bhubneshwar Ombudsman Centre
Case No. 21-001-0173
Smt. Sushri Sangita Das
Vs
Life Insurance Corporation of India

Award Dated 17.10.2007

The deceased life assured, Pradeep Kumar Panigrahi had taken six different policies from LIC of India, out of which claim under Policy Nos. 570636158, 571153456 and 571157172 were repudiated by the Insurer on the ground of misrepresentation and suppression of material facts. Being aggrieved the nominee moved this forum for redressal.The deceased policy holder died on 31.3.2003 due to head injury which occurred in an accident.

The complaint was heard on 24.5.2007 in the presence of both the parties.The complainant argued that since the proposal forms were filled up by one and same

agent in the same branch, it can not said that the deceased policy holder misrepresented by declaring that 'he had no previous policy'. More over the complainant forcefully argued that Insurer had ample opportunity to point out the mistakes and could have acted accordingly. So the question of suppression about mention of previous policy particulars does not arise.

Countered by the Insurer that it was the duty of the deceased life assured to disclose about all the previous policies at the time of taking new policy.

It was held that the cause of death has no nexus with suppression of facts. The Insurer had sufficient scope to verify the previous policies of deceased life assured. But the suppression of fact was not done fraudulently and that was omission to mention the same. Besides the deceased policy holder was a young and active , had never availed any sick leave. Further, there is no scope to record that with an ulterior motive policy was taken.

Hence considering the above findings, the complaint was allowed in part and the Insurer was directed to pay Rs.11 lakhs towards ex-gratia after receipt of consent letter.

Bhubneshwar Ombudsman Centre
Case No. 21-001-0244
Smt. Sangeeta Devi Agarwal
Vs
Life Insurance Corporation of India

Award Dated : 18.10.2007

The deceased life assured, Sajaj Kumar Agarwal had taken a policy from LIC of India bearing no. 590269278 commencing from 10.12.1990 for a sum assured of Rs.50000/- nominating his wife Smt. Sangeeta Devi Agarwal as a beneficiary in event of his death. The life assured died on 2.9.2000 due to injuries suffered from the accidental fall from a running train on 21.8.2000. The Insurer delayed the settlement of accident benefit claim under the policy and hence the complaint.

The complaint was heard on 25.9.2007 in the presence of both the parties.The complainant argued that the Insurer is unnecessarily harassing by calling various police reports, while the Railway Claims Tribunal, Bhubaneswar had already given award in her favour vide S.E. OA/30/2001. Countered by the Insurer that they have not yet settle the claim for want of FIR, PIR, and PMR which are necessary.

The report of Railway Claims Tribunal reveled that the incident was accidental. The discharge certificate of Bhadrak Hospital shows that the deceased was treated in accidental ward and the case was referred to SCB Medical College & Hospital, Cuttack later on. The life assured died in his residence. When all the above facts have not been disputed by the Insurer, the findings of Rly.Claims Tribunal is sufficient for the Insurer to settle the claim.

In the result the complaint was allowed and the Insurer was directed to settle the claim at once with interest @ 9% per annum from the date of application till the date of payment.

Bhubneshwar Ombudsman Centre
Case No. 21-001-0209
Smt. Sandhyarani Dash
Vs
Life Insurance Corporation of India

Award Dated : 7.11.2007

The deceased life assured, Narayan Chandra Das took a policy from LIC of India bearing policy no. 584622359 for sum assured of Rs.25000/- commencing from 15.9.2002. The deceased life assured died due to heart attack on 10.10.2002. The claim was repudiated by the Insurer on the ground of suppression of material facts by the deceased life assured. Being aggrieved the nominee moved this forum for redressal.

The complaint was heard in the presence of both parties. The Complainant contended that deceased life assured had no disease when the proposal was made. And also the observation of Dr. P.C. Bahinipati was wrong, which should have been written as one hour instead of one year.

The Insurer argued that the deceased life assured was suffering from hypertension at the time of taking the policy. So the repudiation was made on the ground of suppression of material facts. No other documents were produced in support of his treatment for hypertension except the observation of Dr. P.C. Bahinipati.

Considering the nature of the case, amount of sum assured and cause of death Hon'ble Ombudsman set aside the repudiation and directed the Insurer to settle the claim within one month from the receipt of the order.

Bhubneshwar Ombudsman Centre
Case No. 21-001-0250
Smt.Bindu Podh
Vs
Life Insurance Corporation of India

Award Dated : 8.11.2007

The deceased life assured, Lalit Mohan Bisoi had taken a policy from LIC of India bearing policy no. 592918474 for sum assured of Rs.100000/- commencing from 28.7.2005. Unfortunately the life assured died on 13.9.2005. The nominee lodged the death claim with the Insurer, which was repudiated on the ground, suppression of material facts regarding the health of the deceased policy holder.

Being aggrieved the nominee moved this forum for redressal. The hearing was held on 25.9.2007 in the presence of the both parties.

The Complainant argued that her husband had never suffered from any disease when the proposal was made for insurance. The stand taken by the Insurer according to her is unreasonable and it is only to avoid the settlement of claim.

Countered by the Insurer that the deceased policy holder was suffering from Sickle cell disease before taking the insurance. The medical attendance certificate indicates that the death was due to SCD Crisis.

Hon'ble Ombudsman took DMR report of the Insurer in to consideration and non availability of further expert opinion in the matter. Moreover, the pre-existing disease had no direct nexus with the cause of death. In view of the above findings , Hon'ble Ombudsman set aside the repudiation and directed the Insurer to settle the death claim with all benefits within one month from the date of receipt of order.

Bhubneshwar Ombudsman Centre
Case No. 24-001-0369
Sri Rishi Kumar Agrawal
Vs
Life Insurance Corporation of India

Award Dated : 13.12.2007

The deceased life assured, Chhaju Ram Agrawal had taken three policies from LIC of India bearing policy nos. 591504164 for sum assured Rs.100000/-,591504084 for sum assured Rs.100000/- and 591504176 for sum assured Rs.50000/- with commencement date 28.3.2001. The deceased policyholder died on 15.3.2002. The nominee lodged the death claims with the Insurer, which were repudiated on the ground of suppression of material facts regarding his age at the time of taking proposal.

Being aggrieved the nominee moved this forum for redressal. The complaint was heard on 24.5.2007. As some new information was supplied by the Insurer the complaint was reheard on 25.9.2007 in the presence of both the parties.

The Insurer argued that the deceased policyholder suppressed his age and disclosed the date of birth, which is different from his actual date of birth. The school certificate was not produced by the complainant. The PAN card and voter list submitted by the complainant is much after the death of the deceased policyholder. When he admitted in the hospital for treatment his age was more than the age mentioned in the proposal form. It is further argued that if his son's (complainant) age compared with his age, it would suggest that the deceased policyholder suppressed his exact date of birth to influence the Insurer. The Insurer justified their decision of repudiation u/s.45 of Insurance Act.

Hon'ble Ombudsman took that PAN Card is received on the statement of the person concerned. Copy of voter list produced by the Insurer has shown date of birth as 67 years of the insured. In face of the document i.e voter list showing date of birth 67 years at proposal stage. It was held that insured has misrepresented the Insurer to enable them for insurance. Hence claim can be repudiated u/s. 45 of Insurance Act for fraudulent misrepresentation. The complaint stands dismissed with out any relief.

Bhubneshwar Ombudsman Centre
Case No. 24-001-0417
Smt.Uma Panda
Vs
Life Insurance Corporation of India

Award Dated : 7.01.2008

The deceased life assured Gagan Bihari Panda had a policy bearing no. 585233466 for sum assured of Rs.200000/- commencing from 27.3.2003. The complainant, the wife of deceased life assured lodged the death claim with the Insurer. As the Insurer repudiated the claim for suppression of material facts, the complainant moved this forum for redressal.

The complainant was taken up for hearing on 20.8.2007. The complainant being wife of deceased unknown about the disease strongly contended that the deceased life assured had not suffered from any kind of disease when the policy was taken. The Insurer has taken a baseless stand to avoid payment of claim.

The Insurer argued that the deceased policy holder was suffering and was treated with chemotherapy and the same disease has got direct nexus with the cause of death. The medical report revels that the primary cause of death is carcinore lungs with brain and secondary cause of death is secondaria.

Though the deceased life assured did not disclose about his treatment when he met the accident and his suffering from cough, spiting of blood and breathless. If the cause of death is taken in to consideration, the previous disease had no direct nexus with the cause of death. Moreover the date of suffering is not clear.

Since no sufficient material proof was produced the complaint is allowed. The Insurer is directed to pay the claim amount.

Bhubneshwar Ombudsman Centre
Case No. 21-001-0258
Smt. Jasmi Murmu
Vs
Life Insurance Corporation of India

Award Dated : 17.01.2008

The deceased life assured, Dhananjay Tudu had a policy bearing no. 585005042 for sum assured of Rs.300000/- under Table & term 149-24 commencing from 28.1.2003. He died on 21.1.2005 due to heart attack. The Complainant, wife of the deceased life assured lodged the complaint with the Insurer which was repudiated on the ground of misrepresentation and for making incorrect statement by the deceased life assured.

The complaint was taken up for hearing on 19.12.2007. The Insurer argued that deceased policyholder had taken medical leave and was suffering from bronchitis. He had also taken reimbursement for medical expenses from 28.1.20000 to 28.1.2003.

The omission made by the deceased policyholder by not disclosing about his treatment for bronchitis comes under mischief or misrepresentation or suppression of material facts. The deceased did not disclose that he had availed leave from his working place on medical ground. As regards, reimbursement of medical expenditures, the chart does not reveal specifically that it was under taken foe self treatment. The death claim occurred before 7days prior to completion of two years.

Considering the nature of suppression made, status of the policyholder and above mentioned duration of policy, Hon'ble Ombudsman allowed Exgratia payment of Rs.100000/- in favour of the complainant.

Chandigarh Ombudsman Centre
Case No. : SBI Life/177/Mumbai/Chandigarh/24/08
Prabh Dyal Wadhwa
Vs
SBI Life

Award Dated : 09.10.07

FACTS : The complainant, Sh. Prabh Dyal Wadhwa stated that his son Amit Wadhwa (Deceased) was sanctioned an education loan of Rs.3.95 lakhs by the State Bank of India, Mohali against which a Life Insurance policy of Amit Wadhwa was taken from SBI Life for a Sum Assured of Rs. 4 lakhs under 'Edu-Shield Policy'. The premium was to be paid by the bank after deducting from the loan amount and the policy would be assigned to the bank. Unfortunately, the loanee died in an accident in Australia on 04.04.2007. When the claim was lodged with the insurer through the SBI, Mohali, it was learnt that the premium had not been paid for 2005 and 2006 by the bank to whom the policy was assigned. The policy was thus in a lapsed condition on the date of death of the insured and the claim was accordingly repudiated. He contended that it was the duty of SBI to deduct the premium from his account and remit the same to SBI Life.

FINDINGS : During the course of hearing, the insurer clarified the position by stating that the policy was in lapsed condition due to non-payment of premiums. Nothing was mentioned in the proposal form that the premium would be automatically deducted from the account of the complainant. Unfortunately, the policy bond sent by the insurer to the assignee State Bank of India was sent on wrong address and hence not received by them. It was found that neither the bank nor the insurer had sent any lapsation

notice nor any premium due notice's was sent to the complainant. Thus there was deficiency of service both by the insurer and the bank. It is a well settled principle that if for any negligent act of an Agent (in this case, the bank) loss is caused to a third party, the principal (in this case, the insurer) is liable. In view of the above, repudiation of the claim by the insurer on the ground of lapsing of the policy, is not in order. The claim is payable. Hence, ordered that Sum Assured alongwith bonus after necessary deductions, if any, as per terms & conditions of the policy be paid. As the order was not implemented, a rehearing was fixed. The insurer clarified the position by stating that they were not aware of any standing instructions given by the complainant to the SBI to deduct the premium and remit the same to the insurer. In the absence of such a letter, SBI could not deduct the premium and the policy was therefore in a lapsed condition on the date of death of DLA. The insurer produced copies of letters written to the complainant, which were premium due notices. It was further stated that in the policy in question, bonus was not payable as it was purely a term policy nor there was a provision of DAB. On a query, whether standing instructions were given to the State Bank of India (SBI) to deduct the premium, the complainant produced a copy of the letter written by him to SBI dated 14.07.2004 in this regard. The insurer clarified that the bona fides of the letter would need verification from the Bank.

DECISION : After hearing both the parties and going through the records, I am of the opinion that the bonafides of the letter should be verified by the insurer for settlement of the basic claim on merits. This order supercedes my earlier order which was reviewed under the powers conferred upon me by Rule 12 (3) of RPG Rules, 1998, which states that the Ombudsman's decision, whether the complaint is fit and proper for being considered by it or not, shall be final.

Chandigarh Ombudsman Centre
Case No. : TATA AIG/262/Mumbai/Chandigarh/21/08
Ashish Kumar
Vs
TATA AIG Life Insurance Co.

Award Dated: 23.10.07

FACTS : Sh. Ashish Kumar, son of deceased life assured, Smt. Nirmal Garg stated that her mother had taken an "Invest Assure II" policy on 16.11.2006. She expired on 18.12.2006. The complainant completed all the claim formalities. In the month of May, 2007, the insurer informed him that only Rs.19,663.48 was payable, as the insured was suffering from typhoid prior to the application date i.e. 16.11.2006 and was hospitalized for enteric perforation, peritonitis with septicaemia and shock with duodenal perforation before the issue date i.e. 30.11.2006. These changes in health status were not informed to them, hence, they were unable to honour the claim. Since he was not satisfied with the decision of the insurer, he requested intervention of this forum in getting the claim alongwith interest.

FINDINGS : During the of course of hearing, the insurer clarified the position by stating that the DLA was suffering from typhoid and had undergone diagnostic test in September'06 just before taking the policy. She expired about one month after taking the policy. Since it was a case of early death, investigations were carried out, which revealed that the DLA was suffering from typhoid as per diagnostic reports. This information of diagnostic test was not disclosed at the time of taking the policy, which amounted to concealment of material facts. The insurer also produced a medical opinion, which showed that typhoid could lead to internal damage. Although it was a non-medical case a routine medical checkup was conducted based on the information

furnished by the DLA in which nothing abnormal was revealed. The complainant stated that the policy bond was not received during her lifetime and as such they had no time to give their reaction to the terms and conditions of the policy within the free-look period.

DECISION : After hearing both the parties and going through the records, it was observed that there was some concealment regarding the diagnostic tests carried out in Sept'06. The disclosure of ailment could have affected the underwriting decision of the proposal. Held that the repudiation of the claim is in order, however the amount should be the full amount which was invested by the DLA at the time of taking the policy. It was ordered that full deposit amount of Rs. 25,000/- along with interest @8% from 1.3.07 till the date of payment as ex-gratia should be paid.

Chandigarh Ombudsman Centre
Case No. : LIC/284/Ludhiana/Unit-III, Ludhiana/24/08
Sukhmani Dhillon
Vs
Life Insurance Corporation of India

Award Dated : 30.10.07

FACTS : Smt. Sukhmani Dhillon stated that the life assured, Sh. Gagandeep Singh Dhillon purchased a policy. He expired on 14.03.2006. The intimation regarding death was conveyed and the required documents were submitted to the insurer for payment of claim. This policy included premium waiver benefit for which additional premium was also paid. As the complainant did not receive any reply from the insurer, she requested this forum for settlement of the claim.

FINDINGS : During the course of hearing, the insurer clarified the position by stating that this was an early death case and accordingly investigations were carried out which revealed that the proposer could not have signed the proposal form at Ludhiana as he was not present in Ludhiana on 14.11.2005 (date of signing the proposal) as per his office records. As per the letter received from the DLA's employer, he was on duty from 1.11.2005 to 30.11.2005 at Mumbai and he had not visited Ludhiana. Since the proposal form was wrongly filled and signed, the contract became void ab-initio and premium waiver benefit could not be allowed. Accordingly the policy became void and one premium which was deposited was liable to be forfeited.

DECISION : After hearing both the parties and going through the official records from the employer carefully, held that the action taken by the insurer in getting the investigations done and repudiating the claim based on investigation report is in order. No further action is called for. The complaint is closed.

Chandigarh Ombudsman Centre
Case No. : LIC/328/Chandigarh/Sangrur/24/08
Jaswinder Singh
Vs
Life Insurance Corporation of India

Award Dated : 22.11.07

FACTS : The complainant, Sh. Jaswinder Singh stated that his grandfather, Sh. Balbir Singh had purchased a policy on 01.07.2005. Age proof submitted was Voter's I.D.Card. After paying two half yearly instalments, the sudden death of the complainant's one year old son was unbearable for the L.A. and he died of a heart attack. His father had also expired 5 years back. When he approached the L.I.C. office,

he was informed that his file is missing. Hence, feeling aggrieved, he sought intervention of this forum in getting the death claim paid to him.

FINDINGS : During the course of hearing, the insurer clarified the position by stating that as per their records, first premium was paid on 15.12.05 although DOC was predated to 1.7.05. The DLA expired due to heart attack on 21.12.05 within a period of 6 days of taking the policy and the second premium was also paid on 21.12.05 although it was due on 1.1.06. Being an early claim, the investigation was carried out which revealed that on the basis of yellow card and ration card issued on 12.1.1981 and Sept'05 respectively, the age of DLA was shown as 70 years. While the age as per the ration card was 70 years, the DLA in the proposal form had stated the age as 59 years. Thus a gross understatement of age by 10-11 years was observed. Hence the claim was repudiated on the ground that the DLA was not insurable being over age. On a query what was the basis of giving the age as 59 years, the insurer stated that it was based on Voter's ID Card.

DECISION : After going through the list of documents to be treated as valid age proof, it was found that Ration card with self declaration is to be treated as standard age proof in non-medical cases whereas the voter's card is not mentioned as one of the documents to be taken as supportive evidence of age proof. It can only be clubbed under any other document and that too under non standard age proof –2 of Underwriting Manual of Insurer. After hearing both the parties and going through the records of the case, held that the repudiation of the claim by the insurer is in order. However, since the second premium amounting to Rs. 4521/- due on 1.1.06 had been paid pre maturely, the same should be refunded @8% w.e.f 14.10.06 till the date of payment.

Chandigarh Ombudsman Centre
Case No. ING VYSYA/334/Banglore/Ludhiana/21/08
Avtar Kaur
Vs
ING VYSYA Life Insurance Co. Ltd.

Award Dated : 10.12.07

FACTS : Smt. Avtar Kaur stated that her husband, Late Sh. Jarnail Singh Sandhu had purchased a policy wherein the premium due 28th March, 2007 was submitted late with revival letter on 31st May, 2007. The insurer had not revived the policy and the L.A. expired on 1st August, 2007. The company denied the claim.

FINDINGS : During the course of hearing, the insurer clarified the position by stating that the premium due on 28.3.2007 was paid by the DLA on 31.5.2007 which amounted to revival of the policy. At the time of revival, the DLA stated that he was undergoing Dialysis from February, 2007 onwards. Hence, the policy was not reinstated on medical grounds and cheque for Rs.1030/- which was the revival amount was returned to the life assured alongwith a covering letter stating that the policy could not be revived. The policy was, therefore in a lapsed condition on the date of death and the claim was repudiated accordingly.

Claims Manual for policy servicing department [issued by LIC of India, Chapter 3 Para 4 (b)] regarding relaxation in the matter of settlement of death claim where premiums were paid for full two years which reads as under:-

"After atleast two full years premiums have been paid under the policy, if the death of the life assured were to occur between 3 and 6 months of the due date of the first unpaid premium, consideration of the claim to the extent of half the sum assured can be done."

In the instant case, the full two years premiums were paid upto September, 2006. The next premium due was on 28.3.2007 and the death occurred on 1.8.2007 which is within 3 to 6 months of the due date of premium.

DECISION : Held that 50% of the assured amount is, in my view, payable. It is hereby ordered that an amount of Rs.13,563.50 should be paid alongwith Rs.1,030/- (being the revival amount) if not already paid.

Chandigarh Ombudsman Centre
Case No. : HDFC/306/Mumbai/Chandigarh/21/08
Ashok Kumar
Vs
HDFC Standard Life Insurance Co. Ltd.

Award Dated : 10.12.07

FACTS : Sh. Ashok Kumar stated that his son, Sh. Nikhil Kumar Gupta had purchased a policy for a sum assured of Rs. 2,50,000/- with D.O.C. 21.04.2006. He was in good health and free from any disease. Suddenly he suffered from jaundice and died on 17.1.2007. (A policy was also taken from LIC of India on 21.07.2006 whose claim has been received on 17.08.2007.) When he lodged the claim with the insurer, the same was repudiated on the basis of suppression of material facts.

FINDINGS : The insurer clarified the position by stating that since the DLA had died of "Cardiac Arrest" within 8 months of the issue of the policy, the claim was investigated. As per the death certificate obtained from Silver Oaks Hospital, where the DLA was admitted, he was shown as a case of diabetes for some years and chronic alcoholism for 10 years. Since the DLA was only 36 years of age, no medical was done at the time of insurance and the proposal form filled up by the complainant regarding medical history was treated as the basis on which the insurance cover could be given. As there were no adverse disclosures either about diabetes or alcoholism in the proposal form, the claim was repudiated on the grounds of concealment of material fact, thus making the contract void.

DECISION : After hearing both the parties and going through the Death Summary Report given by Silver Oaks Hospital carefully, it was found that the contention of the insurer that the DLA was a known case of DM II and chronic alcoholism is borne out by the statement of the treating doctor in Silver Oaks Hospital. There was no reason to doubt this certificate. Hence, the repudiation of the claim by the insurer was in order and the same was upheld.

Chandigarh Ombudsman Centre
Case No. : LIC/342/Ludhiana/Unit-II, Ludhiana/24/08
Atul Gupta
Vs
Life Insurance Corporation of India

Order dated: 10.12.07

FACTS : Sh. Atul Gupta, son of the deceased life assured, Sh. Parmod Gupta stated that his father had proposed for a policy by depositing Rs.4,279/- on 31.3.2005. He was not issued the policy because he was having another policy in a lapsed condition in some other branch. After reviving this lapsed policy, he again submitted a proposal for insurance in March, 2006. Then, he was informed that the policy will be issued after approval from the Divisional Office. Unfortunately, he expired on 30.05.2006. The claim was denied as no policy was issued on the life of his father.

FINDINGS : The insurer clarified the position by stating that initially policy could not be issued since another policy was in a lapsed condition. After revival of the lapsed policy, a fresh proposal was received from the DLA in March, 2006 with a request for DOC as 28.4.2005 (backdating), which was sent to the Divisional Office for approval. It was approved on 11.4.2006. However, the amount deposited by the policyholder was not adjusted towards the first premium and remained in a deposit. Accordingly, no FPR and policy bond were issued to the DLA. The next premium was due on 28.4.2006 which on expiry of the grace period, 28.5.2006 was not deposited. Unfortunately, the DLA expired on 30.5.2006. Since the extended grace period had expired, the policy became a lapsed policy on the date of death of DLA. Hence, nothing was payable. On a query, whether any intimation was received by the DLA in writing about the completion of his proposal and underwriting decision of the same taken by the insurer, the insurer replied in the negative. On a query, whether the DLA was aware about the next payment due in April, 2006, the insurer could not give any satisfactory reply.

DECISION : It is a fact that the premium due 28.4.2006 was not paid by the due date but the insurer had also erred in not forwarding the FPR and the policy document to the complainant and not adjusting the first premium which was still lying in deposit. The DLA was not aware that underwriting decision to accept his proposal had been taken and he had to deposit the premium due in April, 2006 by 28 May, 2006. Hence, the death claim should be paid on ex-gratia basis. It was ordered that an amount of Rs.50,000/- on ex-gratia basis should be paid by the insurer to the complainant under rule 18 read with rule 16 (2) of RPG Rules, 1998, by 5th January, 2008 under intimation to this office.

Chandigarh Ombudsman Centre
Case No. : SBI Life/375/Mumbai/Karnal/24/08
Renu Bhatia
Vs
SBI Life Insurance Co. Ltd.

Award Dated : 22.01.08

FACTS : The complainant, Smt. Renu Bhatia wife of DLA, Sh. Murli Bhatia stated that her husband was holder of a SBI Credit Card and a certificate of insurance was issued in his favour for Sum insured Rs. 6 lakhs for personal accident cover. He expired on 28.06.2007 in a roadside car accident. All the requisite documents were submitted but the insurer had called for “Succession Certificate from Court of Law”. The insurer had settled the payment of SBI Credit Card. However payment for personal accident cover was still pending for want of succession certificate.

FINDINGS : The insurer clarified the position by stating that the claim of DLA had been admitted by them. Since the DLA had not made any nominations in the proposal form, which was registered with them, the insurer was finding it difficult to make payment of such a huge claim amount without succession certificate. On a query as to who were the legal heirs, the complainant submitted a certificate from Tehsildar, Karnal, in which it was mentioned that there were four legal heirs , wife, son, daughter and mother. On a query, whether it was possible for three legal heirs other than the wife to give the affidavits regarding no objection for payment of the money to the complainant, the complainant replied in the affirmative. On a query, whether these affidavits could serve the purpose of making payment by waiving the legal evidence of the title as per the standing instructions, the insurer replied in the affirmative.

DECISION : The insurer was ordered to make the payment to the complainant after obtaining affidavits from the other three legal heirs to the effect that they would have

no objection to payment of the claim amount to Smt. Renu Bhatia by waiving legal evidence of title as a special case. The payment should be made within 15 days of the receipt of affidavits from the complainant.

Chandigarh Ombudsman Centre
Case No. : LIC/404/Karnal/Gohana/24/08
Satbir Singh
Vs
Life Insurance Corporation of India

Award Dated : 04.02.08

FACTS : The complainant Sh. Satbir Singh father of the DLA Sh. Sunil Kumar stated that his son had purchased a policy. He was murdered on 27.9.2007 at night. All the claim forms were submitted but the claim had been repudiated on the ground that the policy was in a lapsed condition as the premium due on 28.8.2007 had not been paid within the grace period of 30 days.

FINDINGS : The insurer stated that the death took place on 28.9.2007 which was after the completion of the grace period of 30 days. In order to ascertain the exact date of death, they had requested for the copy of the court judgement from the complainant.

DECISION : On perusal of the records, it was found that the case falls under the preview of "Relaxation in the matter of settlement of Death Claim under Policies where Premiums were paid for full two years" of the insurer's Policy Servicing Manual. As per the relaxations, if the death of the Life Assured were to occur after expiry of Days of Grace but within three months of the due date of the first unpaid premium, claim is considered to the extent of the full Sum Assured together with the declared bonuses subject to recovery of the unpaid premiums. In view of the above provision, it was ordered that the basic Sum Assured alongwith accrued bonuses be paid after deduction of the premium which had fallen due but remained unpaid before the date of death.

Chandigarh Ombudsman Centre
Case No. : LIC/362/Chandigarh/Chandigarh-I/21/08
Renu Syal
Vs
Life Insurance Corporation of India

Award Dated : 26.02.08

FACTS : The complainant Smt. Renu Syal wife of late Sh. Baldev Syal stated that her husband had purchased two policies for Sum Assured of Rs.50,000/- each . He expired on 19.10.2003. After completing all the formalities for the claim, the company repudiated the claim on the grounds that he was suffering from Coronary Artery disease and diabetes mellitus at the time of revival, which was not disclosed in the personal statement of health. She further stated that premiums under both the policies were paid for 11 years and there was no misstatement.

FINDINGS : One policy was revived on 31.10.2001 by paying 8 quarterly premiums, while the other policy was revived on 21.11.2001 by paying 6 quarterly premiums. The repudiation letter for the claim was sent on 31.8.2004 which was after more than 2 years from the date of revival of the policy. The discharge summary by G.B. Pant Hospital & Ram Manohar Lohia Hospital, New Delhi stated that the DLA was a known case of CAD for 9 years and DM for 2 years. Since this was a case of pre-existing disease and was not disclosed at the time of revival the company decided to repudiate

the claim and as a goodwill gesture to make payment for paid-up value before the lapsation of the policy.

DECISION : Since more than 2 years had elapsed from the date of revival of the policy till the date of repudiation, the second part of Section 45 of Insurance Act became operative. The insurer could not established beyond doubt that the DLA had been treated for any ailment before the revival of the policy. Hence, held that the claim is payable under both the policies. It was ordered that the admissible amount of claim after recovering outstanding loan and loan interest should be paid. The case was re-heard after receiving a request from the insurer. After reviewing the case, it was found that out of the three conditions for which the onus lies on the insurer to prove it, condition one and three could be presumed to have been established as per the discharge summary and statement of HGD, however the fraudulent suppression of material facts could not be proved beyond a shadow of doubt. Moreover, mere false statement in the proposal form should not be the ground for repudiation of the claim. Reference of Supreme Court of India judgement of 13.12.2000 in the case of LIC of India Vs Asha Goel & others was given. In which it has been mentioned by the Supreme Court that mere inaccuracy of falsity in respect of some recitals or some items in the proposal is not sufficient unless the insurer is able to establish the ground of mis-statements of facts. In this case there was no fresh documentary proof to corroborate that there had been fraudulent concealment of material facts. Hence, it was reiterated that admissible amount of claim should be paid.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.002.2224/2007-08
Smt.G.Vijayalakshmi
Vs
SBI LIFE

Award Dated : 11.10.2007

Sri. D.Sampath Kumar took a housing loan from SBI, for which he obtained a life insurance cover from SBI Life- Home Loan Insurance after submitting a 'Consent-cum-Authorization-cum-Good Health Declaration' on 31.03.2003. Sri. D.Sampath Kumar died on 29.05.2004. Smt G.Vijayalakshmi, his wife preferred her claim with the insurer. The insurer on 29.08.2005, repudiated her claim as the life assured had not mentioned his suffering from Diabetic Nephropathy prior to the date of enrollment in the policy.

In the hearing the complainant stated that her husband was working in Sainik School. He and other staff of Sainik School wanted to construct houses in Coimbatore and availed loan in State Bank of India Amaravathi Nagar Branch during August 2002. Around 40 members availed the loan and were enrolled under an Insurance Scheme during March 2003. However, the construction could not be completed. In the meantime, the life assured died on 29.5.2004. When she approached the bank for the claim they were not paying the claim. The complainant said that her husband was not well for a year and 3 months. He was also taking treatment for diabetes. When asked about the family doctor, she said that there was no family doctor for them but her husband was admitted in Apollo Hospital. As she was employed, she used to visit him on weekends. After a month of admission, dialysis was started and that continued for one year. During treatment, he was affected by Jaundice. When pointed out that in Apollo hospital case sheet, treatment was mentioned as 'since March 2003', she replied that he was having diabetes for 10 years but kidney problem was detected only after one month of hospitalization.

The Insurer replied that the policy was issued on the strength of a declaration of good health. The assured died on 29.5.2004 and by investigation it was established that he was suffering from Diabetic Nephropathy and he was on Haemo-Dialysis for which he had taken treatment at Apollo Hospital. It amounted to suppression of material facts and the entire contract was void ab initio and the claim was repudiated. The Ombudsman pointed out that the loan was sanctioned on 12.8.2002 and the policy was given only in March, 2003. The Ombudsman observed that there was no provision in the proposal form to elicit information on illness and when there was no such provision, how the proponent could be expected to furnish details of the ailment. The Insurer could produce only the Death Summary from Apollo Hospital and not the case sheets. Though the assured was reported to have availed treatment in many hospitals, the Insurer could not produce any treatment particulars.

Total denial of claim on the ground that the assured had suppressed his Diabetes could not be justified however there was also merit in the contention of the insurer that they were put to a disadvantage due to suppression of his real health condition. In the circumstances, I decide to allow the claim on an ex-gratia basis. The Insurer is, therefore, directed to pay the complainant an amount of Rs.30000/-

The complaint was partly allowed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.04.2215/2007-08
Smt.Kodimalli
Vs
Life Insurance Corporation of India

Award Dated : 16.10.2007

Sri. M.Deivam (Decd.) had two life insurance policies from LIC of India, Dindigul branch-I. The life assured died on 25.12.2005 and Smt.D.Kodimalli, wife of the life assured claimed the benefit under the above policies. The Insurer on 26.09.2006 repudiated the full claim under the second policy and under the first policy offered to pay the paid-up value, alleging that the Life Assured had not disclosed in the 'Personal Statement of health', the fact that he had suffered from Acid Peptic Disease with Alcoholic Hepatitis.

In the hearing the complainant stated that her husband took 2 policies, one for Rs.70,000/- Sum Assured and another for Rs.30,000/- sum assured. He died due to heart attack and when she preferred the claim, and then her claim was repudiated by the insurer. The first policy lapsed due to non-payment of premium due since 2/2004 and the same was revived on 21.12.2004 on the basis of DGH dated 21.12.2004. The second policy also lapsed due to non-payment of premium due since 1/2005 and the same was revived on 26.10.2005 on the basis of Declaration of Good Health (DGH) dated 26.10.2005. When asked for the reason of not being in employment at the age of 38, the complainant replied that the scheme was announced by the company offering money and he opted for it. She further stated that her husband did coolie job after taking VRS. She categorically denied that her husband had taken treatment anywhere and stated that he died at her mother in law's house. When the complainant was told that as per the records available, her husband had taken treatment in ESI Hospital in March 2003 and April 2003 and in the hospital records it had been recorded that he was alcoholic, the complainant denied that the word "alcoholism" was wrongly recorded and her husband had only liver problem. It was pointed out to the complainant that her husband was hospitalized for more than 15 days in 2003 and asked her why the same

was not mentioned in the DGH at the time of revival. She was informed by the Forum that her husband had given DGH at the time of revival stating that he was maintaining good health. The Insurer was then asked to present their case. The Insurer stated that the life assured Sri N. Deivam had revived his two policies. Since both the policies were early claims from revival, investigation was arranged. From the investigation report and treatment details obtained from various hospitals, it was found that the life assured had been taking treatment since 21.4.03. There were ample records to prove the treatment taken by him for Acid Peptic Disease with Alcoholic Hepatitis. All the relevant questions in the DGH for revival were answered as 'no'. X ray of abdomen & ESR were taken on 24.10.05 just 2 days before revival. Leave records have also been obtained from the employer. Since illness prior to revival was established, claim was repudiated under both the policies and since the first policy acquired paid up value, paid up value was offered for the first policy.

In this instant case, there was clear breach of the principle of 'Utmost good faith' and material suppression of vital information in the proposal/Personal Statement of health was clearly proved by the insurer with clinching documentary evidence.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.07.2288/2007-08
Sri.A.Poovalingam
Vs
Life Insurance Corporation of India

Award Dated : 18.10.2007

Smt A.Maheswari, (deceased) aged 59 years, submitted a proposal for life insurance to LIC of India, Tiruchendur Branch on 29.03.2002. The Insurer issued her a policy bearing number 321183106 for a sum assured of Rs.1 Lakh under their Endowment Plan. Smt A.Maheswari had to pay a yearly premium of Rs. 9154/- for 15 years. Smt A.Maheswari died on 03.11.2002. Sri.A.Poovalingam, her son and nominee under the policy preferred his claim with the insurer. The Insurer vide their letter dated 15.03.2005 repudiated her claim on the grounds that the life assured had withheld correct information regarding her health at the time of effecting insurance. His appeal to the higher office of the insurer was considered and the insurer offered to settle Rs.10000/- as ex-gratia.

In the hearing the complainant informed that he was running a hotel where his mother was helping him. She also worked in a Health centre as helper from 10 am to 2 pm. She died on 3rd November 2002. The complainant informed that his mother was very healthy and did not take any treatment anywhere. She had cold and chest pain only one week before the date of death. She was treated in the local hospital for one week and then taken to Tuticorin. As her condition deteriorated, the doctor advised that the patient be taken home. When questioned whether the life assured was taking any medicine for diabetes, etc. the complainant replied in the negative. The Forum enquired whether the complainant knew Dr. Kameshwaran of Tuticorin who had issued the certificate stating that the life assured was suffering from acute severe asthma and lower respiratory infection for which the complainant replied that his sister was looking after his mother and only she knew everything. The representative of the Insurer gave details of the policy issued by Tiruchendur Branch Office. The life assured died on 3.11.2002. As per Claim Form A, the primary cause of death was acute severe asthma and the secondary cause was heart failure. The life assured was suffering from lower respiratory infection during the last three years for which she had taken treatment in the local hospital. And the same was not disclosed in the proposal at the time of taking

the policy. They have received a letter from Dr. Kameswaran on 26.11.04, which also confirmed that the deceased was treated as an outpatient for cough and acute severe asthma. Hence the claim was repudiated. Their Zonal Claim Review Committee decided to pay an amount of Rs.10,000/- under the policy as return of premium vide their letter dated 5.7.2005.

In view of the above deliberations the forum comes to the conclusion that no further reasons have been put forward by the complainant to review the insurer's decision to pay Rs.10000/- as ex-gratia and to recommend payment of full claim amount. The assured was indeed not maintaining good health at the time of proposing for insurance and which has been proved by the insurer. There is nexus between the cause of death and the illness suppressed.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.08.2308/2007-08
Sri. V. Balakrishnan
Vs
Life Insurance Corporation of India

Award Dated : 22.10.2007

Smt.D.K.Anbu Komathy (Decd.) had obtained a life insurance policy from LIC of India, Cheyyar. She died on 15.07.2005 and Dr.V.Balakrishnan, her husband claimed the benefit under the above policy. The Insurer on 10.04.2006 repudiated the claim under the policy as the assured had withheld material information regarding her health at the time of effecting assurance with them.

In the hearing the complainant stated that his claim on his deceased wife's policy money was rejected by LIC of India. His wife did not have diabetes before commencement of the policy. The same was detected only one year before her death and not two years before death as stated by the insurer. On 14.07.2005 they decided to consult a Cardiologist. The cardiologist after taking an ECG advised them to go to KS Hospital at Chennai as the hospital was conducting research in the specific problem which his wife had viz. pulmonary hypertension. As they were returning, she suddenly developed acute dyspnoea and they took her for first aid to CMC Hospital, Vellore, which was nearby. When questioned as to who gave the health history to the doctors at the time of admission, he said he only accompanied her and informed the history but the hospital authorities had wrongly recorded that she was suffering from diabetes for 2 years. When it was pointed out that Dr.Thirumal Babu had stated in Claim Form B1 that he had treated her for 2 years, the complainant objected and said that he never treated her. He showed the Xerox copy of the B-1 form (Certificate of hospital treatment) given by Dr.Thirumal Babu which did not contain the statements that she was suffering from Diabetes from July 2003 and history was narrated by the patient herself. When questioned whether she was obese, he said that her weight used to fluctuate but she was on strict diet control. He denied taking treatment from Dr.Ramachandran as stated by the Insurer. The representative of the Insurer stated that Dr.K.Anbu Komathy had given a proposal on 18.09.2003 to their Cheyyar Branch Office for Rs.3 Lakhs sum assured under the plan New Bima Kiran Date of death was 15.07.2005 and the duration of the policy was 1year 11 months and 17 days. The cause of death was Acute Pulmonary Embolism, Cardiogenic Shock, Type II Diabetes Mellitus. As per the CMC Hospital's reports, she was morbidly obese and also a diabetic for 2 years. They repudiated the claim on 10.04.2006 on the grounds of suppression of material facts. They have settled claims to the tune of Rs.6 lakhs under the other 5 policies. Had she disclosed that she was suffering from diabetes, they would have called for special

reports like BST, Physician's report and the proposal would have been sent to their Zonal Office for underwriting. As stated in the CMC case sheets, she was morbidly obese. However she had given false answers to the relevant questions in the proposal form.

The assured herself being a doctor it is difficult to accept that she would have not understood the importance of giving her correct health condition to doctors treating her at the Vellore hospital. The complainant has not seemed to have made any effort to correct the mistake regarding the date from which the assured was suffering from Diabetes. Even in the claim made to the General Insurer the complainant has submitted a form filled and signed on 02.08.2005 by a doctor of Christian Medical College, Vellore, where the duration of Diabetes is noted as 2 years.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.08.2311/2007-08
Smt. C. Bhakiyavathi
Vs
Life Insurance Corporation of India

Award Dated : 24.10.2007

Sri. T.S.Chinnadurai (Decd.) had a life insurance policy from LIC of India, Neyveli Branch. He died on 01.02.2005 and Smt.C.Bhakiyavathi, his wife claimed the benefit under the above policy. The Insurer on 12.04.2006 repudiated the claim under the policy alleging that the Life Assured had withheld material information regarding his health in the proposal for insurance.

In the hearing Sri. S.Muthukumar stated that his brother was working in a Paper Mill on contract and he was quite healthy and only before death he was bedridden. In 2004 his brother (the life assured) came to his house. He was suffering from Typhoid fever for a few days. When questioned about his brother's treatment at Cancer Hospital, Chennai he said that his brother could not have taken treatment without his knowledge as they should come to his house only. The representative of the Insurer stated that late T.S.Chinnadurai had submitted proposal on 20.03.2004 at their Neyveli Branch. The risk commenced from 24.03.2004. He was medically examined at the time of proposal. The policy was double cover policy under Table 88 (Jeevan Mitra) for 17 years. The date of death was 01.02.2005. The duration of the policy was 10 months and 7 days. The reason for death was heart attack. No paid-up value had accrued under the policy. The life assured had taken treatment at Rajaji Hospital, Madurai. He was admitted on 08.10.2004 and it was reported as a known case of Synovial Sarcoma. He was admitted for chemotherapy. Meenakshi Mission Hospital and Research Centre of Madurai had issued a certificate on 27.11.2004 that the assured needed 8 more cycles of chemotherapy each cycle at 21 days interval. He was admitted to Cancer Institute, Adyar, Chennai on 12.05.2004. He did not disclose the same in the proposal. Since it was mentioned in the hospital report as known case of Synovial Sarcoma they thought the cancer might have developed earlier than the date of proposal. Hence the claim was repudiated.

In view of the fact that cancer was diagnosed only in May 2004 (as certified by the Cancer Institute) there was no evidence brought by the insurer to prove that the assured was suffering from any serious illness in the pre-proposal period and as such his answer that he was in good health in response to Question No. 11(i) in the proposal form appears to have been made without malafide intention to defraud the Corporation.

Thus the Insurer's repudiation action under the policy is not backed by factual and irrefutable evidence as claimed by them in their repudiation letter and has, therefore, to be set aside. Therefore, for the above stated reasons, I have to hold that the repudiation of the complainant's claim for the assured sum and its ancillary benefits by the insurer is not legal, correct and proper and hence, the insurer is liable to pay the assured sum and its consequential benefits to the complainant.

The complaint was allowed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.07.2304/2007-08
Sri. S.Sunderaraj
Vs
Life Insurance Corporation of India

Award Dated : 26.10.2007

Smt. Ebenezer Seeniammal (Decd.) took an insurance policy with number 321066496 for Rs. 25,000/- from LIC of India, Tenkasi Branch under Tirunelveli Division. She signed the proposal on 31.10.2001 for a policy under T-14 (Endowment Plan) with a term of 20 years. Premiums were not paid from July 2004. Policy was revived on 14.02.2005, on the strength of the assured's Personal Statement of Health of even date. The life assured died on 29.06.2005 i.e. within 5 months of reviving the policy. When Sri.S.Sundararaj, the Complainant and nominee under the above policy submitted the claim the Insurer informed him that nothing was payable under the above policy as the life assured had revived the policy in February 2005 without disclosing her illness and treatment in the "Personal Statement of Health" signed by her on 14.02.2005. They wrote that as the life assured had withheld correct information regarding her health at the time of revival, they were repudiating his claim.

The complainant did not attend the hearing. His contentions mentioned in his appeal were read out to the representative of the Insurer. The representative of the Insurer said that the policy was allowed to lapse with the first unpaid premium as 07/2004. The policy was revived on the strength of a Declaration of Good Health dated 14.02.2005. The assured died on 29.06.2005 within 4 months and 15 days of reviving the policy. From the Claim Form B certified by Dr.P.Paulraj, who was the usual medical attendant of the life assured for 2 years, it was confirmed that the assured was suffering from Chronic Obstructive Pulmonary Disease since 07.06.2004. . She died due to Cardio Respiratory failure and COPD at her home. The life assured did not disclose her ailments in the Declaration of Good Health dated 14.02.2005. Hence the claim was repudiated on the ground of suppression of material facts.

All the available evidence established beyond doubt that the assured was indeed suffering from pulmonary disease at the time of reviving the policy and there was no reason to interfere with the insurer's decision.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.07.2407/2007-08
Smt. Kanega Chellammal
Vs
Life Insurance Corporation of India

Award Dated : 28.10.2007

Sri T.Shanmugaraj, an agent with LIC of India had three life insurance policies from Kovilpatti Branch of LIC of India. All the policies were taken with accident benefit. Sri

T.Shanmugaraj died on 05.09.2006. Smt. Kanaga Chellammal, his wife preferred her claim with the insurer. The Insurer had settled the basic sum assured along with bonus under all the three policies. However the Insurer had rejected her claim for accident benefit on the grounds that the accident occurred when the deceased life assured was travelling on his motor-cycle with two other persons which was against law.

In the hearing the complainant stated that her husband was an agent of Kovilpatti Branch of LIC of India for the last 18-20 years. Her husband died in a road accident on 06.09.2006. The basic sum assured was settled by the Insurer. Double accident benefit was denied to her since three persons were travelling in her husband's bike at the time of accident. He had a second hand TVS Victor Bike. On 05.09.2006 around 10.00 p.m. he was driving his bike from Kizha Eral to Mela Eral and on the way he met two of his relatives who were suffering from Chikungunya. They seemed to have asked for lift and he could not have refused being an agent (perceived as a social worker) and they were his relatives as well. On the main road he hit a stationary lorry and all three fell down. Mr.Shanmugaraj sustained serious injuries and died in the early hours on 06.09.2007 after taken to Palayamkottai Hospital. The other two sustained mild injuries. The representative of the insurer stated that the life assured had 3 policies and gave a brief description of the policy details. The life assured died in a road accident on 06.09.2006. They have settled the basic sum assured under the three policies and repudiated the Accident Benefit claims. As per policy conditions accident benefit would not be paid if the death of the life assured should result from the life assured committing any breach of law. Three persons travelling in a motor bike was against the rules of Government.

The insurer has denied the accident benefit merely on a technical ground that the same is not payable since the death had occurred when the deceased life assured had committed 'Breach of law' by carrying 2 persons in his bike. Prima Facie the insurer appears to have taken a correct decision purely by interpreting the law. But in a case where the accused had succumbed during the accident we need to go in-depth into the facts. Wherever there is a loss of life in an accident the police generally frame a charge of negligent or rash driving under the relevant provision of law in Indian Penal Code and if the accused succumbed to the injuries then the 'charges' are abated and case is treated as 'closed' by the competent authority. In the eyes of law no person is guilty of breach of law unless he is tried in a court and guilt is established. In fact, technical offences which have not been established in a court of law need not constitute breach of law as contemplated by the insurer for paying accident benefit unless moral turpitude is also established. In view of this legal position depriving the nominee the benefit of accident benefit appears to be wrong.

The complaint was allowed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.002.2301/2007-08
Sri B. Sathish Kumar
Vs
SBI LIFE

Award Dated : 29.10.2007

Sri.A.Balasubramanian (Late), the insured had taken a policy bearing No. 15000387301 for a sum assured of Rs.300000/- under "SBI Life-'EDU SHIELD" for a term of 7 years on his own life as per his application dated 22.12.2004. The policy was taken to cover the education loan availed for his son by the life assured on 14.09.2002. The life assured died on 09.05.2005. The complainant, who was the nominee under the policy,

approached the insurer for the settlement of claim benefits. However the Insurer refused to honour the claim on the plea that the assured suffered from Cirrhosis of Liver, Haemorroids and was a chronic alcoholic and smoker and which fact he had not disclosed in his application for insurance. The claim for the full sum assured was repudiated.

The complainant had authorized his aunt to represent his case. In the hearing the representative Smt.Usha Rani said that her sister's son Sri Sathishkumar lost his mother when he was studying in seventh standard and ever since she is the guardian. The assured was ex-army personnel and had served in many border areas and after retirement from the army, he was employed in ONGC on off-shore job. At the time of joining ONGC, he was found medically fit and was appointed. He had availed in September 2002, an educational loan from State Bank of India, for the sake of his son, who was studying in an engineering college. He also took a policy for Rs.3 Lakhs from SBI Life Insurance Co. Ltd. on 22.12.2004 to cover the risk. The complainant further added that they approached the bank when her brother-in-law died on 09.05.2005. The Bank later informed them of the Insurer's decision of rejection of claim. She further argued that the Bank could have also got her brother-in-law medically examined before giving insurance. The insurer gave a brief description of the Edu-Shield policy that was issued to the assured on 22.12.2004. The assured died on 09.05.2005 due to Alcoholic Liver Disease and Hepatic Coma on 09.05.2005. The loan was availed in the year 2002 and the policy was taken in December 2004. The insurer further said that the assured was hospitalized at Apollo Hospital from 0.11.2004 to 20.11.2004 for treatment of Cirrhosis of Liver, but the same was not mentioned in the proposal form. The cause of death was also related to the ailment suppressed, he added. The Insurer said that the claim was rejected for suppression of material information.

According to the available evidences the DLA was hospitalized just one month before he proposed for insurance and which he did not reveal in his proposal which led the insurer to issue the policy under normal rates. Also there is nexus between cause of death and the illness that was suppressed.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.002.2018/2007-08
Sri G.Thirunavakkarasu
Vs
SBI LIFE

Award Dated : 30.10.2007

Smt.G.Banumathi took a housing loan from SBI, for which she obtained a life insurance cover from SBI Life- Home Loan Insurance after submitting a 'Consent-cum-Authorization-cum-Good Health Declaration' on 08.12.2005. This insurance was under SBI Life Group Insurance Scheme-Housing Loan Protection. The life cover was issued on 18.01.2006. Smt.G.Banumathi died on 18.10.2006 due to Ca Breast and Diabetes Mellitus. Sri. G.Thirunavukkarasu, her husband and nominee under the policy preferred his claim with the insurer. The insurer repudiated his claim as the life assured had not mentioned that she was suffering from Breast Cancer prior to the policy date in the 'Declaration of Good Health' signed by her on 08.12.2005.

In the hearing the complainant stated that his wife had taken a policy with SBI Life Insurance Co. Ltd. She had taken a life insurance policy on 08.12.2005 to cover her outstanding housing loan that she had taken with SBI Bank. She also paid a single premium of Rs.17,367/-. She had treatment in 1999 for kidney stone, went to

Dr.Amaresan of Trust Hospital for the treatment of breast cancer and got Mastectomy done in December, 2003. This was followed by Chemotherapy in Rai Memorial Hospital, Chennai. The treatment as out-patient continued with Dr.Amaresan. Finally she was admitted in the hospital for 3 days and died there on 18.10.2006. The complainant added that she was not well for 5 or 6 years. She however, had continued to work as a teacher till 12.10.2006. She had repaid 9 instalments to the bank. The complainant showed all the available records to the Ombudsman. The complainant said that it was true that his wife had cancer but she was cured of the disease. He produced a certificate to that effect. The Insurer was asked to present his case. He gave a brief description of the policy conditions. He added that the assured had willingly opted for insurance and had signed the Declaration of Good Health dated 08.12.2005. In the said DGH, the life assured did not disclose any information about the illness though she had been suffering from Ca.Breast and had Mastectomy done. It is clear from Dr.Amaresan's report that the assured had continued with Chemotherapy after the operation. She was suffering from Diabetes also which was not of recent origin. She died on 18.10.2006 at the hospital. The Cause of death was due to Old Ca.Breast and Secondaries. The Insurer added that had the assured disclosed these details in the DGH, more medical reports would have been called for and the decision to give insurance or not, would have been taken. He further said that the assured, a teacher herself, ought to have known the implications of the questions contained in the DGH.

The material suppression of vital information adversely influenced the decision of the insurer to cover risk and is against the very principle of utmost good faith, which is the cornerstone of any insurance contract. The fact that death was the result of the same cause only increases the gravity of the misrepresentation and suppression of material information.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.03.2313 /2007-08
Smt. G. Rosemary
Vs
Life Insurance Corporation of India

Award Dated : 31.10.2007

Sri. V.Vedaraj the deceased life assured had a policy from LIC of India. Policy number 764037973 was for a Sum Assured of Rs.50000/- under the insurer's 'Endowment Plan'. A yearly premium of Rs.4585/- would be recovered from his PF for 12 years. The policy was serviced by Avinashi Road Branch of Coimbatore Division. Sri. V.Vedaraj died on 08.02.2005. Smt. G.Rosemary, his wife and the nominee under the policy claimed the money from the Insurer. The Insurer informed her that they were repudiating the claim under the above policy as the life assured had withheld correct information regarding his health at the time of effecting insurance with them.

In the hearing the complainant stated that her husband was a sanitary supervisor. He did not take any medical leave during his entire service. He complained of Dysentery one day. He also had chest pain. He was admitted to St.Joseph Hospital, Dindigul. He suffered heart attack and they took him to Apollo Hospitals, Madurai for further treatment. Her husband died due to heart attack on 08.02.2005 at Apollo Hospital. He did not have any other policy. When questioned as to when her husband suffered from diabetes, she said that in 2002 she and her husband underwent sugar test since they were above 40 years. Since his blood sugar level was 184 mgs., which was a little more than the normal limits, he decided to control his sugar level with diet. He did not

consult any doctor. No medicines were taken by him for diabetes. The representative of the insurer stated that the life assured had signed the proposal on 28.11.2004. The proposal was completed in December 2004 and the policy was issued on 18.01.2005. He died on 08.02.2005 within 1 month and 27 days. As per the discharge summary of St.Joseph Hospital, Dindigul the assured was a known case of Diabetes Mellitus. The Apollo Hospital in its death summary had also confirmed that the life assured was suffering from diabetes for 4 years. He did not disclose the same in the proposal. Hence they repudiated the claim for suppression of material facts.

From the above it is evident that in the proposal submitted in November 2004 the life assured had not mentioned that he had undergone blood tests in June and July 2002 and that his sugar readings had indicated that he was suffering from Diabetes Mellitus in 2002 itself. The assured was aged just 46 years when he died. However the records available with the insurer show that the life assured was not under any treatment. The only proof of the life assured having Diabetes Mellitus is the blood test report and where under the column 'Ref. by Dr.' it says 'self'. So it is possible that inadvertently the assured failed to disclose his diabetic condition in the proposal for insurance as he was not under any medication.

Considering all these facts, though the assured was not eligible for any benefits keeping in mind the special circumstances of the case as discussed above, it becomes justified to take a considerate view and grant the complainant some relief. The Insurer is, therefore, directed to pay the complainant, as ex-gratia, an amount of Rs. 10,000/- in full and final settlement of the claim.

The complaint was partly allowed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.06.2330/2007-08
Smt.K.Saroja
Vs
Life Insurance Corporation of India

Award Dated : 31.10.2007

On 31.03.2003, Sri A.Kalimuthu, submitted a proposal for life insurance to Aranthangi Branch of LIC of India, Thanjavur Division and obtained a 'New Jana Raksha' policy for Rs.50000/-. Sri A.Kalimuthu had to pay the half-yearly premium of Rs.1909/- for 15 years. He did not pay the premium that was due on 28.09.2004 and the policy lapsed. He revived the policy on 31.03.2006 by submitting on 28.03.2006 a 'Personal Statement of Good Health' (PSH). Sri A.Kalimuthu died on 28.05.2006. Smt K.Saroja, his wife and nominee under the policy, preferred her claim with the Insurer. The Insurer repudiated the claim on the ground that the life assured had not disclosed in PSH his 2002 hospitalization.

In the hearing the complainant stated that her husband was an agriculturist. He was quite healthy and did not suffer from any illness. When questioned about his illness in the year 2002, she admitted that he was hospitalized at Maruthi Hospital, Trichy with complaints of fever and cold. She was not aware of the diagnosis mentioned in the discharge summary. When questioned as to why her husband had not disclosed that he was not well before signing the proposal and was admitted to hospital in 2002, she said that he had only fever for 4 days and he was not suffering from any serious disease and probably he did not know that he should disclose. The representative of the insurer stated that the policy was revived on 31.03.2006. The life assured died on 28.05.2006 within 1month and 27 days from the date of revival. The life assured was suffering from

Neutropenia, Oesophagul Candidiasis and was admitted in Maruthi Hospital, Trichy on 30.01.2002 with a history of alcohol consumption, more quantity of pan parag and smoking. The proposal form was in Tamil and the life assured had signed in Tamil. He failed to disclose the ailments suffered in 2002 in the proposal as well as personal statement of health dated 18.03.2006 at the time of revival. He died on 28.05.2006 at the hospital due to Bilateral Pneumonia, Respiratory failure and Neutropenia. They repudiated the claim on the grounds of suppression of material facts. Had he declared that he had taken treatment they would have called for special reports. Claim Form B and B1 were certified by Dr.V.Maniya of Maruthi Hospital, according to whom the assured was an inpatient in their hospital in the year 2002 with Neutropenia was admitted on 18.05.2006 with fever, cough etc. The insurer wrote to him again and obtained the indoor case sheets and discharge summary of the life assured pertaining to the treatment in 2002.

It is therefore evident that though the life assured had recovered from Neutropenia and Oesophageal Candidiasis that occurred in the year 2002, he finally succumbed to Neutropenia in 2006. The relevant information that he had suppressed in the proposal for insurance dated 31.03.2003 and in the 'Personal Statement of Health' dated 28.03.2006 led the Insurer to issue/revive the policy at normal rates/existing terms. Had Sri. A.Kalimuthu revealed all the material information the Insurer would have called for additional details/reports and their underwriting decision would have been different.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.03.2464 /2007-08
Smt Achiathal
Vs
Life Insurance Corporation of India

Award Dated : 19.11.2007

Sri. P. Balasubramanian had availed a loan of Rs. 1 lakh from LIC Housing Finance Limited (LIC HFL) in the year 1992 to purchase a house. He decided to cover the loan by availing life cover under LIC's group insurance policy called Griha Jyothi. Against the said loan availed, he had been making regular monthly remittance (EMI) of Rs. 1,300/- to LIC HFL. Sri. P. Balasubramanian died on 29.06.2004. When Smt. B.Achiathal, the complainant and nominee approached LIC HFL to get the original documents she was asked to pay an amount of Rs. 8,000/- to close the loan. She did not pay the said amount to the insurer as the loan amount was covered by insurance. However LIC of India had not paid the amount to LIC HFL and she had approached this Forum to help her.

In the hearing the Ombudsman asked the complainant to state their position with respect to the matter pending with the former. The complainant stated that her husband (the loanee) had availed a loan of Rs. 1 lakh from LIC HFL in the year 1992 to purchase a house. Against the said loan availed, her husband (P. Balasubramanian) had been making regular monthly remittance (EMI) of Rs. 1,300/- to LIC HFL. The loanee died on 29.06.2004. The complainant said she was asked to refund an amount of Rs. 8,000/- to LIC HFL to close the loan fully. She said she had not paid the said amount to the insurer as the loan amount was covered by insurance. The Ombudsman then asked the representative of LIC HFL to comment about their position with respect

to the case. He said the party had availed a housing loan in 1992. The loan offer letter was issued on 02.11.1992 for Rs. 1 lakh. The loan was originally issued under Jeevan Griha Scheme. The loanee had further requested LIC HFL to convert the loan into Griha Jyothi Scheme. An amount of Rs. 7,300/- had been remitted by the loanee, vide M.R. No. 1430. This amount had been in turn remitted by LIC HFL to P&GS Unit vide Voucher No. 1423 dated. 08.12.1992 and their cheque No. 7639 dated 08.12.1992. But LIC (P&GS Unit) stated that they had no evidence of receipt of this cheque. On receipt of death intimation from deceased's wife (complainant), LIC HFL had in turn informed the LIC (P&GS Unit) on 24th November 2004. But the LIC had informed that they had no record to show receipt of claim intimation from LIC HFL.

A perusal of the above documents reveals that the assured had provided insurance to cover his housing loan. In case of doubt the insurer namely, LIC of India, Coimbatore Division, can obtain a copy of the Miscellaneous Receipt issued by them in December 1992 to LIC HFL. I therefore recommend that the Insurer shall obtain valid discharge from LIC HFL and settle the amount under the Griha Jyothi policy. Thereafter LIC HFL is directed to release the relevant documents.

The complaint is allowed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.002.2389/2007-08
Smt R.Mangayarkarasi
Vs
SBI LIFE

Award Dated : 26.11.2007

Sri P.A.Ramalingam had a savings account in Tiruppapuliyur Branch of State Bank of India (SBI). He submitted to the Branch Manager of SBI a 'Group Insurance Scheme Consent-cum-Authorization' on 30.12.2003, wherein he had authorized the bank to debit the first and subsequent annual insurance premiums from his savings account with them. Sri P.A.Ramalingam was issued a 'Certificate of Insurance' for Rs. 1 lakh under the group life insurance scheme (in this scheme SBI was the holder of the Master Policy). The name of the scheme was 'SBI Life-Super Suraksha'. Sri P. A. Ramalingam died on 16.12.2005 in a 'Road Traffic Accident'. Smt. R. Mangayarkarasi his wife and the nominee under the policy preferred her claim with the insurer. The insurer however informed the bank (the Master Policyholder) on 10.10.2006 their decision to repudiate the claim as the policy was in a lapsed condition as on the date of death.

The complainant, Mrs. R.Mangayarkarasi was present. Mrs.Vidya Rajasekhar represented the insurer and Mr. T.G.Balakrishnan attended on behalf of the bank. In the hearing the complainant stated that her husband died in a road accident on 16.12.2005. She then informed the bank about the demise of her husband and asked them to provide her with necessary forms to claim for the insured amount. She received the claim forms very late i.e. after five months which she filled up and submitted to the insurer on 14.8.2006. In the meanwhile, the insurer had sent a repudiation letter to the banker on 10.10.2006 stating that there was no insurance due to non-payment of renewal premium due on 8.10.2005. The complainant stated that there was sufficient balance in her husband's account for the recovery of premium on the due date of renewal and that it was the practice of the branch to deduct the renewal premium from the S.B. account and that they never went to SBI Life for direct remittance of premium. Also, she stated that they were not at fault, for the lapse on the part of the bankers. The representative of the Insurer stated that they have given a

Group Insurance policy for all the account holders of SBI. For this particular branch, the Master Policy commenced on 8.10.2002. Some of the conditions governing the Master Policy were i) no claim if death arises within first 45 days; ii) 1 year Suicide Clause iii) death within first 2 years would be treated as Early Claim. No proposal or declaration of good health obtained. The date of Commencement of the said cover was 15.2.2005 for which they had first received the amount of Rs.496/- on 15.2.2005 The amount was returned back to the bankers due to shortfall in premium. Subsequently, they received Rs.166/- towards shortfall on 25.5.2006. The next renewal premium due Oct. 2005 of Rs.674/- was remitted to them on 24.7.2006 after a gap of 9 months. When questioned about the delay in intimating the banker about the shortfall in premium, she replied that it was found only during reconciliation and therefore the same was returned to the bankers for want of correct premium. When questioned whether they have informed the policy holder that the policy was lapsed and that no insurance cover was available, she said that they have not done the same. The representative of the banker said that the notice about this Super Suraksha offered by SBI Life was displayed in their premises and who so ever was interested was given Authority Form and that they would collect the premium from the insured account holders in a lot and send to SBI Life. For this particular policy it had started in Feb.2004 after receiving a Letter of Authority dated 15.12.2003. However, he could not produce a copy of the Letter of Authority to this Forum. As such first premium was paid in 2/2004 on a pro-rata calculation. By mistake the renewal premium was deducted on 15.2.2005 for a smaller amount since the Mumbai Office of SBI Life had told them that only 9 months premium would be sufficient. Due to the shortfall in premium SBI Life had returned to the bankers stating that the total amount sent did not tally with the total premium of the account holders. Later, the shortfall was deducted and sent to SBI Life. The banker had also expressed that they were confused as to whether to remit the amount on pro-rata basis or otherwise. The banker expressed that he is convinced of the genuineness of the claim. When questioned about the O.D.facility to the account holders, the banker replied that there no such facility was available to pay the premium. Also he said that an amount of Rs.84000/- is still outstanding under the deceased account holder's name.

It is therefore evident that due to break down of systems and procedures in implementing the scheme the insured had not been informed about the "lapsed" status of his life cover. As the bank was authorized to debit premiums and the insured had always maintained sufficient funds in his account I do not agree with the insurer in repudiating the claim for no fault of the insured.

The complaint was allowed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.002.2312/2007-08
Smt A. Susheela
Vs
SBI LIFE

Award Dated : 26.11.2007

Sri P.Adikesavalu (deceased) submitted a proposal for life insurance to SBI Life Insurance Co. Ltd. on 01.03.2006 through Kalpakkam Branch of State Bank of India. The Insurer issued him a policy numbered 06018331905 for a sum assured of Rs.25,000/- under their Sudarshan Plan. Sri P.Adikesavalu had paid a single premium of Rs.3344/-. The risk cover was for a term of 8 years. Sri P.Adikesavalu died on 17.12.2006. Smt.A.Suseela, his wife and nominee under the policy, preferred her claim

with the Insurer. The Insurer rejected her claim on the ground that the life assured had withheld material information regarding his health in the proposal form.

In the hearing the complainant stated that her husband died of sudden heart attack. He was on duty at the time of death. Her husband had availed a loan with State Bank of India. After his death only she came to know about it. She admitted that her husband underwent Angiogram along with other tests in November 2004. He was suffering from diabetes for nearly 8 years before his death. The reasons for repudiation of her claim by the insurance company were explained to her by the Forum. The representative of the insurer stated that the policy was given in March 2006. The life assured was suffering from Coronary Artery Disease, Hypertension and Diabetes Mellitus as mentioned in the discharge summary of Apollo Hospital. While applying for insurance on 01.03.2006 he failed to give details of his ailments. He was hospitalized and took treatment prior to commencement of risk. They repudiated the claim for suppression of material facts.

It is therefore evident that the life assured was not in good health at the time of proposing for the policy. As the Contract of Insurance is a Contract of Utmost Good Faith, every material fact must be disclosed by either party. If not, there arises the ground for rescission of the contract by the affected party. In order to consider the question whether there was suppression of any material fact, we have to examine whether the suppression relates to a fact, which is within the exclusive knowledge of a person intending to take an insurance policy. And unless this knowledge is shared, the risk insured against may be different from that intended to be covered by the Insurer. In this instance the life assured by suppressing the material information regarding his health had deprived the Insurer a chance of correctly assessing the risk.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.07.2370/2007-08
Smt. M.Prema
Vs
Life Insurance Corporation of India

Award Dated : 27.11.2007

Sri S.Muthu (deceased) submitted a proposal for life insurance to LIC of India, Cheranmahadevi Branch under Tirunelveli Division on 25.11.2005. The Insurer issued him a policy numbered 321836095 for a sum assured of Rs.50,000/- under their New Janaraksha Plan. Sri S.Muthu had to pay quarterly premium of Rs.600/- for 25 years. Sri S.Muthu died on 19.05.2006. Smt.M.Prema, his wife and nominee under the policy, preferred her claim with the Insurer. The Insurer rejected her claim on the ground that the life assured had withheld material information regarding his health in the proposal form.

The complainant stated that her husband was an auto driver. He had two policies. One policy which was 6 years old and a claim amount of approximately Rs.31,000/- was settled to her. The claim under other policy was repudiated. When questioned whether her husband suffered from any heart disease earlier, as the doctor had mentioned that he was suffering from heart disease since 2004, she said that he was never sick. She categorically denied that he was taking any medicines or treatment for heart disease or hypertension. Only on the day of his death around 09.00 p.m. he complained of chest pain and uneasiness. His friends had taken him to Dr.Nelliappan, whose clinic was closer. The doctor had given him some medicines and he was dropped home by his friends. After coming home he had food and slept. He died in sleep. She said that they

have never consulted Dr.Nellaiappan before except on the last day of his death. She had collected the forms, filled in by the doctor, after her husband's death. When asked whether she has the prescription of the doctor when her husband visited on the day of his death, she said that she does not have any such presciptions. When it was pointed out to her that the forms filled in by the doctor has the details about her husband's past illness, she said that the form submitted by her did not contain those details. The representative of the insurer stated that Sri S.Muthu, life assured had two policies for sum assured Rs.25,000/- and Rs.50,000/- respectively. The date of death was 19.05.2006. The claim under the first policy was a non-early claim and the same was settled. The second was an early claim and hence requirements were called for. Dr.R.Nelliappan of Primary Health Centre, Munanjipatti has certified vide Claim Form B that the assured died due to Myocardial Infarction and the primary cause was Hypertension. The doctor has also stated that Sri S.Muthu was suffering from the disease for the past two years. He has stated the period as 03.05.2004 to 12.04.2005. Subsequently they obtained the treatment particulars through claim forms B1 and B2. In those forms also he has stated that the life assured's first consultation was on 03.05.2004. These facts were not disclosed in the proposal form. It is therefore evident that the life assured was not in good health at the time of proposing for the policy. As the Contract of Insurance is a Contract of Utmost Good Faith, every material fact must be disclosed by either party. If not, there arises the ground for rescission of the contract by the affected party.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21. 07.2322 /2007-08
Sri S.Chandrasekaran
Vs
Life Insurance Corporation of India

Award Dated : 28.11.2007

Sri M.Pitchaimuthu (deceased) submitted a proposal for life insurance to LIC of India, Kovilpatti Branch under Tirunelveli Division on 31.03.2002. The Insurer issued him a policy numbered 321181416 for a sum assured of Rs.44,000/- under their Endowment Plan. Sri M.Pitchaimuthu had to pay quarterly premium of Rs.861/- for 15 years. The policy lapsed with first unpaid premium 09/2003. He revived the policy on 06.02.2006 after paying 10 quarterly dues of Rs.8610/-. Sri M.Pitchaimuthu died on 19.03.2006. Sri S.Chandrasekaran, his nephew and nominee under the policy, preferred his claim with the Insurer. The Insurer vide their letter dated 03.08.2006 rejected his claim on the ground that the life assured had withheld material information regarding his health in the personal statement of health submitted at the time of reviving the policy.

In the hearing the complainant stated that the deceased life assured was his maternal uncle. His uncle was a bachelor and was staying with him. Before his death he had sores in his leg and water was oozing out. He was taking treatment in Rajaji Hospital during January 2006. After discharge from the hospital he was alright. He was quite healthy before taking the policy. He was working in a hotel and later he was not going for any job. He admitted that his uncle had diabetes and used to take Tablet Daonil for the last 2 years. Though he was suffering from diabetes he was quite okay. Only 15 days before his death he was very sick and they consulted Dr.Anitha. The representative of the insured gave a brief description of policy particulars like Policy number, Date of commencement, Sum Assured etc. He said that the policy was lapsed

and was revived on 06.02.2006 by paying 10 quarterly premiums. The life assured died on 19.03.2006. They have received Claim Forms B, B1 from Dr.A.Anitha Hemavathy of Madurai and she has diagnosed renal failure with ischemic heart disease and the illness was first observed one year back. The life assured was treated at Govt. Rajaji Hospital, Madurai. The Claims Investigating Official had stated that the life assured did not have any income for the last 3 years and was taking treatment from Govt. Rajaji Hospital, Madurai. He had also collected the case sheets and treatment particulars from the hospital. The life assured had taken treatment from 25.01.2006. The reports confirmed that the life assured had taken treatment for heart ailment. These facts were not disclosed to them in the DGH.

It is therefore evident that the life assured was not in good health at the time of proposing for the policy. As the Contract of Insurance is a Contract of Utmost Good Faith, every material fact must be disclosed by either party. If not, there arises the ground for rescission of the contract by the affected party.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.07.2408/2007-08
Sri. Sudhirchandra
Vs
Life Insurance Corporation of India

Award Dated : 29.11.2007

Smt.A.Anitha obtained a policy from Kuzhithurai Branch of LIC of India after submitting a proposal on 30.3.2002. The policy was for Sum Assured of Rs. One Lakh under the insurer's 'Endowment Plan'. Smt.A.Anitha had to pay Rs.6850/- as the yearly premium for 15 years. She did not pay the yearly premium due in March 2004 and the policy lapsed. She revived the lapsed policy on 12.04.2005 by tendering all the due premiums and after submitting a 'Personal Statement of health' of even date. Smt.A.Anitha died on 02.07.2006. Sri.G.Sudhirchandra Kumar, her husband and nominee under the policy, preferred his claim with the Insurer. The Insurer repudiated his claim on the ground that the life assured had withheld material information regarding her health in the 'Personal Statement of health' dated 12.04.2005.

In the hearing, the complainant stated that his wife was working as a teacher in a private matriculation school. Since they had financial difficulty they could not pay the premiums of her policy in time. He had two or three policies on his life for which he was paying premium regularly. His wife revived the policy in April 2005. They did not expect that she would die. He admitted that cancer was detected towards the end of 2005. In her 7 years of service she was on leave only for seven days. After the surgery their family members asked her to take rest and hence she was not working. She used to go alone for chemotherapy, radiation etc. She was quite healthy and confident. When questioned as to why his wife did not disclose about her health condition in the personal statement of health at the time of revival, he admitted that it was a mistake on their part. They did not disclose about her health condition except to her close relatives.The representative of the insurer gave a description of the policy. The policy was revived on 12.04.2005 with Declaration of Good Health by the life assured and on payment of two yearly dues of Rs.14,436/-. On investigation after the intimation of death of the life assured, they found that she had taken treatment for carcinoma of breast in Regional Cancer Centre, Thiruvananthapuram from 15.03.2005 to 21.03.2005.

She had undergone the surgery on 16.03.2005. Dr.J.A.Jayalal of Annammal Hospital, Kuzhithurai had certified in Claim Form B that the assured was suffering from Carcinoma of breast for 17 months, first observed on 13.03.2005 and was referred to RCC, Thiruvananthapuram on 14.03.2005. On the basis of the case summary of Regional Cancer Centre, Thiruvananthapuram and Claim Form B, they repudiated the claim for suppression of material facts.

In this instance, the life assured had replied that she was enjoying good health whereas the insurer had brought medical evidence to prove that the life assured was not maintaining good health at the time of revival. The assured had undergone surgery on 16.03.2005 for 'Ca.Breast' but had failed to mention this in her 'Personal Statement of health' submitted by her on 12.04.2005.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.002.2301/2007-08
Smt.K.Shara
Vs
SBI LIFE

Award Dated : 29.11.2007

Sri. S.Kadhar Batcha submitted a proposal for life insurance to SBI Life Insurance Company on 29.12.2005. The insurer issued him a policy under their 'Sudarshan Plan A' for a sum assured of Rs. 25000/-. Sri. S.Kadhar Batcha died on 26.06.2007. Smt. K.Shara, his wife and nominee under the policy preferred her claim with the insurer. The insurer repudiated her claim as the life assured had not mentioned his diabetic condition in his proposal for insurance dated 29.12.2005, when there was a specific question on Diabetes.

The complainant had authorized her son to represent her case. In the hearing the representative of the complainant stated that his father was working as a bus driver of Tamil Nadu State Transport Corporation. He had taken a personal loan of Rs.40,000/- from State Bank of India, Palani Branch before taking insurance. His father had died due to pneumonia and not due to Diabetes. The representative of the complainant admitted that his father had diabetes from 2001 and was taking tablets. They did not initially know that he was suffering from pneumonia. Only during the final stage he was admitted into Meenakshi Mission Hospital, Madurai. He was on ventilator support in the hospital. Since the doctors advised that he could be taken home and chances of survival were less, they took him to their residence and he died there. The representative of the insurer stated that life insurance contracts are contracts of utmost good faith. The life assured has to disclose all the details about his health which is within his knowledge. In the proposal, for the questions pertaining to health and habits, the life assured has not given true answers. Whereas, the life assured was suffering from Diabetes for 8 years. It amounts to breach of principle of utmost good faith. They have repudiated the claim for suppression of material facts.

However the life assured had failed to record his diabetic condition in the proposal for life insurance submitted by him on 29.12.2005. By not revealing his correct health condition the assured had misled the insurer in issuing the policy at normal rates.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.01.2355/2007-08

Sri. V. Balakrishnan
Vs
Life Insurance Corporation of India

Award Dated : 30.11.2007

Sri. Gabriel Motha (deceased) had eight life insurance policies from LIC of India. Out of these three policies were taken in 2004-05. Sri. Gabriel Motha died on 16.11.2005. Smt. Emily Motha, his wife claimed from the Insurer the death benefit under the 8 policies. The insurer paid the claim amount under 5 policies but regarding the money under the three policies, they informed her that they were repudiating the death benefit as the life assured had withheld correct information regarding his health at the time of effecting insurance with them. However they had offered to pay the bid value under the second and third policies as they were unit-linked plans.

In the hearing the complainant stated that her husband was hospitalized only for 10 days. Since he became normal in the hospital and as per the advice of the doctors they took him home. But he died on 16.11.2005. She submitted the discharge summary of the hospital to LIC. She admitted that her husband had the habit of consuming alcohol. She admitted that her husband was diabetic for the last 2 or 3 years and was taking Semi-Daonil tablets. When questioned about her husband's treatment with Dr.Ramesh Rao, she said that the doctor was practicing near her husband's college and perhaps her husband had consulted him. It was pointed out that her husband should have disclosed all the details about his health while signing the proposal forms. She further argued that he did not die due to diabetes. The representative of the insurer stated that the life assured was hospitalized from 15.10.2005 to 25.10.2005 in Jayendra Saraswathi Institute of Medical Sciences and Research at Sri Kanchi Kamakoti Sankara Hospital, Perumbakkam, Chennai. The final diagnosis mentioned in the discharge summary was Cirrhosis of Liver, Hepatic Failure and Type II Diabetes Mellitus. It was also mentioned that he was a known alcoholic and smoker for the past 10 years and had history of diabetes for 10 years. Dr.B.Ramesh Rao had certified that he had treated the life assured for diabetes ailments for about 10 years. However the life assured had failed to record his diabetic condition in the proposal for life insurance submitted by him on 29.12.2005. By not revealing his correct health condition the assured had misled the insurer in issuing the policy at normal rates. Further the life assured was a Professor in a college with good educational and social background. Furnishing a false answer to the relevant question in the proposal can thus be construed as wilful.

The complainant's contention both in her representation letter to this forum and also oral submission during personal hearing was that her husband did not die of Diabetes. It is pertinent here to observe that no nexus need be established between the cause of death and ailments suppressed and it would be sufficient if the information suppressed is of material nature. It is relevant to keep in view in this regard the observations of the Hon'ble High Court of Karnataka made in the case of LIC of India vs. Smt.B.Kusuma T.Rai.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.08.2369 /2007-08
Smt A.Kala
Vs
Life Insurance Corporation of India

Award Dated : 30.11.2007

Sri. K.Adhisegaran submitted a proposal for life Insurance on 28.03.2001 to Puducherry Branch-I of LIC of India. The Insurer issued him a policy bearing number 731428577 under their 'Endowment Plan' for a Sum Assured of Rs. 70000/-. Sri K.Adhisegaran had to pay a yearly premium of Rs. 4194/- for a term of 20 years. Sri K.Adhisegaran died on 26.01.2004. Smt. A.Kala, his wife and nominee under the policy preferred her claim with the Insurer. The Insurer vide their letter dated 17.03.2007 rejected her claim on the ground that the life assured had obtained the policy by withholding material information regarding his health at the time of effecting insurance with them.

In the hearing, the representative of the complainant stated that his father-in-law had taken as much as 10 polices out of which some had already matured, some settled by way of death claims and only one claim is still pending for which they had approached this Forum. He said that the premiums for the said policy and for all other policies were being paid regularly and according to his in-laws, LIC policy was only an investment. He said that his father in law did not take any treatment in the Apollo Hospital, Madras and they were only Master health check-ups. Those check-ups too, were only at the insistence of his relatives. His father in law was never under any medicines for BP, diabetes etc. In reply to a question, he said that M/s.East Coast Hospital was where his father-in-law was last admitted and died and also to the question whether he has gone to the same hospital in the year 2001 for consultation and treatment for discomfort in heart, he replied that only in 2003 he was hospitalised for the first time and not before that and even if he had gone it would had been for a general check up. The representative of the insurer read out the details of the policy and the basis on which the claim was repudiated. When questioned as to how they got the reports of M/s.East Coast Hospital, he replied that based on the facts reported in Claim Form B1 and B2, East Cost Hospital's and Apollo Hospitals' report were called for. When the Forum questioned whether the reports revealed sign of any tests of Echo,medicines etc.he read out Dr..Ramachandran's report which said that the deceased life assured was taking medicines since March 2000 and that the diseases like Ulcerative Colitis & IHD and old MI were brought out in the Discharge Summary of M/s.Apollo Hospital,as well.

It is clear from the overwhelming documentary medical evidence obtained from East Coast Hospitals, Puducherry and Apollo Hospitals, Chennai that the assured was suffering from heart ailments and was on treatment. There was evidence of the existence of heart ailment as early as January 2001, whereas the policy of insurance was taken in March 2001. This suggests that the assured was suffering from heart ailments even before proposing for insurance and hence the non-disclosure of the same in the proposal in March 2001 was a clear material suppression of vital information with full knowledge of the same. The life assured's suppression had deprived the Insurer a fair chance of evaluating the risk correctly.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.05.2426 /2007-08
Smt. Begum
Vs
Life Insurance Corporation of India

Award Dated : 18.12.2007

Sri. J.Rahman (deceased) submitted a proposal on 21.07.2003 to LIC of India, Salem North Branch to obtain a Life Insurance Policy bearing number 701591070. The policy was for a sum assured of Rs.50000/- with a quarterly premium of Rs.666/- . Sri.

J.Rahman died on 31.03.2006. Smt. Begum, his wife and the nominee under the policy submitted her claim papers to the Insurer. The Insurer repudiated the claim on the grounds that the life assured had with held material information regarding his age at the time of effecting the assurance with them.

In the hearing the representative of the Complainant stated that his brother-in-law was having a Policy for Rs.50,000/- and the agent cheated them by not paying premium. (Premium amount was handed over to the Agent by the LA). When questioned about the understatement of age, he replied that the Agent has provided the information in the proposal wrongly. His brother-in-law was actually 60 years of age at the time of death and it has been correctly mentioned in all the records submitted by them to the Insurer. The complainant's representative underlined the fact that the agent had not helped the claimant in processing of the claim.

The representative of the Insurer was asked to present the case and Sri. Koteeswaran, AO (Claims), stated that the LA was 60 years of age as on the date of death and there was an understatement of age by nearly 16 years at the time of proposal. They were induced to issue the above-mentioned policy on a false statement made by him in the Proposal form and Personal Statement as regards his age. Had the assured disclosed his correct age, they would not have accepted his Proposal. The Policy was repudiated based on the age proof subsequently obtained.

This forum, after a careful consideration of all the facts of the came to the conclusion that total denial of claim, under the policy on the ground that age was understated, could not be justified. There is also merit in the contention of the insurer that they were put to a disadvantage due to false declaration of age by the assured. In the circumstances, to ensure that the golden principles of 'equity and natural justice' are made applicable to both the contending parties in a fair and equitable measure, this forum decides to allow the claim on an ex-gratia basis for a sum of Rs.10000/- in full and final settlement of the claim under the policy.

The complaint was partly allowed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.03.2376/2007-08
Sri. G. Saraswathi
Vs
Life Insurance Corporation of India

Award Dated : 19.12.2007

Sri. M.Saravanan (deceased) had life insurance policies from branches under Coimbatore & Salem Divisions of LIC of India. Sri. M.Saravanan died on 31.10.2004. Smt. G.Saraswathi, his wife and the nominee under the policies claimed the money from the Insurer. The Insurer vide their letter dated 21.03.2005 & 31.03.2006, informed her that they were repudiating the claim under the policies as the life assured had withheld correct information regarding his health at the time of effecting insurance with them.

In the hearing the Complainant Smt. G. Saraswathi, Wife of the Life Assured (Late) Saravanan, stated that her husband was working as Clerk in BSNL. He had ten LIC Policies and out of the ten Policies, 3 were settled by LIC in her favour and 1 settled in favour of HFL. The claim amount under six Policies were not settled. Out of the six Policies 4 Policies were taken in Salem and 2 Policies in Coimbatore. In 2001 he suffered injury in his foot and was hospitalized and only at that time they came to know that he was having Diabetes. He was taking Dianil tablet and used to go for walking. The Forum asked how serious the disease was and what was the sugar level. The

Complainant informed that her husband used to go to nearby Doctors for regular check up once in 3 months. The Forum pointed out that the assured was on medical leave for 2 months during March 2002 for the treatment of wound in the leg and the Policies were taken subsequently without mentioning it in the Proposal. The Ombudsman asked the representatives of the Insurer to present the case. Sri. S. Sadasivam, Manager (Claims), LIC of India, Coimbatore, and Sri.Koteeswaran, AO (Claims), LIC of India, Salem, stated that the deceased life assured had taken the Policies between December 2001 and July 2004. The assured was on leave on different spells as per medical certificates -for 7 days from 16.12.2001 to 22.12.2001, for 60 days from 8th February 2002 to 8th April 2002 for the treatment of Diabetic Wound Infection, 11 days for Jaundice and 23 days for Gastric Ulcer. More than 100 days leave was availed. He had taken treatment in Lotus Apollo Hospital. However, at the time of proposing for policies neither the previous policy particulars nor the leave and treatment details were disclosed in the Proposals. The claim was hence repudiated due to suppression of material facts.

From the above it is evident that the life assured was well aware that he was already suffering from Diabetes when he proposed for insurance. Despite this he chose not to disclose it in the proposal form. The contract of insurance is a contract of utmost good faith and every material fact must be disclosed by either party, if not, there arises the ground for rescission of the contract by the affected party. The reason for this is that the contracts of insurance are founded on facts which are always in the exclusive knowledge of the party- the insured, and unless this knowledge is shared, the risk insured against may be different from that intended to be covered by the party in ignorance.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.05.2396/2007-08
Smt.Begum
Vs
Life Insurance Corporation of India

Award Dated : 20.12.2007

Sri. L.Shivalingam (decd.) submitted a proposal to P.Velur Branch of LIC of India on 29.03.2003 and obtained a policy numbered 701627219 for a Sum Assured of Rs.50000/- under the insurer's 'Jeevan Mitra triple Cover Plan'. He had to pay Rs.1939/- as the half-yearly premium for 22 years. Sri. L.Shivalingam died on 02.02.2005. Sri. S.Manickavasagam, the nominee under the policy, preferred the claim with the Insurer. The Insurer repudiated the claim on the ground that the life assured had withheld correct information regarding his health at the time of effecting insurance with them.

In the hearing the Complainant, stated that his father was an agricultural coolie. But before his death he was not going for work and was looking after the family affairs. One day when he came for lunch his father suddenly fainted and collapsed. The complainant said that the Insurer denied claim stating that his father was suffering from Bronchial Asthma. When questioned about the treatment taken from Dr. Gunasankaran of Makkal Maruthuvamanai, the Complainant said that Dr. Gunasankaran was their family doctor and they used to take treatment on and off for minor ailments. There were no serious ailments or hospitalization, he said. The representative of the insurer gave details of the policy held by the assured. He further said that the claim was repudiated

for non-disclosure of material facts, based on the evidences obtained for the treatment the asthma. The assured was taking treatment for Asthma for the past 2 years prior to the date of proposal. In Claim Form 'A' completed by the Complainant he has stated that the LA died due to Malaria. Moreover the neighbours informed that the LA had some breathing problem.

The insurer could not get clinching evidence to prove that the assured did suffer from Asthma and that he took necessary treatment for the same. Bronchial Asthma, if properly treated, could be controlled and it may not have been so chronic so as to make him believe that it has to be mentioned in the proposal form. The medical examiner of the insurer, as per the report, could not detect Asthma on the date of medical examination. The Divisional Medical Referee of LIC has opined that it is difficult to detect Asthma if proper medications are taken. In view of this benefit of doubt can be given to the assured but fact remains that he ought to have revealed on his own at the time of writing the proposal or at the time of medical examination.

The complaint was partly allowed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.05.2411/2007-08
Sri P.Varadan
Vs
Life Insurance Corporation of India

Award Dated : 26.12.2007

Smt.V.Mangani submitted a proposal for life Insurance on 27.04.1995 to Attur Branch of LIC of India. The Insurer issued her a policy bearing number 700403309 under their Money Back Plan for a Sum Assured of Rs. 20000/-. Smt.V.Mangani had to pay a yearly premium of Rs. 1344/- for a term of 20 years. The policy lapsed after 9 years as premiums due from May 2004 were not paid. She revived the policy on 07.06.2005 by submitting a "Personal Statement of Health" of even date. Smt.V.Mangani died on 07.12.2006, within 1 year and 6 months from date of revival. Sri P.Varadhan her husband and nominee under the policy preferred his claim with the Insurer. The Insurer rejected his claim for the full sum assured on the ground that the life assured had revived the policy on 07.06.2005 by submitting incorrect answers to the relevant questions in the "Personal Statement of Health".

In the hearing, Sri. P.Varadhan, husband of the life assured (Late) Mangani, stated that his wife was having a policy with a Sum Assured of Rs.20,000/- and paid premiums for 12 years. After that, due to poverty they could not pay the premium. When questioned about the ailment his wife had, he said that his wife had stomach pain and breathlessness and was treated by Dr.Sankar and was subsequently referred to Vinayaka Mission Hospital, Salem for further management. He denied that his wife had treatment under Dr.Shankar for 3 years. Dr.Sankar referred her to Apollo Hospital, Chennai and 10 days before the date of death, she consulted Apollo Hospital but he did not possess any medical records for the treatment. The Ombudsman asked the representative of the Insurer to present the case and Sri.V. Koteeswaran, AO (Claims), LIC of India, Salem, stated that the deceased life assured was suffering from the disease for 3 years prior to her death and in evidence they had the treatment particulars provided by Dr.Sankar of Keeripatti PHS.

Thus by suppressing the true state of her health the life assured had misguided the Insurer in wrongly reviving the policy. Had the life assured informed the real state of her health, the Insurer's decision would have been different. The life assured's

suppression had deprived the Insurer a fair chance of evaluating the risk correctly. The Insurer has obtained documentary evidence to substantiate their repudiation and the forum finds no need to interfere with the Insurer's decision.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.03.2395/2007-08
Smt Vijayarani
Vs
Life Insurance Corporation of India

Award Dated : 24.12.2007

Sri. S.Mathivanan submitted a proposal for life Insurance on 10.02.2000 to Erode South Branch of LIC of India. The Insurer issued him a policy bearing number 762121161 under their Money Back Plan for a Sum Assured of Rs. 200000/-. Sri. S.Mathivanan had to pay a monthly premium of Rs. 1157/- for a term of 20 years. The policy was transferred to LIC of India, Erode North Branch for future servicing as Sri. S.Mathivanan had opted for recovery of premiums from his salary. The policy lapsed as premiums due from April 2001 were not paid. He revived the policy on 01.07.2003 by submitting a "Personal Statement of Health" dated 30.06.2003. Sri. S.Mathivanan died on 12.05.2004. Smt. M.Vijayarani his wife and nominee under the policy preferred her claim with the Insurer. The Insurer rejected her claim on the ground that the life assured had revived the policy on 01.07.2003 by submitting incorrect answers to the relevant questions in the "Personal Statement of Health".

In the hearing, the Complainant Smt. M. Vijayarani, wife of S.Mathivanan, stated that her husband was working as Sub-Inspector in Erode. He had three LIC Policies out of which claim under 2 policies were settled by LIC for Rs.1,00,000/- & Rs.50,000/-. The claim amount under one Policy was not settled. When asked whether the premium was deducted regularly from the salary of her husband, she said that at the time of his transfer to Virudhunagar, the Premium was not deducted. Again when he was transferred to Erode, the Premium was deducted from his salary by his employer. While replying to a question, the complainant said that her husband was admitted in the Hospital only 3 days prior to his death (Date of death– 12.05.2004). Sri. S. Sadasivam, Manager (Claims), LIC of India, Coimbatore, gave the details of the case. He said that the deceased Life Assured had availed Medical leave on several occasions and based on the evidences collected (i.e., Treatment Particulars, Discharge Summary, Leave Particulars from Employer etc.) the claim was repudiated. The Insurer also informed that the LA had suffered from Inferior Wall Myocardial Infarction and Diabetes Mellitus Type II and had taken treatment for 7 days in CSI Hospital, Erode, during April 2003 and again in October 2003 and was subsequently referred to Idhayam Apollo Hospital for Angiogram. The Complainant informed that she was not aware of the hospitalization.

Thus by suppressing the true state of his health the life assured had misguided the Insurer in wrongly reviving the policy. Had the life assured informed the real state of his health, the Insurer's decision would have been different. The life assured's suppression had deprived the Insurer a fair chance of evaluating the risk correctly.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.02.2467/2007-08
Smt P.Sarojini

Vs

Life Insurance Corporation of India

Award Dated : 27.12.2007

Sri. V.Gopalakrishnan had two policies from City Branch XI, of Chennai Division-II of LIC of India. The policies were for Rs. 50000/- each under the insurer's Jeevan Sanchay Plan. Sri. V.Gopalakrishnan, the life assured, had to pay the half-yearly premium of Rs.1368/- for 15 years on each policy. He did not pay premium due in June 2003. He then revived the policies on 21.09.2004 by submitting a 'Personal Statement of health' (PSH) dated 07.09.2004, Medical Report, ECG and Fasting Blood Sugar report. Sri. V.Gopalakrishnan died on 28.10.2005. Smt. P.Sarojini, his wife and nominee under the policies, preferred her claim with the Insurer. The Insurer repudiated her claim for full amount on the ground that the life assured had withheld material information regarding his health in PSH.

In the hearing, the complainant stated that her husband died on 28.10.2005 at home. He had only signed the revival form and the details must have been filled by the agent. He was taking treatment for diabetes from 2000. And at the time of reviving the policy, her husband had subjected himself to blood sugar test and that was found normal and the policy was revived. It was pointed out by the Forum that his blood sugar levels could have shown normal readings due to medicines. She said that the doctor of LIC should have seen him. It was pointed out to her by the Forum that her husband had answered in negative to the relevant questions pertaining to his health in the Personal Statement of Health while reviving the policy. She said that Dr.Rajamani was their physician. When it was pointed out that the doctor had written in the Claim Form B that her husband was suffering from Coronary Artery Disease and Diabetes for 5 years, she denied that he was suffering from any heart disease. She was questioned as to why she did not object to the Doctor's statement as she herself had submitted the forms to the Insurer. The representative of the Insurer stated that the life assured expired within 2 years from the date of revival. The assured had answered negatively to the questions as to whether he was suffering from any disease. Form B given by Dr. V.K.Rajamani stated that the life assured was suffering from Coronary Artery Disease and Diabetes for the last 5 years. They repudiated the claim for full amount for deliberate suppression of material facts at the time of revival.

It is well established in law that the Agent while filling up the proposal form acts as the Agent of the insured and not of the insurer (LIC of India Vs Gowri & Others F.A.No. 163 of 1993 N.C.). It is also useful to note that revival of a lapsed policy is a new contract or a "novatio". It is also worthwhile to note that the revival of a lapsed insurance policy is a privilege or a concession granted to the policyholder subject to certain limitations as could be seen from the principle laid down by the Hon'ble High Court of Andhra Pradesh in the decision reported in AIR 1981 AP 50 AT 54 (Ahmedunnisa Begum vs. LIC of India Hyderabad) and also by the Uttar Pradesh State Consumer Disputes Redressal Commission Lucknow in the decision reported in 2004 (I) CPJ 7 (L.I.C.of India & Others vs. Dev Rajswami & another).

The complaint was dismissed.

Chennai Ombudsman Centre

Case No. : IO (CHN)/ 21.06.2442 /2007-08

Smt S. Anjalam

Vs

Life Insurance Corporation of India

Award Dated : 27.12.2007

Sri. C.Sounthararajan obtained a life insurance policy from Career Agents Branch of Thanjavur Division of LIC of India after he submitted the proposal on 28.02.2002. The policy was for Rs.100000/- under the insurer's Money Back Plan. Sri. C.Sounthararajan, the life assured, had to pay the half-yearly premium of Rs.3572/- for 20 years. He did not pay the premium that was due on August 2004. He then revived the policies on 23.03.2005 by submitting a 'Personal Statement of health' of even date. Sri. C.Sounthararajan died on 21.12.2005. Smt. S.Anjalam, his wife and nominee under the policy, preferred her claim with the Insurer. The Insurer repudiated her claim on the ground that the life assured had withheld material information regarding his health in the 'Personal Statement of health' dated 23.03.2005.

In the hearing the complainant stated that her husband owned a Provisions Store in the BHEL colony and they are living in the BHEL quarters. She is working as a Sub-Inspector of Police. Her husband met with a road traffic accident on 25.01.2005 while he was driving a two wheeler, which collided with a lorry. He was initially treated at Thiruverumbur Medical Centre, Trichy and later was admitted to Maruthi Hospital, Trichy. He was discharged on 05.02.2005. He was at home till December 2005. He died on 21.12.2005 at BHEL Hospital due to sudden heart attack. He had revived his lapsed policy on 23.03.2005. Her husband just signed the proposal and the agent had filled in all the details. She admitted that her husband had diabetes and hypertension for the last 5 years. The representative of the insurer stated that the death claims under 3 policies were admitted and claim under one policy would be payable on maturity. The date of commencement under this policy was 28.02.2002. Date of revival was 23.03.2005 and date of death was 21.12.2005. He met with a road accident on 25.01.2005. After the accident, he had taken treatment at Maruthi Hospital and was discharged on 05.02.2005. Hospital records stated that he was taking treatment for Diabetes. He has not mentioned these details in the Personal Statement of Health dated 23.03.2005. The cause of death was CVA and heart problem. Had he disclosed the details about his health they would have called for special reports like BST, physician's report regarding accident and deformity questionnaire and sent the papers to their Zonal office for underwriting decision. Based on their decision they might have charged extra premium. Hence they repudiated the claim for suppression of material information at the time of revival. They were denied the opportunity for assessing the risk properly.

Here, it is worthwhile to note the general principle that a party of full age and understanding is normally bound by his signature to a document whether he reads it, understands it or not. This had led the Insurer to wrongly revive the policy. It is a well known medical fact that persons with Diabetes Mellitus are classified as "at high risk to suffer Cerebrovascular accident". So there is nexus between cause of death and the ailment suppressed.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. IO (CHN)/ 21.08.2462/2007-08
Smt G.Shanthi
Vs
Life Insurance Corporation of India

Award Dated : 28.12.2007

Sri. K.Manimaran (Decd.) took an Endowment Policy for 15 years from LIC of India, Vriddhachalam Branch of Vellore Division. He signed a proposal on 01.08.2003 and was issued the policy with commencement of risk from 05.08.2003. The Sum Assured

was for Rs.50000/- with Rs.872/- as the quarterly premium. Sri. K.Manimaran died on 29.01.2006. Smt.G.Shanthi, the nominee under the policy submitted her claim to the Insurer. The Insurer rejected the claim as the life assured had suffered from 'Chronic Schizophrenia with Depression' which he had not disclosed in his proposal dated 01.08.2003.

In the hearing the complainant, stated that she had applied for the death claim of her deceased husband. But her claim was rejected by LIC for the reason that her husband was taking treatment from a psychiatrist and that they had failed to disclosed it in the proposal. When questioned why they had not disclosed the health problem of her husband in the proposal form, she agreed that her husband had some health problem and they had enquired with the agent and the development officer also whether to disclose the same but they were told that it was not necessary and that her husband's health would pose a problem in the issuance of the policy if disclosed. Either of them were not knowing that it would have any ill effect. She also said that her husband was a very normal person but for the occasional mental depressions during which he would not adjust with anybody and would feel like committing suicide and after some time he would gain normalcy. After such similar incidents she had taken him to a psychiatrist for a counselling where she had come to know that her husband had already gone to the same psychiatrist with his father for the treatment. The representative of the insurer affirmed that the deceased life assured was taking tablets since 1999 to 2006 and they have got evidences to confirm their stand. He said that based on these medical evidences they had repudiated the claim.

It is therefore evident that from the prescriptions that the life assured had suffered from an illness for which he was on regular treatment and medications. So his wife's contention that as he had had only counseling (and no treatment) and therefore he might not have felt it necessary to mention in the proposal is difficult to accept. The contention of the Insurer that had the life assured disclosed the details of illness in the proposal form they would have called for CNS Questionnaire and decided on the acceptance of the proposal for insurance, cannot be ignored. Even though there is no direct nexus between the cause of death and illness suppressed the Insurer has proved with clinching medical evidence that there was material suppression of facts and by suppressing these important information the life assured had deprived the Insurer of a fair chance of evaluating the risk correctly.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.04.2397 /2007-08
Smt S. Anjalam
Vs
Life Insurance Corporation of India

Award Dated : 31.12.2007

Sri. V.Rajendran the deceased life assured obtained a policy from Uthamapalayam Branch of LIC of India after submitting a proposal on 14.08.2003. The insurer had issued a policy numbered 743486719 for a Sum Assured of Rs.100000/- under their 'Money Back Plan'. Sri V.Rajendran died on 01.12.2003. Smt. R.Manimozhi, his wife and the nominee under the policy claimed the money from the Insurer. The Insurer informed her that they were repudiating the claim under the above policy as the life assured had withheld correct information regarding his health at the time of effecting insurance with them.

In the hearing the complainant said that her husband was working with the Government in Arunachal Pradesh. He took a policy when he came to their native place on leave and went back to the working place. The agent was known to them for 8 years. Her husband remitted the second premium also. She and her husband came to native place after he fell ill with jaundice. He was treated with local medicines. He died on 1.12.2003 due to jaundice. She said that her husband was healthy when he took the policy. Manager (Claims) said their Claims Investigating Official had reported that the assured was not well for one year prior to proposing for insurance. The neighbours of the deceased life assured have given letters confirming the duration of the sickness as one year. The assured was also on leave for 3 months prior to the reported sickness. The Employer's Certificate on leave also confirms that the assured was unwell since June 2003. He said that the assured had willfully suppressed material information and given false answers to Questions in the proposal form.

It is evident that in the proposal submitted on 14th August 2003 that the life assured had not mentioned that he was suffering from Lung Tuberculosis and that he had taken leave for the same (there is a specific question in the proposal regarding this). The disclosure of this information would have helped the insurer to further enquire about the existence of the ailment and its seriousness in impacting the underwriting decision of the insurer. Also in the hearing the complainant, Smt. R.Manimozhi had informed that the assured took a policy when he came to their native place on leave and went back to the working place but as per his leave record he never attended office after 17.08.2003.

In this case, the agent, who procured the proposal, was grossly negligent in not reporting the correct health condition of the proponent in her report. It appears that she would have been hand-in-glove with the assured in playing a fraud on the Insurer by suppressing material information. There was a clear breach of good faith by her in furnishing false information to the insurers, which prompted them to issue insurance to an uninsurable life. This forum strongly feels that very stringent action is called for against the agent and directs the Insurers to initiate strict and immediate action against the agent and inform this forum of the same.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.07.2438 /2007-08
Smt. T. Thangapazham
Vs
Life Insurance Corporation of India

Award Dated : 14.01.2008

Sri. T.Ravi @ Thiraviam the deceased life assured obtained a policy from Nagerkovil Branch-I of LIC of India after submitting a proposal on 23.02.2005. The insurer had issued a policy numbered 321593623 for a Sum Assured of Rs.100000/- under their 'Endowment Plan'. Sri. T.Ravi @ Thiraviam died on 24.01.2006. Smt. T.Thangapazham, his sister and the appointee for the minor nominee under the policy claimed the money from the Insurer. The Insurer informed her that they were repudiating the claim under the above policy as the life assured had withheld correct information regarding his health at the time of effecting insurance with them.

In the hearing the complainant said that she is the sister of the deceased life assured and the guardian of the minor nominee. She said that her brother was a lorry driver. She came to know of the policy and made her brother take one to ensure safe future of his children aged 10 and 12. The assured's children are staying in a hostel for the past

4 years, ever since their mother's death. Her brother was suffering from common cold and cough like normal people and did not suffer from any serious ailment until the terminal sickness. The Ombudsman then asked the Insurer, on what basis the claim was repudiated. The representative of the Insurer gave details of the policy. The Endowment policy was for Rs.1 Lakh and the term was for 20 years. The assured died on 24.1.2006 within 11 months of taking the policy. The Insurer said that Dr.P.Tamilarasu had given the Claim Form 'B'. It has been mentioned there that the assured was given treatment for Pulmonary T. B. for the past two years. The doctor had also mentioned in his letter dated 2.4.2007 that the assured was treated for Pulmonary T.B. on 2.1.2005. This was prior to taking the policy and the same was not mentioned by the assured in the proposal form. The Insurer added that their Claims Investigating Officer had also confirmed the details of treatment Dr.Tamilarasu had given to the assured. The death of the assured was also due to being HIV +. The Insurer hence, had repudiated the claim.

In this instance, the life assured had replied that he was enjoying good health whereas the insurer had brought medical evidence to prove that the life assured was not maintaining good health at the time of proposing for insurance. It is evident that in the proposal submitted on 23rd February 2005 the life assured had not mentioned that he was suffering from Pulmonary Tuberculosis when there is a specific question in the proposal regarding this. The disclosure of this information would have helped the insurer to further enquire about the existence of the ailment and its seriousness in impacting their underwriting decision.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.07.2425 /2007-08
Smt Mydeen fathimal
Vs
Life Insurance Corporation of India

Award Dated : 18.01.2008

Sri. M.Mohamed Hanifa the deceased life assured obtained a policy from Tenkasi Branch of LIC of India after submitting a proposal on 27.03.2006. The insurer had issued a policy numbered 322063770 for a Sum Assured of Rs.50000/- under their 'Bima Gold Plan'. Sri. M.Mohamed Hanifa died on 04.04.2006. Smt. M.Mydeen Fathimal, his wife and nominee under the policy claimed the money from the Insurer. The Insurer repudiated the claim under the above policy as the life assured had withheld correct information regarding his health at the time of insurance.

In the hearing the complainant said that her husband was working at Chennai for 4 to 5 years. He came home and was there for 4 to 5 months to be with his grand child. Her husband took the policy along with some more people in the village. Her husband had no problems of sugar or hypertension and was not an alcoholic. He collapsed suddenly and died. When questioned about previous ailments and treatment, she said that her husband had a check-up at Chennai 10 years back. The Insurer, who came for investigation, took some papers from her and promised her that she would get the claim soon. She was later informed of the repudiation. The Ombudsman then asked the Insurer, on what basis the claim was repudiated. The representative of the Insurer stated that the assured died of heart attack within 6 days of taking the policy. They conducted an investigation and found out that the assured was an alcoholic and a smoker. The assured had also availed treatment from Government Hospital, Chennai as Out-patient. The Insurer had produced the Out-patient card, prescription given by

Prof.V.Chokalingam of Institute of Cardiology, Government General Hospital, Chennai and the Lab reports dated 21.4.2005 as evidence of pre-proposal illnesses and treatment for EA Cl II, Diabetes Mellitus and Hypertension right from 15.4.2002 and the treatment thereafter. The Insurer said that the claim was therefore repudiated for non-disclosure of material information.

In this instance, the life assured had replied that he was enjoying good health whereas the insurer had brought medical evidence to prove that the life assured was not maintaining good health at the time of proposing for insurance. It is evident that in the proposal submitted on 27th March 2006 the life assured had not mentioned that he was suffering from Heart ailment and Diabetes when there are specific questions in the proposal regarding this. The disclosure of this information would have helped the insurer to further enquire about the existence of the ailments and their seriousness in impacting their underwriting decision. In the result, the complaint fails.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.07.2424 /2007-08
Sri C.J.Selvaraj
Vs
Life Insurance Corporation of India

Award Dated : 28.01.2008

Sri. S.Vijay Swamidas (decd.) took a Life Insurance Policy when he was working as a Van Driver. He signed a proposal for the Insurance Policy on 13.07.2005, and submitted it to LIC of India, Ambasamudram Branch. He was issued a policy bearing number 321535265 for a SA Rs.55,000/- under Endowment Plan and for a term of 20 years. Sri. S.Vijay Swamidas died on 11.04.2006, due to Syncope with Shock. Sri. C.J.Selvaraj, his father and nominee under the policy preferred his claim with the Insurer. The Insurer rejected his claim on the grounds that the life assured had suppressed the correct state of his health while proposing for insurance.

The complainant and his wife attended the hearing. He said that his son Vijay Swamidas had Typhoid, came to native place for treatment and became alright. The complainant reiterated that his son was alright for 3 months and was working till November end. Then suddenly, one day, he fell unconscious and was sweating profusely and died. He told the Forum that he was under the impression that his son was hospitalized in May, 2005 and accordingly he got the certificate from the hospital. Later, when he was cleaning the house, he got some medical reports that confirmed that his son was hospitalized only in the month of December, 2005 and not in May, 2005 as reported in the medical certificate. The complainant said that he had accompanied his son to the hospital and he was told that the death could have been due to sun stroke. When questioned as to why the doctor had written that he used to treat the assured every 3 months, the complainant said that his son was treated only for common cold and cough. The representative of the Insurer stated that the assured had died on 11.4.2006 within 8 months and 28 days of taking the policy due to Syncope Shock, Infarction and Peptic Ulcer Perforation. They received Claim F. B and BI from the claimant and as per those forms, Dr.Loganathan was the assured's usual medical attendant for 10 years and used to treat the assured once in 3 months regularly. However, Dr.Loganathan had written letters on 18.12.2005 and 15.7.2007 informing that the assured was admitted in his hospital only on 11.12.2005 with typhoid fever and not in the month of May as reported earlier.

Therefore, after a careful consideration of all the facts of the case it was concluded that total denial of claim on the ground that the assured had not mentioned his suffering from Typhoid fever in the proposal could not be justified. However a thorough scrutiny of all the relevant records revealed that the assured was consulting his doctor periodically once in three months and was also not sober and temperate in his habits. The assured was aged just 24 years when he died. There is merit in the contention of the insurer that they were put to some disadvantage due to non-declaration of his correct health status in the proposal. However there is no clinching evidence from the hospital that the deceased life assured was in fact given treatment in May 2005. There are evidences for treatment given in December 2005. In view of this and in order to ensure that the golden principles of 'equity and natural justice' are made applicable to both the contending parties in a fair measure, the forum allowed the claim on an ex-gratia basis to the extent of Rs. 25000/- in full and final settlement of the claim under the policy.

Chennai Ombudsman Centre
COMPLAINT NO: IO (CHN)/ 21.08.2493 /2007-08
Smt P.Uma
Vs
Life Insurance Corporation of India

Award Dated : 25.02.2008

Sri. K.Mani (deceased) submitted a proposal on 07.02.2004 to LIC of India, Gudiyatham Branch under Vellore Division and obtained a policy bearing number 733307971, for a Sum Assured of Rs.200000/- under the Insurer's 'Jeevan Anand' Plan. Sri. K.Mani died on 02.04.2004. Smt. P.Uma, the appointee for the minor nominee under the policy, preferred a claim for the death benefit, with the Insurer. The Insurer repudiated the claim as the life assured had committed suicide within one year from the date of the policy and the policy had become null and void in terms of the policy contract.

In the hearing the complainant stated that the life assured was a school teacher and he was staying in Raghunathapuram, 20 kms, away from her place. The complainant narrated the sequence of events. The assured's wife died due to Rheumatic Heart Disease six months before his death. Their only son was living with Mrs. Uma and studying in a school at Katpadi. He was living with them at Katpadi as there was no good English medium school at Ragunathapuram. After his wife's death Mr.K.Mani was very depressed. One day he had gone to a temple and while returning the vehicle hit a tree and he sustained injuries in his leg. He was treated at CMC Hospital, Vellore. Ever since the accident he could not walk and an old lady, related to him, was taking care of him. In the early morning of 02.04.2004 he was found with froth in the mouth. On receiving a call her husband had rushed to Mr.Mani's house. They had taken him to CMC Hospital Vellore, as his pulse was very low. At CMC Hospital he was declared dead. They suspected poisoning. Police was informed and the police had arranged for post-mortem in Government Hospital. She said that there was no necessity for him to take poison and commit suicide. The representative of the insurer stated that the duration of the policy was 1 month and 21 days. The cause of death was Myocardial Infarction and Septicemia. They found from various records submitted to them that the actual cause of death was suicide by consuming poison. They had relied upon the reports like FIR, PIR, Post-mortem report, final report of the police department, Claim

forms B, B1 from CMC Hospital and G.H., Vellore. As per FIR froth was coming from the deceased person's mouth. Immediately he was rushed to CMC on 02.04.2004. In the internal case record of the hospital, it was stated that alleged history of consumption of poison (? OP compound) brought dead to casualty at 04.30 a.m. on 02.04.2004.

So it emerges from the above deliberations that the insurer had not been able to conclusively prove suicide. However, the Police Inquest Report and Postmortem Report are contradictory. Sri. V.Dayalan whose report is recorded in 'First Information Report' is related to the assured. The probability of suicide, as recorded in the 'Police Inquest Report' can not be ignored. In the circumstances, to ensure that the golden principles of 'equity and natural justice' are made applicable to both the contending parties in a fair and equitable measure, this forum decides to allow the claim on an ex-gratia basis for a sum of Rs.50000/- in full and final settlement of the claim under the policy.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.06.2500 /2007-08
Sri P.Thangarasu
Vs
Life Insurance Corporation of India

Award Dated : 25.02.2008

Smt. T.Ramathal obtained a policy from Karur-I Branch of LIC of India after she submitted a proposal for life insurance on 31.01.2001. The policy was for Rs.40000/- under the insurer's Endowment Plan. Smt. T.Ramathal, the life assured, had to pay the half-yearly premium of Rs.1422/- for 15 years. She lapsed the policy by not paying the half-yearly premium that was due on July 2003. She then revived the policy on 07.03.2005 by submitting a 'Personal Statement of health' dated 08.03.2005. Smt. T.Ramathal died on 13.01.2006. Sri.P.Thangarasu, her husband and nominee under the policy, preferred his claim with the Insurer. The Insurer repudiated his claim for full amount on the ground that the life assured had withheld material information regarding her health in the 'Personal Statement of health' dated 08.03.2005. They however, as ex-gratia, returned the premiums received by them.

In the hearing the representative of the insurer stated that the assured died on 13.01.2006 which was within a period of 10 months and 5 days from the date of revival. She had taken treatment as an out-patient from Christian Fellowship Hospital, Ottanchathiram. The assured was diagnosed to have Pyelonephritis and also to be HIV positive. On 08.11.2004 she was diagnosed to have Tuberculosis and was referred to the Government Hospital for Anti-Tuberculosis Treatment. The policy was revived on 08.03.2005 on the strength of the assured's 'Declaration of Good Health' signed by her on 07.03.2005. The assured had not disclosed her ailment-HIV/TB at the time of reviving of the policy. She had been taking treatment in a hospital for three years. Had she disclosed her ailment and treatment they would have called for tests like HIV Elisa, X-ray of chest, Haemogram, Ultra Sonography, Routine urine analysis etc. and they might not have revived the policy at all. The assured had suppressed material facts. The primary cause of death was 'Probable Tuberculosis. The secondary cause was 'Acquired Immuno Deficiency Syndrome. They had set aside the revival dated 08.03.2005. Nothing was payable as the policy had not acquired any paid-up value at the time of lapse. However they returned the premium, on an ex-gratia basis.

In this instance, the life assured had on 07.03.2005 completed the 'Personal Statement of Health'(PSH) by answering in the negative, the specific question there regarding Lab. tests and hospitalization particulars and without mentioning her visits to the

hospital. This had led the Insurer to wrongly revive the policy without calling for medical report/special reports /lab tests. As the Contract of Insurance is a Contract of Utmost Good Faith, every material fact must be disclosed by either party. It is also useful to note that revival of a lapsed policy is a new contract or a “novatio”. It is also worthwhile to note that the revival of a lapsed insurance policy is a privilege or a concession granted to the policyholder subject to certain limitations. If the revival is not based on utmost good faith, it gives a right to the insurer to avoid all liabilities under the policy arising after the revival of the policy.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.002.2512/2007-08
Sri. M.Jayakumar
Vs
SBI LIFE

Award Dated : 27.02.2008

Smt. A.Loganayagam had applied and was given an insurance cover for life insurance under the Group Master Policy numbered-83001000203, under the ‘SBI Home Loan Insurance Scheme’. The date of commencement of risk was 31.01.2005. Smt. A.Loganayagam underwent medical examination and blood tests on 08.02.2005. She also submitted the ECG on the same day to obtain the above cover. Smt. A.Loganayagam died on 21.11.2006. Sri. M.Jayakumar, her husband and nominee under the policy preferred his claim with the insurer. The insurer on 24.07.2007 repudiated his claim as the life assured had not mentioned her having suffered from breast cancer in the ‘Declaration of Good Health’ signed by her on 27.01.2005. In the hearing the complainant stated that his wife was working as a nurse in ESI Hospital, K.K.Nagar. They had taken a housing loan of Rs.13.4 Lakhs from State Bank of India. The loan was taken in his wife’s name as her salary was higher than that of his salary. Around Rs.1 Lakh was debited as insurance premium. In 1998 his wife had undergone Mastectomy as she had a small mass in the left breast. Thereafter she had undergone Chemotherapy and Radiation etc. They had no intention of hiding that his wife had undergone Mastectomy. He said that his wife was subjected to medical examination, tests etc. The representatives of the Insurer stated that the deceased life assured had applied on 31.01.2005 and was given an insurance cover for life insurance under the Group Master Policy under the SBI Home Loan Insurance Scheme. She has stated that she has not suffered from any critical illness. One of the critical illnesses was breast cancer.

No doubt the assured had suppressed material information at the time of proposal. However the company’s authorized doctor had failed to give due importance to this valid point in both the instances (at the time of medical examination and while taking ECG). Blame can not be put squarely on the insured alone. She had given adequate opportunity for the company to check this important information. Therefore keeping the above deliberations in mind the insurer was directed to allow the claim on an ex-gratia basis and to pay 50% of the sum assured in full and final settlement of the claim under the policy.

The complaint was partly allowed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.08.2522 /2007-08
Smt M. Shakunthala
Vs

Life Insurance Corporation of India

Award Dated : 28.02.2008

Sri. M.Mohamed Hanifa the deceased life assured obtained a policy from Tenkasi Branch of LIC of India after submitting a proposal on 27.03.2006. The insurer had issued a policy numbered 322063770 for a Sum Assured of Rs.50000/- under their 'Bima Gold Plan'. Sri. M.Mohamed Hanifa died on 04.04.2006. Smt. M.Mydeen Fathimal, his wife and nominee under the policy claimed the money from the Insurer. The Insurer repudiated the claim under the above policy as the life assured had withheld correct information regarding his health at the time of insurance.

In the hearing the representative of the complainant stated that the deceased life assured was a Headmaster in a tribal area school. His death was due to heart attack. Since it was a holiday i.e. 15.1.2006 almost all local hospitals were closed and hence no death certificate could be obtained. When questioned whether he knows the cause of rejection, he replied that it was due to the fact that the assured had suffered from cancer and for which he had taken treatment and which he had not mentioned in the proposal. The representative of the insurer stated that the death claims under 2 policies were admitted. The date of commencement under this policy was 22.06.2005. He died on 15.01.2006, which was within 7 months from commencement of risk. The death claim was repudiated on 18.04.2007 since they had any proof for the treatment availed by the assured for cancer in the pre- proposal period. The assured had suppressed material information in his proposal for insurance.

In this instance, the life assured had on 21.06.2005 completed the Proposal without informing the correct state of his health. The suppression of this material information had led the insurer to wrongly issue the policy. Regarding the claimant's contention that the medical examiner who examined her husband at the time of his proposing for insurance, should have noted his health condition is not tenable as the assured's ailment was something that would not have been visible. As the assured was an educated man it was his duty to have informed the insurer his correct state of health.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.07.2503 /2007-08
Sri Authimoolam
Vs
Life Insurance Corporation of India

Award Dated : 28.02.2008

On 30.03.2005 Smt.A.Selvasaroja a beedi roller, proposed for insurance on her life to Cheranmahadevi Branch of LIC of India. She proposed for a sum assured of Rs. 100000/- under the insurer's Endowment Plan for 30 years term. Smt.A.Selvasaroja had to pay a quarterly premium of Rs.980/-. The policy lapsed when Smt.A.Selvasaroja did not pay the premium due on 28.06.2005. She revived the policy on 20.02.2006 by submitting to the insurer, all the premiums that were due and a 'Personal Statement of Health' (PSH) of even date. Smt.A.Selvasaroja died on 07.05.2006. Sri.A.Authimoolam the nominee under the policy preferred the death claim with the Insurer. The Insurer rejected his claim on the grounds that the life assured had withheld correct information regarding her health in the 'Personal Statement of Health' that was submitted at the time of reviving the policy.

In the hearing the complainant stated that he had paid the subsequent premiums to the agent. He said that the agent had failed to pay the same to LIC of India. Hence, he approached another agent of LIC of India to revive the policy. He paid 3 quarterly

premiums for revival. When questioned whether his wife was suffering from Acute Gastro Enteritis and Severe Anaemia as mentioned in the Claim form B given by Dr.Rathi Adityan, he agreed that she was taking tablets for stomach ache as she was having diarrhoea. Her mother was with her during the treatment. However, he was not aware of the severe anaemia suffered by his wife. The representative of the Insurer said that the policy was revived on 21.02.2006 with 3 quarterly dues and interest on the strength of PSH. In the PSH the life assured had stated that she was in good health. The life assured died on 07.05.2006. As per the medical treatment summary of Govt. Primary Health Centre, Mukkudal the life assured had been treated there. Dr.Rathi Adityan had certified that the assured first consulted her on 01.05.2006 and the duration of the illness was 3 months. She was treated for Anaemia at Primary Health Centre at Mukkudal earlier. The cause of death was also Anaemia and Acute Gastro Enteritis. A certificate from Integrated Counselling and Testing Centre (ICTC) Govt. Primary Health Centre, Mukkudal stated that the life assured was treated from 19.02.2006 to 20.02.2006, till the day before the date of revival. Hence it was evident that the life assured had pre-revival sickness.

It is therefore evident that the life assured was hospitalized for two days for 'Acute gastroenteritis'. However the Insurer had not probed this further and obtained relevant test reports to prove that the situation was serious and more importantly proved that the assured was aware of the importance of her two days stay in the hospital. Keeping the educational and economic background of the life assured in mind it is possible that she had no intention of suppressing this information. However the fact cannot be ignored that the assured had not mentioned the hospitalization or the tests carried out there inspite of specific question in the 'Personal Statement of Health'. Therefore to ensure equity to both the parties, given the circumstances of the case, it was decided by the Forum that an amount of Rs.10000/- be allowed to the complainant as an ex-gratia payment in full and final settlement of the claim. The complaint was partly allowed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.01.2543 /2007-08
Smt Rajini Rana
Vs
Life Insurance Corporation of India

Award Dated : 29.02.2008

Sri. Rana Madan Kumar Singh (deceased) had two life insurance policies from LIC of India. He died on 01.01.2006. Smt. Rajini Rana, his wife claimed from the Insurer the death benefit under the two policies. The insurer repudiated the death claim as the life assured had withheld correct information regarding his health at the time of effecting insurance with them. Her appeals to the higher offices of the insurer were also rejected.

In the hearing the complainant stated that while proposing for insurance her husband was physically examined by one of the LIC panel doctors and this being so, the doctor could have probably diagnosed his ailment, if any. She also admitted that her husband was admitted in M/s.Vijaya Hospital during the year 2002 but he was hale and healthy after that hospitalization. She also showed to the Forum, the ECGs and the Lipid Profile done periodically subsequent to the PTCA. The Forum pointed out that though a medical examiner was supposed to diagnose the ailment of the proposer, still there were facts which could be known only if disclosed by the person concerned and the

PTCA was one such. The representative of the insurer stated that the insured had failed to disclose the facts of his ailment before proposing for insurance. He was suffering from Coronary Artery Disease, Unstable Angina with ECG changes & Critical large OM Stenosis. Instead he had given false replies for the questions 11 a to d & 11(i) of the proposal form.

The insurers had produced ample evidence to prove that there was a clear-cut material suppression of vital information. This information was required by them for a proper assessment of risk, thus validating the repudiation decision of the Insurers. As Regards her contention that the medical examiner who examined her husband at the time of his proposing for insurance, should have noted his health condition is not tenable as the assured's ailment was something that would not have been visible. As the assured was an educated man it was his duty to have informed the insurer his correct state of health.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.002.2565/2007-08
Smt. S.Bhanumathy
Vs
SBI LIFE

Award Dated : 31.03.2008

Sri S.Sivakumar had a Credit Card from SBI cards and was covered by a group policy issued by SBI Life Insurance Co. under its Protection Plus insurance scheme. Under this scheme, Sri. S.Sivakumar was covered for 6 lakhs (if death was due to Accident) and 1 lakh or actual amount outstanding on the card, whichever was lower (called the Credit Shield). The monthly premiums would be charged to his card statement. Sri S.Sivakumar died on 23.02.2007 due to a major accident he had suffered on 23.11.2006. Mrs.S.Bhanumathy, his wife and the nominee under the policy claimed the accident benefit from the insurer. The claimant received from SBI Card a letter dated 12.11.2007 wherein they regretted that the Accident Claim could not be paid as the insurance was deactivated on 19.02.2007 (4 days prior to his death).

The complaint was allowed for the following reasons-

H Policy was in force on date of accident.

H SBI card was remitting the premium in advance and charging it to the card.

H Even when part payments were received, SBI card was remitting the premiums.

H Even when no payment was received (in the months of December, January and February 2007) no arrears of premiums were shown in the statements.

H A lumpsum amount of Rs.25000/- was collected by SBI Card after the demise of Sri S.Sivakumar.

H Sri.S.Sivakumar was eligible for 'Total Permanent Disability' on the date of accident itself.

Delhi Ombudsman Centre
Case No. LI/JD-268/07
Smt. Keli Devi
Vs
Life Insurance Corporation of India

Award Dated : 28.12.2007

The complaint was heard on 12.12.2007 at Jaipur. The complainant, Smt. Keli Devi, was represented by Shri Poonma Ram and Shri Satya Pal. LIC of India was represented by Shri R.N.Meena, Manager(Claims).

Smt.Keli Devi, mother of Shri Mohan Lal Bishnoi, has lodged a complaint with this Forum on 18.09.2007 that her son had taken a life insurance policy No.103074220 from Life Insurance Corporation of India. On 28.03.2005. Her son had died on 30.06.2005. When a claim has been lodged with LIC of India, the same was rejected by them on the grounds that Shri Mohan Lal Bishnoi was suffering with Tuberculosis. She has contested that the basis of repudiation was not correct. Her son was hail and hearty and was not suffering from any disease. He was an agriculturist. Her son had taken treatment for cough and cold 3-4 years back at Health Centre, Hadecha. LIC of India has treated this treatment as serious disease and accordingly repudiated the claim. This health centre does not have any laboratory nor any specialist doctor so that his son could be declared to be suffering from any serious ailment. She contested that LIC of India, before accepting the proposal on his son's life, has also conducted medical examination and found him fit. She has requested the Forum that her genuine claim may be paid.

LIC of India, vide their letter dated 08.10.2007, informed the Forum that Shri Mohan Lal Bishnoi had submitted a proposal dated 22.03.2005 with them. Before that he was suffering from Tuberculosis. He has taken treatment at Revised National Tuberculosis Control Programme Treatment Card for Tuberculosis Category-II vide patient T.B.No.181 from September,2003 to October,2003 and from November,2003 to December,2003. He had taken consultation on 11.09.2003 as an Out patient basis at Rajasthan Medicare Relief Society, Community Health Centre, Sanchor. According to T.B.treatment card, Shri Mohan Lal Bishnoi had taken treatment for Tuberculosis from December,2003 to April,2004 from time to time. Shri Mohan Lal had concealed this material information while submitting the proposal. Therefore, they have repudiated the claim.

At the time of hearing, the representative of the complainant informed the Forum that Shri Mohan Lal Bishnoi was hail and hearty and had never suffered from Tuberculosis and he was also medically examined by LIC's doctor at the time of taking the insurance who had found him fit and, thereafter, LIC of India had issued the policy. Now they are trying to get away by not paying the claim. He requested the Forum that the claim be paid.

The representative of LIC of India contested that as per the Revised National Tuberculosis Control Programme Treatment Card, Shri Mohan Lal Bishnoi was being treated for tuberculosis Caregory-II and the same was not declared by him in the proposal form. There has been concealment of material fact as per Item 11 of the proposal form. They have, therefore, rightly repudiated the claim.

After hearing both the parties and on examination of the documents submitted, it is observed that Shri Mohan Lal Bishnoi had taken treatment for Tuberculosis Category-II under Revised National Tuberculosis Control Programme Treatment Card, T.B.No.181 from September,2003 to October,2003 and from November,2003 to December,2003. He had taken consultation on 11.09.2003 as an Out patient basis at Rajasthan Medicare Relief Society, Community Health Centre, Sanchor. While observing the proposal form, it is noticed that Shri Mohan Lal Bishnoi replied in Negative while answering Question 11 regarding his health. Keeping in view that he was taking treatment for Tuberculosis,

he had not disclosed this material information while submitting the proposal with LIC of India. Therefore, LIC of India has rightly repudiated the claim.

Hon'ble Insurance Ombudsman uphold the decision taken by LIC of India repudiating the claim of Smt. Keli Devi under policy No.103074220.

Delhi Ombudsman Centre
Case No. LI/TATA AIG-85/06
Smt. Sita Devi
Vs
TATA AIG Life Insurance Company Limited

Award Dated 25.02.2008

The complaint was heard on 20.02.2008 at Jaipur. The complainant, Smt. Sita Devi, was absent. The Insurance Company was represented by Shri Amit Chauhan, Regional Head.

Smt. Sita Devi has lodged a complaint with this Forum on 14.09.2006 that late husband Shri Rameshwar Lal Pareek had taken a Subh Life Policy from Tata AIG Life Insurance Company Limited on 14.06.2005 for sum insured of Rs.2,00,000/-. Her husband had expired on 26.02.2006. She lodged a claim with the Insurance Company on 03.03.2006 after which a surveyor came to village to make enquiries and required documents were furnished to him. After a few days, another surveyor came and further enquired about the details and also visited to Dr.Tarun Badwal and got certain formalities done by him. Doctor had informed the surveyor that Shri Rameshwar Lal Pareek did not suffer from any disease. Doctor had also informed him that he knew Shri Pareek for the last 10 years. Her husband had not died because of any disease. It was a natural death. The village Sarpanch had also written in this regard. Her husband had visited Dr.Tarun Badwal as he had cold and doctor had given him normal medicine. For the last 10 years, anybody had any problem, they consulted Dr.Tarun Badwal. After that, she has received a letter from the Insurance Company that her husband was a patient of Asthma for the last 10 years which was concealed by him and therefore, the claim has been repudiated. She has requested the forum that the Insurance Company is trying to shy away from making payment of her claim and does not have any evidence to support their claim that her husband was suffering from Asthma. Her husband was never admitted in hospital. She has requested the Forum that the death claim maybe paid.

The Insurance Company, vide their letter dated 29.11.2007, informed the Forum that as per the information available, they understand that insured was under treatment for asthma for the past 10 years. According to their records, such information was not disclosed in the application dated 13.06.2005 for the policy No.C600003135. Such information is relevant to the risks associated with the said application and if made known to the Company at the time of application, the underwriting consideration and decision would have been different. There is evidence of non-disclosure, suppression and mis-representation of material facts while applying for the insurance coverage. The claim was therefore, declined and the policy was voided from inception in accordance with Section 45 of Insurance Act 1938 and there is no liability incumbent upon the insurer under the policy.

The complainant was absent at the time of hearing.

The representative of the Insurance Company informed the Forum that Shri Rameshwar Lal Pareek had taken Subh Life policy for Rs.2,00,000/- on 13.06.2005 and the policy had run for 8 months and 12 days. He was found to be suffering from accannal episodes of Bronchial Asthma. Dr.Tarun Badwal (Family doctor) knew the insured for

the last 10 years. He has also confirmed that the insured was suffering from Bronchial asthma for the last 10 years and was on allopathic treatment for the same. The insured was using cortisone, steroid inhaler and broncho dailator occasionally during the attack. They have declined the claim for non-disclosure of material facts at the time of taking the insurance.

After hearing the Insurance Company and on examination of the documents submitted, it is observed that the Insurance Company has repudiated the claim of Smt. Sita Devi on account of non-disclosure of material facts on the basis of Dr.Tarun Badwal proof of death certificate wherein it is mentioned that Shri Rameshwar Lal Pareek was known to him for the last 10 years and for the last three years he had been occasionally suffering from Bronchial asthma. Shri Pareek had not disclosed the disease in the proposal form under Question 4 (e) submitted with the Insurance Company dated 13.06.2005. The Insurance Company had repudiated the claim that there was non-disclosure of material facts. I have examined the proposal form submitted by Shri Rameshwar Lal Pareek and observed that he has not declared that he was suffering from Bronchial asthma for the last 3 years which has also been confirmed by his family Doctor, Dr.Tarun Badwal.

There has been a concealment of material fact since late Shri Pareek had not disclosed the material information under Question No.4 (e) of the proposal form that he was suffering from bronchial asthma and has not given the Insurance Company an opportunity to asses the risk properly. There being a concealment of material information and, therefore, the Insurance Company has rightly repudiated the claim.

I uphold the decision taken by TATA AIG Life Insurance Company Limited repudiating the claim of Smt. Sita Devi under Policy No.C 600003135.

Delhi Ombudsman Centre
Case No. LI/BK-167/06
Smt. Nirmala Devi
Vs
Life Insurance Corporation of India

Award Dated : 28.02.2008

The complaint was heard on 20.02.2008 at Jaipur. The complainant,Smt. Nirmala Devi, was absent. LIC of India was represented by Shri Parimal Das, Manager(Claims).

Smt. Nirmala Devi has lodged a complaint with this forum on 19.01.2007 that her late husband Shri Tej Karan Baid has taken a policy No.501301442 from LIC of India for Rs.2,00,000/- under Table-Term 14-21 on 20.05.2004. Her husband died on 06.05.2006. She has lodged a claim with Branch Office of LIC of India on 03.10.2006 but she has not received any reply to this effect with regard to the payment of death claim under the above said policy.

LIC of India vide their letter dated 24.10.2007, informed the Forum that they had issued a policy No.501301442 on the life of Shri Tej Karan Baid on 20.05.2004 for Rs.2,00,000/- under Table-Term 14-21. The life assured expired on 06.05.2006 on account of renal failure and the policy had been inforced for one year and 11 months. The deceased was suffering from DM-2, CRF prior to proposal as is evident from the Admission and Discharge Record of SMS Medical College and Hospital, Jaipur wherein it is mentioned that Shri Tej Karan Baid was a known case of Type-2, Diabetes Mellitus for the last 5 years. He was a chronic renal failure for the last 2 years, Hypertensive for the last one year (on irregular basis). He was put on maintenance HO Session since January, 2006 initially. He was a chronic smoker which he gave up two years back,

occasionally alcoholic. Shri Tej Karan Baid did not disclose the disease of Hypertension and Hospitalization under Question 11 (d) and 11(g). They have, therefore, rightly repudiated the claim vide their letter dated 30.03.2007 for non disclosure of material facts.

The complainant was absent on both the dates of hearing.

On examination of the documents submitted, it is observed that Shri Tej Karan Baid had taken a LIC policy No.501301442 and he was admitted in SMS Hospital, Jaipur on 05.05.2006 and expired on 06.05.2006 as per the medical claim form submitted by the Hospital authorities. Shri Tej Karan Baid having the disease of Hypertension, Diabetes Mallitus for 5 years, chronic renal failure for the last 2 years. He did not disclose any of the disease in the proposal form against question 11(d) and 11(g) submitted by him with LIC of India. There has been a concealment of material information and, therefore, LIC of India has rightly repudiated the claim.

I, therefore, uphold the decision taken by Life Insurance Corporation of India, repudiating the claim of Smt.Nirmala Devi.

Guwahati Ombudsman Centre
Case No. : 21/02/041/L/07-08/GHY
Smt. Kalpana Roy
Vs
SBI Life Insurance Co. Ltd.

Award Dated : 03.12.2007

Facts (Statements & counter statements of the Parties)

The grievance of the complainant, Smt. Kalpana Roy is that the death claims under policy no.06022453707 has been wrongly repudiated by the insurer on the ground of concealment of 'material facts' in the proposal form by her husband.

The facts involved in this complaint is that the husband of the complainant, i.e., Sunil Ch. Roy procured the above life insurance policy under "Sudarshan Plan-B" and the sum assured was Rs.50,000/-. Accordingly, the policy was issued by the above insurer. The policyholder, Shri Sunil Ch Roy died on 13.10.06 and accordingly the complainant, being the nominee under the policy, preferred her claim along with all the relevant documents, but the insurer repudiated the claim illegally on the ground of "concealment of facts".

On the other hand, the view expressed by the insurer is that Late Sunil Ch Roy, the deceased life assured (hereinafter called as DLA) has obtained the above policy under "Sudarshan Plan-B" covering the risk period from 18.08.06. The OP further stated that the policyholder had submitted the proposal form wherein he has suppressed the material facts in regard to the question no.8 (iii) and 8 (ix) regarding hospitalization /health condition and about his suffering from Hepatitis-B. His answers to the above queries were negative. In fact, the deceased (DLA) was suffering from Hepatitis B & C for which he was hospitalized on a number of earlier occasions and died because of that disease. All the above shows that the proposer DLA had suppressed the material facts of having Hepatitis B and his hospitalization prior to submission of proposal and fraudulently obtained the policy. The insurer accordingly repudiated the claims due to suppression of "material facts" by the proposer.

Decisions & Reasons

It appears that the DLA submitted the proposal form before the insurer on 07.07.06 for obtaining the above insurance policy under "Sudarshan Plan-B". The relevant questions

and answers as required to be filled up by the proposer in Para 8 of the proposal form are quoted below.

(8). Questions		Answers Tick Yes/No
iii.	During the last 10 years, have you undergone or been recommenced to undergo, hospitalization, an operation or any investigation or test ?	No. 3
iv.	During the last five years, were you under any medical treatment, or regular medical monitoring, for more than 14 consecutive days ?	No. 3
v.	During the last 5 years, have you remained absent from your place of work (professional or non-professional) on grounds of health for 30 consecutive days or more?	No. 3
vi.	Are you suffering from any disease, which would warrant hospitalization in the near future ?	No. 3
vii.	During the last one year, has there been any increase/decrease in your weight (over 5 kgs) ?	No. 3
viii.	Have you undergone any test for HIV ?	No. 3
ix.	Have you undergone any test for Hepatitis-B?	No. 3
x.	Have you undergone any test for Hepatitis-C?	No. 3

The answers furnished by the proposer in respect of the queries regarding hospitalization/sufferings etc., were negative which were submitted by the proposer on 07.07.06. The discharge certificate dtd. 21.12.05 and 18.05.06 of CRPF Hospital clearly indicates that the DLA/proposer was diagnosed to be suffering from Hepatitis-B and treated for the same during the period from 01.10.05 to 21.12.05 and 07.03.06 to 18.5.06. The employer's certificate also shows that death of the DLA was due to disease 'Chronic Hepatitis-B'. The medical certificate for leave obtained from the employer and furnished by the insurer shows that the DLA was suffering from Hepatitis-B & C and was treated from 06.07.05 to 27.07.05 and 28.07.05 to 25.09.05. He was hospitalized and treated as an indoor patient during the period from 01.10.05 to 21.12.05 and then again 07.03.06 to 18.05.06 as it appears from the discharge certificates issued by CRPF Hospital-3. All these clearly prove that the DLA was suffering from Hepatitis-B-C prior to the date of signing the proposal form. He thereby concealed the material facts in respect of his suffering from the above disease and thereby fraudulently obtained the policy. The insurer appears to have repudiated the claim for concealment of material facts for breach of doctrine of 'Utmost Good Faith.' The life insurance is a contract between the proposer and the insurer and the liability of the proposer is to furnish full and complete and accurate informations which is within his knowledge. Besides above, the life assured is also required to submit the proposal form and answer all the questions pertaining to his/her health, habits, personal history and family history etc. The proposer is also required to sign a declaration confirming

the accuracy and truthfulness of these statements/answers made by him in the proposal form. The DLA appears to have concealed the material facts while furnishing the information and thereby he misled the insurance company for the sole purpose of obtaining the policy fraudulently. The SBI Life Insurance Co. /OP has rightly repudiated the claim and I see absolutely no scope to interfere with such repudiation.

Whatever it may be, the complainant, being the widow of the DLA is facing financial crisis after the death of the DLA/ husband as she has to take the liability of maintaining her entire family which consists of few minor children. The fact remains that the policy was in force when the DLA died and she was expecting some financial help from the insurer in respect of the policy. Considering her miseries, I feel it proper to recommend payment of ex-gratia relief of Rs.15,000/- on the strength of Rule 18 of the RPG Rules, 1998.

It is as such directed that the insurer will settle the claim on the basis of the above decision (arrange to pay the ex-gratia relief).

Guwahati Ombudsman Centre
Case No. : 24/01/059/L/07-08/GHY
Smt. Sabjan Bibi
Vs
Life Insurance Corporation of India

Award Dated : 03.12.2007

Facts (Statements and counter statements of the parties)

The facts, in brief, involved in this complaint is that one Md. Tahid Ali had obtained life insurance policy from the above OP/insurer for an amount of Rs.22,000/- commencing w.e.f. 24.12.1999. The date of maturity was 24.12.2019. The policyholder/Tahid Ali died on 05.10.06 and accordingly, the above complainant, being the nominee under the policy, intimated the LIC Authority vide her letter dtd. 26.10.06. It was alleged that the required claim forms were issued lately by the LIC Authority and even then she submitted the duly filled-up claim forms with all required documents before the OP on 22.11.06. But the claim has not been settled in time and only on 17.08.2007, she has received a cheque for an amount of Rs.30,614/- from the insurer/OP in full and final settlement of the claim. According to the complainant as the LIC/OP has caused inordinate delay in settlement of the claim even after submission of the relevant documents on 22.11.2006, she is entitled to get penal interest w.e.f. 22.11.06.

The insurer vide copy of their letter dated 17.07.06 and 25.07.06, informed this Authority about the steps taken to settle the claim.

Decisions & Reasons

Although the complainant has stated about submitting her claim forms before the insurer/OP on 22.11.06 but copies of the claim forms submitted by her proves that the same were signed only on 24.11.06. The medical attendance certificate was signed on 21.11.06 and the certificate of identity of burial/ cremation has been signed by the authority on 23.11.06. Thus, it can safely be taken that the complainant had submitted the same after execution on 24.11.06 and it was for the insurance company to settle the claim thereafter without loss of time. The insurer/OP, also not disputed about it nor it was a case of the insurer that the delay was caused due to late submission of the claim forms. The insurer/OP was taking time for settlement of the claim till 17.08.07 and only on that date, the insurer had issued the cheque for an amount of Rs. 30,614/- .

in settlement of the death claim under policy no.482247148. The insurer/OP took about nine months to settle the claims after submission of the claim forms with all relevant documents and that delay is viewed as an inordinate delay. The cheque forwarding letter also shows that no penal interest was given for such inordinate delay in settlement of the claim. The complainant has no fault on her part and so she is entitled to get penal interest on the settled amount @ rate prescribed by LIC, Central Office vide circular ref: ACTL/2107/04 dated 07.04.07 or at the revised rate, if any.

This complaint is accordingly disposed of with the direction to insurer to pay penal interest on Rs.30,614/- @ 8% as per LICI Central office circular ref: ACTL/2107/04 dtd. 07.04.07 and such interest shall be paid w.e.f. the date of which the claim forms were submitted i.e., on 24.11.06 till 17.08.07, i.e., the date on which the claim was actually settled.

Guwahati Ombudsman Centre
Case No. 21/01/044/L/07-08/GHY
Shri Manoj Kr. Goswami
Vs
Life Insurance Corporation of India

Award Dated : 06.12.2007

Facts (Statements & counter statements of the Parties)

In brief, the facts involved in this complaint are that the claim lodged by complainant Manoj Kr. Goswami in respect of the aforesaid policies before the insurer/OP have been repudiated totally on the ground that the proposals submitted on the same day without mentioning the cross reference in either of the same.

The father of the complainant, namely, Shri Uma Nath Goswami procured the above two policies under the above insurer/OP with the date of commencement on 28.05.2004. The life assured Uma Nath Goswami died on 13.12.05 due to heart attack and accordingly, the insurer was intimated about his death. The complainant, being beneficiary under the policy, submitted the claims for settlement before the insurer in time which were rejected by the insurer vide letter dtd. 02.04.07 stating that both the proposals were introduced by his father on the same day but cross reference was not given in either of the policy and in case that had been mentioned correctly, special reports would have been required for consideration of the proposals. Due to such repudiation of the claims, the complainant approached this Authority for redressal of his grievances.

The insurer/OP vide letter dtd. 17.10.07, submitted that the claims under both the above policies were repudiated on the ground that proposals in respect of the policies were introduced on the same date but cross reference was not given in the proposals. It has also been contended that had it been mentioned correctly, special reports would have been required for consideration of the proposals.

Decisions & Reasons

Introduction of the policies by DLA, Uma Nath Goswami, with the date of commencement on 28.05.04 has been admitted and it has also not been disputed about the death of the policy holder on 13.12.05 due to heart attack. The only ground of repudiation of the claims is that while submitting the proposals, the proposer did

not mention the cross reference in either of the cases which has prevented the insurer to make further enquiries while underwriting the proposals.

On perusal of the proposal forms in respect of policy no.442292286, it appears that the proposer signed the proposal on 27.05.04 which was introduced through Agent code

378/44A at Moran Branch of the insurer/OP. The proposal in respect of policy no.442292287 was submitted on 28.05.04 i.e., on the following day of submitting the proposals connected with the policy No.442292286 through Agent Code No.579/44A. From the above, it appears that proposals were submitted through two different persons on different dates and not on the same date as has been stated by the insurer/OP vide letter dtd. 17.10.07. In view of such a position, the proposer/policy holder cannot be expected to give particulars of the policy/proposal to be submitted subsequently in his proposal form which was signed on 27.05.04 and hence rejection of the claim in respect of policy no.442292286 appears to be without any logical ground. For argument sake, one may say that it may be logical in respect of policy no.442292287 for not mentioning the proposal/policy particulars introduced by him on the previous day. The proposal form shows that there is also some lapses on the part of the insurer. Both the proposals were underwritten on the same day i.e., 28.05.04 and by the same person. The proposer signed the proposals in vernacular i.e., in Hindi and the proposal form was not filled up by his own handwriting. The proposal form contained forms of declarations which were required to be given by the proposer and the agent but the same were not given and the same have also not been noticed and detected by the underwriter before effecting the proposals into policies. Again, the person who filled up the proposals did not declare in the proposal form that he has fully explained the questions and answers to the proposer and the underwriter failed to detect it. These were the lapses on the part of the underwriter who examined the proposals on the same day. When proposals were submitted on two different dates and through different persons, and that, too, the proposer being a person with no knowledge of English and he himself did not fill up the proposal form, so he cannot be held responsible solely for the lapses committed by the agent of the LIC or Development Officer or by the Underwriter. Thus repudiation of the claims by the Insurer/OP on such a ground appears to be not justified as no malafide intention on the part of DLA is proved. The matter requires re-consideration.

The insurer is directed to settle the claims under both the policies within one month from today allowing penal interest for delayed settlement of the claims.

Guwahati Ombudsman Centre
Case No : 21/01/083/L/07-08
Smt Binapani Sarma
Vs
Life Insurance Corporation of India

Award Dated : 14.12.2007

Brief facts leading to complaint

The grievance of the complainant, Smt. Binapani Sarma is that the claim lodged by her under policy no.483587591 due to death of her husband/policyholder has been repudiated by the LIC on the ground of non-disclosure of the correct information about health condition of her husband while submitting the proposal.

Shri Dinesh Chandra Sarma (since deceased) submitted his proposal on 28.09.04 for procuring the life insurance policy under the OP under table and term “149-16” and paid an amount of Rs.6985/- with the proposal. The proposal was underwritten and ultimately, the LIC/OP accepted the policy at ordinary rate under table & term 149-11 with consent instead of table & term 149-16 as proposed. Due to the change of the table and term, the LIC wanted further payment of Rs.4273/- and the proposer paid the same on 18.12.2004. The LIC/OP thereafter issued policy bearing no.483587591 as against the above proposal showing the date of commencement (DOC) as 10.10.2004

giving thereby the benefit of reduced premium. The policyholder Dinesh Chandra Sarma was hospitalized on 27.10.04 at the INTERNATIONAL HOSPITAL, Guwahati for treatment of his diseases and ultimately, due to the ailments he died on 06.04.2005. The complainant, being the nominee under the policy, preferred the death-claim which was repudiated by the LIC on the aforesaid ground of concealment of facts of his sufferings from diseases before acceptance of the policy.

Opponent's Views

The insurer vide their 'self-contained note' dated 11.10.07 submitted that the proposal no.4730 dated 30.09.04 was submitted by the proposer, Dinesh Chandra Sharma but when the proposal was in process, he was suffering from Renal failure and hospitalized on 27.10.04 for treatment. The insurer further submitted that the proposer deposited Rs.9685/- vide B.O.C. no.5275 dt. 28.09.04 along with the proposal but later on, the term was reduced from 16 to 11 years and accordingly, the proposal was accepted with consent from the life assured on 02.12.04. According to LIC, due to change of the term, taking age at 59, the balance premium of Rs.4273/- was required

to be paid and accordingly it was paid under B.O.C. no.7349 dtd. 18.12.04. The date of commencement was given as 10.10.04, for giving the lower age benefit and to avoid higher premium which would have been Rs.14104/- if the age is taken to be 60 years (instead of Rs.13,958/- at the age of 59). Special reports like ECG, BSI & ME were submitted on 06.10.04, 11.10.04 and 15.10.04 respectively. The medical report is based on some health related questions only which cannot reveal the actual position of the health of the life assured. During proposal stage, the life assured was suffering from acute renal problems and was under treatment and he was advised for kidney transplantation. The OP pleaded that the statement made by the proposer that he was in sound health is not correct. The LIC further contended that the life risk covers only after the acceptance of the proposal which was done on 02.12.04 with consent of the life assured and changing the term of the policy. During proposal stage, the life assured was hospitalized and as assured in the proposal form by the proposer, no information about his health condition has been submitted and thereby, the life assured deliberately concealed the facts of his ailments prior to the acceptance of the risk. The decision of repudiation has been taken by the LIC Standing Committee and was also approved by the Zonal Office.

Decisions & Reasons

From the complaint, it appears that the complainant has raised two questions – Firstly, the date of commencement of the policy is 10.10.04 and prior to that date, her husband was in good health and so there was no concealment of facts on the part of her husband in declaring his state of health in the proposal form. Secondly, although, the required balance amount for the proposal was paid subsequently, on 18.12.04, her husband was not asked to submit any further declaration as regards the change of his health condition. Neither the agent nor anybody insisted for the same and he, being a layman, was not aware about the formalities and hence, there was absolutely no concealment of facts with knowledge. The declaration given by the proposer Dinesh Chandra Sharma, in the proposal form reads as follows :-

"And I further agree that if after the date of submission of the proposal but before the issue of the First Premium Receipt (i) any change in my occupation or any adverse circumstances connected with my financial or the general health of myself or that or any members of my family occurs (ii) if a proposal for assurance or any application for revival of a policy on my life made to any office of the Corporation has been withdrawn or dropped, deferred or accepted at an increased premium or subject to a lien or on

terms other than as proposed I shall forthwith intimate the same to the Corporation in writing to reconsider the terms of acceptance of assurance. Any omission on my part to do so shall render this Assurance invalid and all moneys which shall have been paid in respect thereof forfeited to the Corporation."

The proposer assured to furnish change of his general condition of health in writing to consider the term of acceptance of the policy and it was further declared that any omission on his part to do so shall render his assurance invalid and all moneys deposited shall remain forfeited. All such declarations were given before acceptance of the policy.

In this case, admittedly, the proposer did not submit any declaration as to the change of his health condition after the hospitalization and before acceptance of the policy on 02.12.04. The policy document issued on 17.02.05 shows the date of commencement as 10.10.04 whereas the endorsement made on the proposal form shows that the policy was accepted only on 02.12.04. Now, it is to be seen whether the date of commencement carries the meaning of acceptance of the proposal w.e.f. 10.10.04 or from the actual date of acceptance done on 02.12.04.

The Hon'ble Supreme Court in a decision reported in AIR 1984 SC 1014 held as under as regards acceptance of a proposal.

"A contract concludes only when the party to whom an offer has been made accepts it unconditionally and communicates his acceptance to the person making offer. Similarly the mere receipts and retention of premium until after the death of the applicant or mere preparation of the policy document is not acceptance and does not give rise to contract – Acceptance must be signified by some act or acts agreed on by the parties or from which the law raises a presumption of acceptance."

The Law settled by the Hon'ble Supreme Court on the point is that the contract of insurance can be said to be concluded only when the party to whom an offer has been made accepts it unconditionally and communicates its acceptance to the person making it.

The Hon'ble National Consumer Disputes Redressal Commission, New Delhi in a decision reported in 111 (1996) CPJ 178 (NC) also observed as follows :-

"……..When the full amount of premium payable on the policy had not been paid by the proposer and the proposal had not been accepted and there had been no final acceptance of the proposal by LIC and no policy had been issued, it cannot be said that a contract of insurance had been concluded as between the proposer and the LIC prior to the date of his demise……."

In the instant case, although, the proposal was submitted on 28.09.04 but the same was accepted only on 02.12.04 and there remained some amount to be paid as the balance proposal deposit which was deposited by the proposer on 18.12.04. Full premium was not paid when the proposer fell ill and was hospitalized before the proposal was accepted. In that view of the matter and taking guidance from the aforesaid decisions of the Hon'ble Supreme Court and also from the Hon'ble National Consumer Disputes Redressal Commission, New Delhi, it can be said that the proposal given by Shri Dinesh Chadnra Sharma (DLA) remained at the process of acceptance even though commencement started from 10.10.04 and the proposal was ultimately accepted on 02.12.04. Hence the policy can be said to have been effected w.e.f. 02.12.04 and not prior to that. The life assured, Dinesh Chandra Sharma was hospitalized after submission of the proposal but before acceptance of the same and as per the requirement and declaration by him, no information about his

hospitalization/suffering from diseases have been communicated to the LIC. The plea of ignorance of the rule is no excuse and it can be said to be the “concealment of facts”.

The LIC has repudiated the claim due to concealment of such facts which appears to have been based on established rules.

However, the facts discloses that the complainant, being wife of the policyholder, has become helpless after the death of her husband. Her expectation to get some amount has come to an end due to repudiation of the claim. Considering her position and taking humane view , it is felt desirable to allow an ex-grtia payment of Rs.10,000/- and accordingly the Insurer/OP is directed to pay the same.

Guwahati Ombudsman Centre
Case No. : 24/01/058/L/07-08/GHY
Sri Adya Nath
Vs
Life Insurance Corporation of India

Award Dated : 17.01.2008

Brief Facts leading to complaint

The grievance of the above named complainant is that the claim lodged by him in respect of the above mentioned policy has not yet been settled by the Insurer/OP and he has not been informed anything, although 2 years have elapsed from the date of lodging the claim.

The facts involved in the complaint is that Shri Mriganka Bhargav Nath, the son of the above named complainant, procured a life insurance policy bearing no.483071693 under the above OP/Insurer commencing from 28.04.2003. The life assured, Mriganka Bhargav Nath suddenly fell ill at New Delhi and he was then admitted at Safdarjung Hospital, New Delhi where he breathed his last on 02.04.05. The complainant, being the father and nominee under the policy, intimated the insurer/OP and formally lodged the death-claim at Rangia Branch of LICI. The aforesaid claim has not yet been settled and being aggrieved, the complainant has preferred this petition.

Opponent’s Views

The Insurer has also vide its letter dated 01.08.07 stated that the policyholder died at Safdarjung Hospital, New Delhi where he was working in a private company. It is further informed by the Insurer that they have not received the claim form-‘B’ as also the investigation report from New Delhi Divisional Office-III. To procure the investigation report, the OP/Insurer has written to New Delhi DO-III of LICI on 04.09.06 which was followed reminders dated 03.01.2007, 16.06.07, 21.06.07 and 01.08.07 and due to non-receipt of any reply, the claim could not be settled.

Decisions & Reasons

From the statement of Insurer, it appears that the LIC policy bearing no.483071693 was issued in the name of Mriganka Bhargav Nath and the policyholder reportedly died on 02.04.05. The Insurer has also admitted about receipt of claim papers from the nominee of the policyholder. According to Insurer, since the policyholder died within 2 years from the date of acceptance of the policy, (which is termed as ‘Early Claim’) the LICI requires an investigation report as to the cause of the death of the policyholder and for the purpose of procuring such a report, the LICI has already written to its New Delhi Divisional Office-III for submitting the said report but till date, nothing has been heard from them even in spite of issuing repeated reminders. The copies of letters dtd. 3.1.07, 16.6.07, 21.6.07 & 01.08.07 shows that the Insurer/OP is reminding the New

Delhi Divisional Office-III for submitting the said report but the admitted position is that the Insurer/OP has not informed its Higher Authority for non-submission of report by the New Delhi Divisional Office-III. Mere writing for a report is not enough unless proper steps are taken to procure the report within a reasonable time. In this case, the Insurer/OP is remaining silent after writing and reminding the New Delhi Divisional Office-III for the said report and they have not cared to inform either Zonal Office or Central Office of LICI about the inaction shown by the New Delhi Division-III. No doubt, it is an 'Early Claim' and the insurer may be required to investigate the matter and to have the report of investigation as to the cause of death of the D.L.A. before the settlement of the claim, but equally the Insurer must see that the claim is not kept unsettled for an indefinite period with the pretext of non-receipt of any report.

Accordingly, it is ordered that the Insurer shall complete the process of settlement of the claim within a period of one month.

Guwahati Ombudsman Centre
Case No. : 24/01/012/L/07-08/GHY
Smt. Maya Rani Thakur
Vs
Life Insurance Corporation of India

Award Dated : 21.01.2008

Grievance

This is a complaint for delay in settlement of death-claim in respect of policy no.441521264 on the life of Mithai Lal Thakur. The complainant, being the nominee under the policy has lodged the claim before Tinsukia Branch Office of LICI in March, '06 and the said claim has not yet been settled.

Reply

On 07.12.07, the insurer has submitted a note which can be termed as 'self-contained note' wherein the insurer has admitted about receipt of the claim papers from the complainant in respect of the policy referred to above. According to the LICI/OP, the Deceased Life Assured (DLA) Mithai Lal Thakur died on 01.12.05 due to cancer and the duration of sufferings were only 6 months. The insurer has also received claim form-B1 issued by Divisional Medical Officer, New Tinsukia Branch wherein it was observed that the DLA was referred by Radiotherapy Department, AMCH, Dibrugarh wherein he was not admitted in the hospital. The insurer further contended that the Jorhat Divisional Office of the OP has made correspondences with the complainant Mrs. Maya Rani Thakur vide letters dated 25.05.06, 23.10.06 and 08.07.07 for Biopsy Report of the DLA and medical particulars. The insurer required the above particulars and the claim could not be settled due to non-receipt of the same.

Decisions & Reasons

On a perusal of the above self-contained note, it appears that the insurer had received the claim papers as stated but due to non receipt of the Biopsy Report and medical particulars, the claim could not be settled. For the report, the insurer had written a number of letters. The last being sent on 08.07.07 and thereafter, the insurer is remaining silent. In reply to queries in P-forms, the complainant has clearly stated that the called for Biopsy Report was destroyed after the death of the deceased as she had no idea that those papers will be required in future. The complainant has further stated about informing the Tinsukia Branch Office of LICI on 26.07.07 about the destruction of those papers. From the letter dated 11.10.07, this Office also informed the Manager (Claims) of Jorhat DO that the called for Biopsy Report and medical particulars were not available as stated by the complainant but even in spite of such a situation, the

insurer is remaining silent. When the documents are not available, it would be useless to wait for the same and there would be no settlement of the claim if the OP insists on production of those documents by the complainant. For the sake of settlement of the claim, LICI/OP through its agent at Dibrugarh/Tinsukia may initiate such investigation and try to collect the documents from Assam Medical College Hospital wherein such Biopsy was conducted or the DLA was first treated. That would facilitate the insurer to arrive at the decision early.

In view of the facts and circumstances, it is directed that the insurer/OP shall takes steps to settle the claim if required by obtaining investigation report from their side and settle the claim.

Guwahati Ombudsman Centre
Case No : 21/01/084/L/07-08/GHY
Smt. Gopa Deb
Vs
Life Insurance Corporation of India

Award Dated : 25.01.2008

Facts leading to grievance of Complainant

The grievance of the complainant above named is that the claim lodged by her in respect of policy no.441218204 on the life of her brother Partha Pratim Choudhury has been partially settled by the insurer. The sum assured with vested bonus were paid but the Accident benefit attached to the policy has been refused. The facts involved is that Shri Partha Pratim Choudhury procured the above policy on his life with accident benefit with the commencement date 28.06.01. While the policy was in force, the policyholder Partha Pratim Choudhury died due to an accident on 09.06.06. The complainant, being the nominee under the policy, preferred her claim before the insurer which was settled partially as above denying the accident benefit attached to the policy. This causes the complainant to approach this Authority for redressal of her grievances.

Opponent's Views

From the copy of letter dated 22.12.06, written by Jorhat Divisional Office to its Tinsukia Branch goes to show that the insurer has refused to pay the accident benefit on the ground that the post mortem report failed to disclose the cause of death of the deceased due to accident.

Decisions & Reasons

The copy of letter dated 22.12.06 makes it clear that on receipt of the claim papers, the insurer has partially settled the claims which has also been proved from the copy of letter dated 10.10.2006 issued by the insurer in favour of the complainant. The policy was for Rs.31,000/- with accident benefit and the copy of letter dated 10.10.2006 also goes to show that the insurer has paid the basic sum assured and the vested bonus totalling an amount of Rs.39,184/-. Although, the accident benefit was also there attached to the policy but the same has been denied on the ground that the post mortem report has failed to disclose the cause of death of the deceased due to accident. The complainant has submitted the copy of police reports dated 19.07.06 and 15.12.07 and also the copy of post mortem report done on the dead body of Partha @ Manik Choudhury. According to the report issued by Tinsukia Police Station, on receipt of the information about death, an U/D case was registered vide Tinsukia P.S U/D case no.30/06 dated 09.06.06 and police report is quite clear to show that Partha Pratim @ Manik Choudhury died on 09.06.06 due to an accident at Parbatia Feeder Road, Tinsukia and police has issued the said report after usual enquiry. The copy of post

mortem report also goes to show that the dead body of Partha @ Manik Choudhury was sent for post mortem examination at Tinsukia Civil Hospital with reference to Tinsukia PS U/D case no.30/06 and such post mortem examination was also done on 09.06.06 itself . The doctor, performing the post mortem examination, expressed his opinion in the post mortem report stating that “the cause of death is due to severe intracranial injury, along with haemorrhage, due to forceful impact with hard object”. The specific report of the doctor further discloses that one 10 cm long lacerated wound over the left parietal region skulp/scalp was found and considering the injury on the head, the doctor expressed his opinion that the death of the deceased was caused due to such intracranial injury with haemorrhage which was caused due to forceful impact with hard object. The opinion of the doctor is quite clear that due to the injury, the deceased died and all such injuries were ante-mortem and caused due to forceful impact with hard object. Anyway, the doctor could not express specifically about the manner of death. The report is ,however, quite sufficient to indicate that the injury on the head causes the death of the deceased and the police report is also very clear that on enquiry, they could ascertain the fact that the deceased died due to the accidental injuries. In view of such clear findings, it is surprising how the insurer has disputed the cause of death of the deceased due to an accident, when they have also not suggested anything as to any other causes of death. The Investigating Authority is the police department and the local police station, on getting information registered the unnatural death case when information was lodged about the death of the deceased and on usual enquiry and considering the post mortem report, the police has expressed their findings that the deceased died due to the injuries sustained in the accident. In view of such clear findings, the denial of accident benefit attached to the policy is nothing but a denial of justice. The decision of the insurer requires interference and accordingly, the insurer/OP is directed to release the Accident benefits attached to the policy at an early date along with interest for the delayed settlement of the same.

The insurer is accordingly directed to reopen the matter, settle the claim allowing interest for delayed settlements of the accident benefits and such interest shall be calculated from the date of lodging the claim till the amount is actually released.

Guwahati Ombudsman Centre
Case No. : 24/01/061/L/07-08/GHY
Shri Girish Ch. Barman
Vs
Life Insurance Corporation of India

Award Dated : 06.02.2008

Grievance

The grievance of the complainant is that the claims lodged by him in respect of the three policies have not been settled by the Insurance Company/OP, although, he applied for settlement of the claims on 26.07.06.

The facts involved in the complaint is that the brother of the complainant viz., Ambika Kalita obtained the above three policies on his life and while the policies were in force, the policyholder was kidnapped by unknown miscreants on 04.09.98 and since then he has got no clue. Tamulpur PS was informed who registered Tamulpur P.S. case no.165/98 under Section 365 IPC read with Section 10/13 U.A.(P) Act. Police started investigation but failed either to recover the kidnapped person or his dead body and ultimately submitted the final report holding that the case is true but no clue of the miscreants. The complainant, somehow, procured the death certificate from the

Registrar of Birth and Death on 07.02.06 and produced the same along with other claim papers before the insurer. The insurer did not settle the claim even thereafter.

Reply

The letter dated 16.10.09 and 25.10.07 issued by the insurer/OP goes to show that the insurer is insisting on production of a decree from Court as regards presumption of death since the policyholder was missing since 04.09.98. The insurer has also asked the complainant to produce the papers on the basis of which he has obtained the death certificate from the Registrar of Birth and Death and insurer is waiting for receipt of those documents for the settlement of the claims.

Decisions & Reasons

Existence of the aforesaid policies in the name of Ambika Kalita is not in dispute and the copy of F.I.R. lodged by Shri Girish Ch. Barman alias Kalita discloses that the policyholder Ambika Kalita was found missing since 4.9.98 and he was presumed to be kidnapped by the miscreants and accordingly on 13.09.98 the F.I.R. was lodged. On the basis of the said F.I.R, Police registered Tamulpur P.S. case no. 165/98 under Section 365 I.P.C. read with Section 10/13 of the U/A (P) Act. The copy of final report of investigation also discloses that police has failed to recover the person kidnapped or his dead body and clue of the miscreants is not found. It appears to be a case of kidnapping and missing of the policyholder since 4.9.98.

It is not a case of natural death, although the death certificate has been issued by the Authority. In order to settle a death claim, the policy condition provides production of the death certificate. In the instant case, the policyholder was missing since 4.9.98 and his dead body has also not been recovered. The complainant being brother and wife of the life assured, Smt. Hira Mahanta (Kalita) (who has also been writing to the LIC for settlement of the claim) are the near relatives who have not heard anything about the missing persons for 7 years and thereafter since the date of kidnapping and in such a circumstance, legal presumption has to be taken that the person kidnapped is dead. But such a declaration of presumption of death in the form of a decree has to be obtained from a competent court of law and LIC is insisting on the same for the settlement of the death-claim. The production of such a declaration/decree is a legal requirement and LIC has rightly demanded for the same. The complainant has not been able to produce the same for reasons known to him and that causes the delay and the Insurer/OP cannot be blamed for it.

The complainant is accordingly directed to procure such a declaration in the form of a decree from the competent court of law and produce the same before the insurer for settlement of the claims under the policies. On production of the same, the Insurer shall arrange to settle the claim.

Guwahati Ombudsman Centre
Case No. : 21/01/097/L/07-08/GHY
Shri Bhadra Ram Kalita
Vs
Life Insurance Corporation of India

Award Dated : 07.02.2008

Brief Facts leading to Complaint

The short facts involved in the complaint is that Lohit Ch. Kalita, son of the complainant Bhadra Ram Kalita procured policy no.482747331 on his life with the date of commencement on 28.11.01. The policyholder Lohit Ch. Kalita died on 06.09.02

while the policy was in force. Complainant Bhadra Ram Kalita, being the nominee under the policy, informed the Insurer about the death of the insured and subsequently lodged the formal claim but the insurer repudiated the claim.

Opponent's Views

The insurer vide letter dated 11.12.07 with Xerox copies of related documents submitted the 'self-contained note'. Vide letter dated 27.7.07 the claim was repudiated which contained the grounds of repudiation as under :

"We have evidence and reasons to believe that different statements about the death and circumstances of death of the above deceased were issued to perpetuate a fraud against the Corporation to settle the Claim, which is not acceptable in case of normal death.

Hence in terms of the Policy Contract and the Declaration contained in the forms of Proposal for Assurance, we hereby repudiate the claim and accordingly we are not liable for any payment under the above policy and all moneys that have been paid in consequence thereof is forfeited."

Decisions & Reasons

It appears that existence of the above policy and the death of the policyholder is not in dispute. The insurer has only raised doubts about the statements made by the complainant disclosing the circumstances leading to the death of the life assured. The copy of the notes and decisions of the Insurer dated 03.05.07 forwarded to us contained the grounds for repudiating the claim. A portion of the note reads as follows :-

"It is interesting to note that the Claimant/Father tried to defraud the Corporation by providing false information about the circumstances of death of the DLA but when repeated reminders were sent for the Police Report and the Post Mortem Report, Claimant/Father changed his statements that DLA did not die after a fall from a train but died instead at home after a Heart Attack. Moreover it is also interesting to note that Claimant/Father provided details now that treatment was taken from one Dr J.M Baro of Harsingha SD but the International Death Certificate was issued from another cetnre, the Kharupetia PHC and again the Municipal Death Certificate was taken out from another centre, the Paneri SHC. Three different centres were used by the Claimant/Father to take out the Death Certificate of the DLA. This is a clear indication to defraud the Corporation and equivalent decision should be taken to mitigate the attempts to defraud the Corporation."

It is a fact that the complainant being nominee under policy submitted the claim papers before the insurer/OP stating that the policyholder died due to accidental fall from train at Harisingha Bridge. The above fact has also been supported by him by filing an affidavit. While the claim papers were being assessed, the insurer insisted production of the police report and the post mortem report of the DLA which is considered to be the normal procedure as the death is stated to be due to accidental fall from a railway bridge. The policyholder, however, failed to produce all such documents in proof of death of the DLA due to accidental fall and subsequently, he contended that the policyholder died due to heart attack and not because of accidental fall from railway bridge. The claimant/complainant has again filed another affidavit in proof of the death of the deceased due to heart attack. He has also produced the medical certificate from a doctor and has also submitted the medical certificate of death in form no.8. From the above, it is clear that the claimant/complainant made two different versions at two different times regarding the circumstances under which the policyholder died.

The policy document shows that it was a money back policy with profits plus accident benefits. The claimant/complainant probably tried to prove the death of the DLA due to accident in order to get the accident benefit under the policy, but when he could not establish it by producing the police report and post mortem report as demanded, he gave up that idea and preferred to disclose the actual cause of death due to heart attack which has also been supported by the medical attendant. The complainant has also produced two certificates of death issued by the Registrar of Birth and Death issued by appropriate Authority and both the certificates discloses that the deceased died on 06.09.02. The death of the policyholder on 06.09.02 has not been disputed by the insurer.

In order to settle a death-claim, the policy condition provides production of the death certificate. Here the nominee has produced the death certificates which goes to show that the DLA has died on 06.09.02. When the claimant/complainant could establish the death of the policyholder by producing the death certificate issued by the appropriate authority, there can be no ground to refuse to settle the death-claim. Accident benefit is an additional benefit attached to the policy and in that case proof of death due to accident is a must. This could not be established by the complainant and hence no accident benefit under the policy can be allowed. But the normal benefit under the policy due to death of the policyholder cannot be refused, if otherwise the claim is tenable. Taking the ground that the claimant made different versions regarding the circumstances of death, repudiation of the claim is not justified. The insurer, if so desired, can proceed to take legal action against the claimant for making false statements in order to get the accident benefit but that should not be a ground to repudiate the normal claim under the policy. While repudiating the claim, although the Insurer has referred to policy condition and declaration made in the proposal, but that was related to the DLA/proposer who appears to be not at fault under the circumstances.

The insurer is directed to settle the claim under the policy treating that the policyholder has died in normal circumstances.

Hyderabad Ombudsman Centre
Case No.L-21-001-0261-2007-08
Smt. K. Manila
Vs.
Life Insurance Corporation of India

Award Dated : 11.10.2007

The complaint is about repudiation of death claim under policy No. 600071328 held on the life of (late) Katta John. The policy was for a sum assured of Rs.50,000/- issued by CB-20 of LIC, Hyderabad. The policy commenced on 28.3.2005, under plan 14- for 10 years. The LA was employed in APSRTC as a Depot Clerk at the time of proposal and he was 51 years old. He died on 28.1.2006 allegedly due to a sudden chest pain. The policy duration was about ten months at the time of claim.

Since the claim was a very early one, LIC enquired into the bonafides and rejected the claim vide a letter dated 22.8.2006. Section 45 of the Insurance Act, 1938 is applicable.

As per evidence submitted by LIC, the DLA was under treatment in NIMS, Hyderabad during the period 24.7.2003 to 29.7.2003. He was in the hospital with a history of chest pain, past history of HTN for about three years with habits of smoking and alcoholism for twenty years. The LA had Coronary Angiogram taken during his hospital stay and was diagnosed to have CAD-unstable angina. As per the contentions of LIC, the policy

was taken without disclosing about past treatment taken and the claim was repudiated for reasons of non disclosure of material information.

In view of the evidence submitted by the insurer regarding suppression of material information, it was decided to uphold the action of the insurer and accordingly the complaint was dismissed.

Hyderabad Ombudsman Centre
Case No.L-21-001-0260-2007-08
Sri K.Samba Murty
Vs
Life Insurance Corporation of India

Award Dated : 12.10.2007

The complaint is about rejection of death claim under policy No.801775220 held on the life of (late) Kotipalli Mallikarjuna Rao. The policy was for a sum assured of Rs.100,000/- issued by Ravulapalem branch of LIC, with the commencement date of 27.3.2004 under plan 14-21. The LA was aged 29 years at the time of issue of the policy and he died on 8.5.2004 allegedly due to jaundice and hepatic coma. The complainant is the brother of the DLA and the nominee. The claim was repudiated on 18.1.2006 and Section 45 of the insurance Act, 1945 is applicable.

Since the duration of the policy was just 42 days from the commencement date, the claim was investigated and rejected for reasons of suppression of material information at the time of proposal.

The policy was issued under non-medical scheme and as per claim intimation; the cause of death was jaundice and hepatic coma.

As per evidence produced by LIC, the LA was treated in ‘ Pagadala Health Care Centre, Guntur’ from 17.2.2004 to 21.2.2004 for treatment of AIDS. The prescription slips secured by LIC revealed that the LA was given HAART (High active Anti Retroviral Treatment) and ATT (Anti Tubercular Treatment). Since the LA did not disclose details of his past medical history, the claim was rejected by LIC for reasons of non disclosure of material evidence. The contention of the complainant was that his brother was healthy at the time of proposal and that the LA developed jaundice on 20.4.2004.

Considering the evidence produced by LIC, it was decided to uphold their repudiation action and accordingly, the complaint was dismissed.

Hyderabad Ombudsman Centre
Case No.L-21-001-0272-2007-08
Sri A. Srinivasa Rao
Vs
Life Insurance Corporation of India

Award Dated : 24.10.2007

The complaint is about rejection of death claim by LIC under policy No.674211303 held by (late) A. Kantha Rao. The sum assured under the policy was Rs.50,000/-, with the commencement date of 28.3.2005 under plan 14-15.

The LA died on 12.7.2006 due to a sudden heart attack. The duration of the policy was 1 year-3months and hence was treated as an early claim by LIC.

According to LIC, the LA was treated in Padmavathi hospitals, Gudivada during the period 16.6.2004 to 27.6.2004 for a hip fracture and was suffering from Asthma at the time of proposal. Since the LA did not disclose his treatment in the said hospital, the claim was rejected for reasons of non disclosure of material information. During a personal hearing session held on 10.10.2007, the complainant disputed the case sheet produced by LIC and stated that it does not pertain to his deceased father. The complainant was asked to produce a letter from the hospital to that effect, but he could not do so.

Since the insurer has established suppression of material information by producing enough documentary evidence, it was decided to uphold their decision. Accordingly, the complaint was dismissed.

Hyderabad Ombudsman Centre
Complaint No.L-21-001-0164-2007-08
Smt. Aruna Devi
Vs
Life Insurance Corporation of India

Award Dated : 12.11.2007

The complaint is about rejection of death claim under pol. No.722843314 for Rs. 100, 000/-. (late) D. Naresh Kumar was the holder of the policy, issued by CB-V of Mysore and it was under 133-21 plan & Term, with the commencement date of 28.9.2003. The LA was a chartered accountant and his proposal for insurance was accepted by LIC on 28.2.2004 and policy was issued with a back-dated commencement as requested. The LA died on 7.12.2005 allegedly due to a sudden heart attack. The policy was accepted under medical scheme.

Since the duration of the policy was 1 year-10 months, it was treated as an early claim and after due enquiries LIC rejected the claim vide a letter dated 7.6.2006 on the ground that the DLA was not in good health at the time of proposal. As per contentions of LIC, the LA was treated in Vikram Hospital & Heart Centre, Mysore during the periods 5.3.2003 to 10.3.2003 and 25.8.2003 to 26.8.2003. On both occasions, he was treated for cardiac problems. He was diagnosed to be having ischemic heart disease-recent acute anterior wall MI, bifascicular block, sustained VT, ecstatic recanalised proximal LAD artery etc. The LA was initially admitted into BM Hospital and after suffering a cardiac arrest, he was shifted to Vikram Hospital on 5.3.2003. As per LIC, the LA did not disclose details of his past treatment in his proposal dated 27.2.2004 and thereby causing suppression of material information. They also held that their medical examiner also was misled and hence were denied an opportunity of assessing the risk in its proper perspective.

Section 45 of the Insurance Act, 1945 is applicable. During the hearing session, the complainant did not deny the treatment taken from the said Vikram Hospital, Mysore and she did not question the authenticity of other evidence produced by LIC. The complainant held that her husband might have signed a blank proposal and he would have paid necessary extra premium if he was asked to do so.

In view of the clinching evidence produced by LIC, it was decided to uphold the rejection action. Accordingly, the complaint was dismissed.

Hyderabad Ombudsman Centre

Case No.L-21-001-0278-2007-08
Smt. B.V.Pallavi
Vs
Life Insurance Corporation of India

Award Dated : 15-11-2007

The complainant is the wife of the deceased policyholder and her complaint is about rejection of claim under policy No.723126611 for a sum assured of Rs.200,000/-. (late) B.L.Vinay obtained the policy from CB-II, Mysore . The policy commenced on 22.9.2005 and the LA was having six other policies at the time of proposal for insurance under the present policy. While submitting his proposal dated 20.9.2005, the LA disclosed only two policies. The LA died on 27.3.2006 due to cardio respiratory arrest, herpes Simplex, Encephalitis, Hypothyroidism.

Initially, LIC rejected claim under three policies bearing nos. (i)723126611 (ii) 722625465 (iii) 722775252 vide separate letters dated 2.11.2006. The reasons given by LIC for repudiation was suppression of information relating to the problem of Hyperthyroidism suffered by the LA in 05/1996. When the complainant made an appeal to the Zonal Manager of LIC, Hyderabad for a reconsideration of their rejection action, LIC decided to reverse their decision in respect of policy nos. 722625465 & 722775252 and maintained their stand on the third policy which is under dispute.

LIC submitted medical record relating to the treatment taken by the LA from 24.5.1996. As per record submitted, the LA was suffering from Hyperthyroidism and suffered from Grave's disease. Several reports relating to his treatment were produced by LIC in support of their action. The final cause of death was related to Hypothyroidism and a nexus established with the past medical history.

LIC also contended that a lenient view was taken by them while reviewing decision under two policies and that they could not take such a lenient view in respect of the disputed policy because of the short duration of the policy from inception to death.

The contention of the complainant was that her husband was cured of his thyroid problem at the time of proposal and since the history of disease was more than five years old, it was not a relevant factor to be disclosed. The final cause of death was due to Herpes Simplex but not due to Thyroid problem.

After hearing both sides, it became known that the LA had taken treatment for thyroid problem and the same was not disclosed. Keeping the evidence in view, it was decided to uphold the decision of LIC and accordingly the complaint is dismissed.

Hyderabad Ombudsman Centre
Case No.L-21-005-0288-2007-08
Smt. Meher Jehan
Vs
HDFC Standard Life Insurance Co. Ltd.

Award Dated : 21-11-2007

The complaint is about repudiation of death claim for full sum assured under policy No.15707 held by (late) Sri Ghulam. The LA obtained the policy for a sum assured of Rs.5 lakhs and the policy commenced on 26.12.2001. The term of the policy was 20 years, with an instalment premium of Rs.7409/- per quarter.

The LA died on 4.3.2007 due to a road accident and as on death, quarterly premium due on 26.12.2006 remained un paid. When the complainant applied for claim amount, she was offered a reduced paid-up value of Rs.206250/- by the insurer.

Contentions of the Insurer: The LA did not pay the qly premium due on 26.12.2006. The LA got his policy revived on two earlier occasions by submitting revival request-cum-good health declaration and the complainant is not justified in claiming that they were not aware of the requirement for revival of the policy. Since the policy was in a paid-up condition on the date of death i.e. on 4.3.2007, they offered paid-up amount as per policy conditions.

Contentions of the complainant: The LA met with a road accident on 1.3.2007 and died on 4.3.2007 while undergoing treatment. They were not aware that the policy was converted into a paid-up one as they did not receive letters dated 2.2.2007 & 7.2.2007 purported to have been written by the insurer. Her husband had paid premiums for five years and they were not given an opportunity to reinstate the policy for full sum assured and they could not pay premium due on 26.12.2006 for reasons beyond their control. The insurer did not accept her request for reinstatement of the policy, sent on 11.8.2007.

Decision: Both sides were heard during a hearing session held on 14.11.2007. The main contention of the complainant was that she was not aware of the paid-up status of the policy as she did not receive the letter dated 2.2.2007 alleged to have been sent by the insurer. There was no dispute regarding non payment of the quarterly premium due on 26.12.2006. The insurer produced proof of dispatch of their letter dated 2.2.2007 and also stated that the DLA was aware of the procedure for revival of lapsed policies since he had got his policy revived on at least two occasions before. The insurer also held that a request for reinstatement of the policy was received by them after the death of the LA and hence they did not allow reinstatement of the policy. As per policy conditions, it became clear that the insurer was justified in rejecting the claim for full value of the policy. Hence, the complaint was dismissed.

Hyderabad Ombudsman Centre
Case No.L-21-011-0303-2007-08
Smt. Sk. Naima
Vs
ING Vysya Life Insurance Co. Ltd.

Award Dated : 22-11-2007

The complaint is about rejection of claim by the insurer under policy No.413094 held on the life of (late) Sk. Abdul Rasool.

Brief facts of the case: (late) Sri Abdul Rasool Shaik submitted a proposal dated 5.4.2006 for securing a policy for Rs.6 lakhs sum assured under ‘Conquering Life Critical illness’ plan with a premium paying term of 20years.The LA applied for a Rider sum of Rs. 4 lakh under ADDD benefit. The LA died on 3.11.2006 allegedly due to cerebral hemorrhage. The claim event occurred in just 179 days from the date of risk. The claim was rejected by the insurer since their enquiries revealed that the LA was suffering from accelerated hypertension much before issue of the policy and was on medical treatment in NIMS, Hyderabad.

Contentions of the Insurer: the policy was issued on 5.5.2006 and LA expired on 3.11.2006. Duration of the policy was about 6 months. As per their enquiries, the LA was suffering from accelerated hypertension and chronic renal failure before issue of the policy. They obtained discharge summary from NIMS with IP No.424051 dated 8.11.2004, as per which the LA was a known hypertensive for about two years. In the medical report dated 1.11.2006 obtained from Amaravathi Institue of Medical Sciences, Guntur, it was stated that the LA was known case of HTN & CVA. The LA obtained the

policy without disclosing information about his past medical record and hence they repudiated the claim.

Contentions of the complainant: The allegations of the insurer are not correct. Her husband died of a sudden cerebral hemorrhage. Her husband was in perfect health at the time of proposal.

Decision: Both sides were heard during a personal hearing session held on 14.11.2007. There was a simultaneous complaint against Reliance Life Insurance Co. under another policy for Rs.5 lakhs. The complainant expressed about ignorance of the hospitalization into NIMS when she was shown case sheets. The details shown in the case sheets match with the details of the LA and hence the complainant is not justified in saying that the reports does not pertain to her husband. During the hearing session, the complainant stated that LIC also rejected one claim under a policy for Rs. 4 lakhs. As per facts of the case, the LA obtained three near-simultaneous policies from three insurance companies in a very short span of time. Based on the facts furnished, it was decided to uphold the rejection action of the insurer and accordingly the complaint was dismissed.

Hyderabad Ombudsman Centre
Case No.L-21-011-0304-2007-08
Smt.Sk. Naima
Vs
Reliance Life Insurance Co. Ltd.

Award Dated : 23-11-2007

Brief facts of the case: (late) Sk. Abdul Rasool obtained policy No.10178684 for a sum assured of Rs.5 lakhs under 'Reliance Market Return Plan' with a lumpsum premium of Rs.25000. The policy was issued on 24.3.2006 and the LA died on 3.11.2006 due to cerebral hemorrhage. There is a simultaneous complaint from the complainant against ING Vysya L if e insurance Company under another policy repudiated. The insurer rejected the claim for reasons of suppression of material facts at the time of proposal. According to the insurer, the LA did not disclose his treatment taken from NIMS in 11/2004 for accelerated hypertension and renal failure.

Contentions of the insurer: The policy was issued on non-medical basis under standard rates since the LA was aged 32 years as on the proposal date. As per their enquiries, the LA had taken treatment from NIMS, Hyderabad during 6.11.2004 to 8.11.2004 for the problem of accelerated hypertension and kidney failure. The LA did not disclose his medical history while proposing for the policy. In view of the non disclosure , they rejected the claim for payment of sum assured and offered to pay fund value of Rs.27,782.42 as a goodwill gesture. The claimant, instead of accepting the amount, filed the present complaint.

Contentions of the complainant: Her husband died of cerebral hemorrhage on 3.11.2006 and he was not having any medical history of accelerated hypertension as alleged by the insurer. The amount offered by the insurer is not as per policy conditions.

Decision: As per facts of the case, the LA proposed for three simultaneous policies from three different insurers for a heavy sum assured of about Rs.15 lakhs. Though the complainant denied any treatment taken by her husband for accelerated hypertension, records submitted by the insurers prove otherwise. Since the details of the LA match with the particulars of the patient shown in the case sheet produced by the insurer, it was decided to accept the evidence produced. The insurer has also established nexus

between the final cause of death and previous treatment for HTN. Hence, the complaint was disallowed.

Hyderabad Ombudsman Centre
Case No.L-21-001-0365-2007-08
Sri G. K. Gowtham
Vs
Life Insurance Corporation of India

Award Dated : 06-12-2007

The complaint is about repudiation of death claim under policy No.652862526 and the complainant is the son of the DLA. (late) Sri K. Sree Ramulu obtained policy numbered 652869526 for Rs.500, 000 from Guntkal branch of LIC under plan 151-20(12). The policy was issued under medical scheme and the LA paid first year premium of Rs.46752/- and the policy commenced on 28.1.2003.

The LA died on 18.11.2003 allegedly due to sudden cardiac arrest and the duration of the policy was less than eight months from its acceptance.

Contentions of the Insurer: The DLA was employed in Railways as a Head Booking Clerk at the time of proposal dated 25.3.2003. As per their enquiries, the DLA was under treatment at NIMS, Hyderabad from 1.3.2003 to 31.3.2003 as an in-patient with complaints of Diabetes, Hemophysis and other illnesses. As per certificate issued by the Department of Rheumatology, NIMS, Hyderabad , the DLA was diagnosed to be suffering from Wagerers Granulomatosis and was discharged on 31.3.2003. This history clearly indicates that the proposal was submitted during the hospital stay of the LA. Hence they rejected the claim for obtaining the policy in a fraudulent manner without disclosing material information.

Contentions of the complainant: His father died due to cardiac ailment at his house. His father was very healthy at the time of proposal in 03/2003 and he was examined by LIC's panel doctor. LIC called for some special medical reports also. Rejection of claim by LIC is wrong.

Decision: During personal hearing session held on 5.12.2007, the widow of the DLA represented the complainant's side and she held that the proposal was filled by LIC's Agent. She claimed that her husband was in good health up to 10.4.2003 and symptoms of illness started only on 11.4.2003. Her husband had not availed of any sick leave up to 11.4.2003 and all leaves taken prior to that day were 'leave on average pay', which cannot be equated with sick leave. Her husband was considered medically fit by LIC's doctors. Final cause of death has no relevance to the treatment taken earlier. The insurer submitted that the mother of the complainant is an employee of LIC and she obtained medical reimbursement under Group Medi-claim policy for the period of hospitalization from 6.2.2003 to 14.2.2003; 1.3.2003 to 31.3.2003.Considering the evidence produced by LIC, it was decided to reject the complaint for reasons of suppression of material information.

Hyderabad Ombudsman Centre
Case No.L-21-001-0344-2007-08
Sri K. Padma Rao
Vs
Life Insurance Corporation of India

Award Dated : 7-12-2007

Brief facts of the case: (late) Ms. K. Annapurna was the life assured under policy No.803125343. The policy was issued from Bhimavaram Branch for a sum assured of

Rs.1 lakh, Plan & Term 14-20; with yearly premium of Rs.4908/-. The policy was issued under 'non-medical' scheme, with the commencement date of 20.7.2004. The LA died on 22.8.2006 allegedly due to hepatitis.

Contentions of the Insurer: The proposal for insurance was dated 2.9.2004 and it was accepted with a dating back from 20.7.2004. As per their enquiries, the LA was suffering from kidney disorder since 02/2002 and was treated in Arun Kidney Centre, Bhimavaram. The LA consulted Dr. R. Jayachandran, FRCS on 7.11.2002. As per tests underwent by the LA, she was diagnosed to be suffering from bilateral multi cystic kidney disease. . The proposal was accepted by them on 30.9.2004 on the basis of a DGH of even date and the LA was in Osmania Hospital, Hyderabad on that day.They collected necessary hospital record and rejected the claim for reasons of non disclosure of material information

Contentions of the complainant: He is the father of the DLA. His daughter was in good health at the time of proposal. She became alright after treatment for about three months. It was only in 01/2005 that his daughter was detected to be suffering from kidney problem and she went for a kidney transplant.

Decision: The complainant did not attend the personal hearing session held on 5.12.2007.Section 45 of the Insurance Act, 1938 is applicable. The evidence produced by the insurer is good enough to warrant repudiation of the claim for fraudulent suppression of material information. Hence, the complaint was rejected.

Hyderabad Ombudsman Centre
Case No.L-21-001-0343-2007-08
Ms. P. Kalyan Kutty & another
Vs
Life Insurance Corporation of India

Award Dated : 14-12-2007

Brief facts of the case: (late) Sri Pallial Radhakrishnan Nair of Nellore obtained policy numbered 841227737 for Rs.100, 000 from CA Branch of Nellore. The policy was under medical scheme, commenced on 24.3.2004 under plan 14-16 years, with half yearly premium of Rs.3696/-.

The LA died on 30.6.2006 allegedly due to 'septicemia due to bilateral orbital' and death occurred while the LA was taking treatment in GH, Chennai. The claim was rejected by LIC for reasons of suppression of material facts.

Contentions of the Insurer: The proposal was dated 19.3.2004 and the policy commenced on 24.3.2004. The LA died on 30.6.2006 and cause of death was attributed to brain problem. The duration of the policy was only 2Y-3M-6days. As per their enquiries, the LA was treated in Stanley Hospital, Chennai during the period 10.12.2003 to 22.12.2003 for chest pain. The LA secured the policy under question without disclosing his past history of HT/DM and non disclosure amounts to willful suppression of material facts. Section 45 of the Insurance Act, 1938 is applicable and evidence secured by them will sustain their repudiation action.

Contentions of the complainants: They are the nominees under the policy. The allegations of LIC are baseless.

Decision: A personal hearing session was held on 5.12.2007. The insurer produced a Discharge Summary issued by Stanley Medical College Hospital, Chennai for the period of hospitalization of the LA from 10.12.2003 to 22.12.2003. As per the same, the LA was diagnosed to be suffering from HT, DM and smoking at the time of admission

into the hospital on 10.12.2003. The LA did not disclose these facts in his subsequent insurance proposal dated 19.3.2004.

During the hearing session, the complainant did not deny the treatment taken from Stanley Hospital. Hence, the insurer was considered to have established suppression of material information. However, considering the duration of the policy for more than two years, a lenient view was taken and it was decided to order refund of premium paid by the DLA on ex gratia basis.

Hyderabad Ombudsman Centre
Case No.L-21-001-0354-2007-08
Smt. S. Suryakantham
Vs
Life Insurance Corporation of India

Award Dated : 17-12-2007

Brief facts of the case: (late) S.Radha Krishna Murty obtained policy numbered 645959198 for Rs.100, 000 under plan 72-20 from CB-XI, LIC, Hyderabad. The policy commenced on 15.10.2001, with a quarterly premium of Rs.1956/-. The LA died on 24.7.2006 due to brain hemorrhage, with a brief illness for one day. The policy was revived on 13.10.2005 and the LA paid three installments due from 04/2005 to 10/2005 at that time. LIC annulled the revival and offered to pay a reduced amount of Rs.42850/- as against claim for full sum assured.

Contentions of the Insurer: The LA was not regular in payment of premiums. The policy was lapsed from Qly 04/2002 and it was revived on 14.12.2002 on receipt of a DGH, Medical Report and revival dues. The policy was lapsed again from 01/2003 due and revival for a second time was done on 29.12.2003 on the basis of a DGH, MR and payment of revival dues up to 10/2003 due. The policy was revived for a third time on 13.10.2005 and the LA paid arrears of premium from 04/2005 to 10/2005. They received information about death of the LA through a letter dated 7.10.2006. At the time of death, the LA was holding another policy No.645985560 for Rs.100, 000 and this policy commenced on 28.3.2004. As per their enquiries, the LA was known to be suffering from HT for about three years before death. Since the period of medical consultation goes before the revival of the policy, they rejected the claim for reasons of suppression of material information. Initially they rejected claim under both policies and on appeal by the claimant, they revoked their decision under policy No. 645985560. They offered paid up amount of Rs.42850/- under the disputed policy.

Contentions of the complainant: Her husband died of sudden illness. The grounds of repudiation are not correct and justified.

Decision: Both sides were heard during a personal hearing session held on 5.12.2007.Section 45 of the Insurance Act, 1938 is applicable. During the hearing session it was observed that the revival on 13.10.2005 was done not on the basis of any DGH and as per policy conditions there was no need for the LA to disclose his state of health at the time of revival. Since the insurer has not established any suppression of material information, the repudiation action was found to be erroneous. Hence, the complaint was allowed and the insurer was asked to settle the claim as per policy conditions.

Hyderabad Ombudsman Centre
Case No.L-21-001-0340-2007-08
Smt. V. Jaibun
Vs

Life Insurance Corporation of India

Award Dated : 24-12-2007

Brief facts: (late) V. Abdul Rasool obtained the policy numbered 653649576 for Rs.50, 000 sum assured from Dharwad branch of LIC, with the commencement date of 28.12.2005. The LA died on 11.4.2006 allegedly due to sudden chest pain. The claim was rejected by LIC alleging suppression of material facts by the LA.

Contentions of the Insurer: The DLA submitted a proposal dated 29.12.2005, which resulted into the disputed policy. The duration of the policy was only 3months-13 days. As per their enquiries, the LA was not in good health at the time of proposal and was suffering from HTN, Nephropathy,IHD & CHF prior to the proposal. The LA was treated in Sri Vijaya Durga Cardiac Centre, Kurnool during 17.1.2001 to 20.1.2001 as an in-patient. The LA secured the policy without disclosing information about his past illness. Hence, they rejected the claim for non disclosure of material information.

Contentions of the complainant: The reasons given by LIC for rejection of the claim are not justified. She handed over prescription slips given by a private doctor at Bethamcherla for treatment of fever. Her husband did not suffer from any of the ailments mentioned by LIC.

Decision: Both sides were heard during a hearing session held on 5.12.2007. The complainant alleged that the evidence put forth by LIC is false. According to LIC, the evidence presented by them was procured from the complainant and hence authentic. During the hearing session, the complainant's side was asked to get a certificate from the doctor concerned and they were given ten days time to produce such a certificate. The complainant failed to produce any such certificate. Hence, it was decided to accept the evidence placed by LIC and accordingly the complaint was dismissed.

Hyderabad Ombudsman Centre
Case No.L-21-001-0323-2007-08
Sri A. H. Golandaj
Vs
Life Insurance Corporation of India

Award Dated : 9-1-2008

Brief facts : The complainant is the brother of the DLA and death claim was rejected by LIC for reasons of suppression of material facts.

Details and decision: Policy No.637248684 for Rs.100,000 sum assured was issued by Cb-I,Gadag branch of LIC on the life of Smt. Jainabbi Hatelsab Golandaj. The application for policy was given on 11.1.2004 and the LA died on 18.2.2006. The policy lapsed after payment of first yearly premium of Rs.6620/- and it was revived on 8.11.2005 on the strength of a DGH dated 7.11.2005. The duration of the policy after the date of revival was 3 months and 11 days. In the enquiry conducted by LIC, it came to light that the DLA was under treatment for uncontrolled diabetes prior to revival. The DLA was treated by Dr. Jothi Palakshi of Jothi Puttappa Memorial Clinic, Dharwad and as per record; the LA consulted the hospital for treatment on 27.5.2004 for the first time. The revival on 8.11.2005 was secured without disclosing details of treatment taken from the said doctor.

The complainant claimed that his sister was in perfect health at the time of revival and prayed for payment of the claim.

The insurer produced copies of the hospital record as evidence from their side. During the hearing session held on 4.1.2008, the complainant was shown the hospital record

and same were not disputed. After hearing the contentions of both sides, it was decided to uphold the insurer's decision in view of the convincing evidence. The complaint was dismissed.

Hyderabad Ombudsman Centre
Case No.L-21-001-0353-2007-08
Smt. K. Rajeswari
Vs
Life Insurance Corporation of India

Award Dated : 14-1-2008

Brief facts: Death claim under pol. No.683015668 was rejected by LIC on the ground that the DLA did not disclose material facts at the time of revival of the policy. After hearing both sides on 9.1.2008, it was decided to award ex gratia relief of Rs.15,000/-.

Details: The policy was issued on the life of Sri. Kusuma Rajiah for a sum assured of Rs. 50,000/- by Adilabad branch of LIC. The policy commenced on 28.2.2000 and the LA died on 4.6.2005 allegedly due to sun stroke. The policy was revived on 21.6.2004 on the strength of a DGH, medical report and collection of arrears of premium due from 02/2001 (Yly mode) to 02/2004. LIC investigated the claim and came to know that the LA was suffering from TB before revival. The LA had availed sick leave for long spells and he was treated in a hospital at Warangal. Since the revival was sought by the LA without disclosing his treatment for TB, LIC rejected the claim alleging suppression of material information.

The complainant contended that her husband was treated during the period 09/2002 to 07/2003 in Jaya Hospital, Warangal. She stated that they could not pay premium on scheduled dates due to financial problems and claimed that her husband was cured of the disease much before revival. She attributed the cause of death to sun stroke.

Both sides were heard on 9.1.2008 in a hearing session held at Hyderabad. The insurer produced necessary hospital record to substantiate their action. In view of the recorded evidence produced by LIC, it was decided to uphold their decision partly. Considering the fact that the revival was done on the strength of a medical report, it was decided to order payment of an ex graita relief of Rs.15,000/-

Hyderabad Ombudsman Centre
Case No.L-21-001-0324-2007-08
Sri V. Simhadri Naidu
Vs
Life Insurance Corporation of India

Award Dated : 17-1-2008

Brief facts: Death claim rejected by LIC on grounds of suppression of material information. Though repudiation was found to be in order, an ex gratia refund of premiums was ordered taking a humanitarian consideration.

Details: Policy No.693401641 for Rs.30,000 sum assured was issued by Rajam Branch of LIC on the life of (late) Smt. V. Kanthamma. The policy was issued under medical scheme and it commenced on 28.3.2004. The LA died on 6.8.2005 allegedly due to heart attack. Since the claim was treated as a very early one, LIC investigated it and came to know that the LA was suffering from 'Cancer Cervix' prior to application for insurance. The claim was rejected vide a letter dated 31.3.2006 alleging suppression of material information.

As per the contentions of the complainant, the LA died due to heart attack and claimed that they paid three yearly premiums out of hard earned savings. He claimed that the claim was rejected without considering their financial position.

According to LIC, the LA obtained the policy without disclosing information about treatment for cancer. They produced certificate from Lions District 324 C-1 Cancer Treatment and Research Centre, Visakhapatnmam. As the hospital record was found to be clear about the treatment taken by the DLA, it was decided to uphold the decision taken by LIC, subject to ex gratia refund of premiums paid.

The complaint was thus allowed partially.

Hyderabad Ombudsman Centre
Case No.L-21-001-0322-2007-08
Sri Ch. pandurangiah
Vs
Life Insurance Corporation of India

Award Dated : 21-1-2008

Brief facts : Payment of death claim was rejected by LIC stating that particulars of previous policy were not disclosed. After hearing both sides it was decided to order an ex gratia payment of Rs.200,000 as against sum assured of Rs.500,000.

Details : (late) Ch. Durga Prasada Rao submitted a proposal dated 28.1.2002 to Kadukur branch of LIC and obtained policy No.84101302 for Rs.500,000. The policy commenced on 28.6.2001, under plan 112-25(16) with a yearly premium of Rs.24763/-. The LA was aged 26 years at the time of proposal and died on 4.6.2004 allegedly due to drowning in a well. As per FIR and police records, the LA was mentally unsound and committed suicide. As per the enquiries of LIC, the LA was having a medical history of neurological problems for at least two years before death. Though there was a mention in the FIR about some hospitals where the LA was treated, the insurer could not get any medical record. The LA had another policy for Rs. 60,000 with No.841008090 taken prior to the issue of the policy under complaint now. The LA did not disclose the details of the old policy. LIC settled claim under the first policy and rejected claim under the recent policy. As per contentions of LIC, it is necessary for the LA to disclose all previous policies and in the instant case; they would have called for special medical reports like ECG, ESR and CBC in the event of a disclosure. They contended that special medical reports would have thrown some light on the prolonged treatment taken by the LA for fits, seizures etc.

Section 45 of the Insurance act, 1938 is applicable in this case. In the FIR, the family members of the DLA have given statements mentioning names of the doctors who treated the DLA for mental disorders. Hence, it can be inferred that the LA must be having knowledge about his medical condition on the date of proposal. However, due to non submission of proper evidence, total rejection of the claim was not upheld and an ex gratia relief of Rs. 200,000/- was awarded.

Thus the complaint was allowed partially.

Hyderabad Ombudsman Centre
Case No.L-21-001-0414-2007-08
Smt. Ch. Pushpavathi
Vs
Life Insurance Corporation of India

Award Dated : 27-3-2008

Brief facts : Claim was denied by LIC on the ground that the LA made a false declaration regarding his age. Section 45 of the Insurance Act, 1938 is applicable. After a personal hearing, it was decided to order an ex gratia payment of Rs.50,000/-.

Details : (late) Sri Ch. Subba Rao obtained pol. No.646455167 for Rs.1,00,000 from CB-2,LIC, Hyderabad. The policy commenced on 28.7.2003 under plan 14-15 with a quarterly premium of Rs. 1899/-. The LA died suddenly on 18.2.2006. As the claim comes under early category, LIC enquired into its merits and came to the conclusion that the LA made a deliberate understatement of his age by at least 12 years. LIC rejected the claim vide their letter dated 26.2.2007.

The LA was aged 44 years at the time of proposal and LIC estimated the age of the LA based on his son's age. As per record secured by LIC, the DLA's son was aged 36 years on the date of claim and they contended that the difference between father's age and sons' age would be about 8 years, which is improbable.

The complainant submitted two different driving licenses held by the son of the DLA in which two different ages were shown. However she did not rule out discrepancy in age totally.

A personal hearing was held on 11.3.2008. As per policy conditions, there is a provision for charging higher rate of premium in case of the age of L A is found to be higher than the declared age. Further, there is a provision to alter the class or terms of the policy, if the age at entry does not suit issue of the policy at the terms and conditions already given. As per policy conditions total repudiation of the policy is not warranted unless the age at the time of entry does not make the LA eligible for insurance in total. In this case the LA would have become eligible for insurance even at a supposedly higher age of 56 (44+12) and hence total repudiation was considered to be unwarranted. Considering the total facts of the case, it was decided to order an ex gratia payment of Rs. 50000/-.

Hyderabad Ombudsman Centre
Case No.L-21-001-0413-2007-08
Smt. P.Suseelamma
Vs
Life Insurance Corporation of India

Award Dated : 31-3-2008

Brief facts : Repudiation of death claim on the ground of suppression of material facts in the revival DGH. Ex gratia refund of revival charges allowed.

Details : Policy No.653489310 for Rs. 100,000 was issued on the life of (late) P.Sambasiva Reddy, from Rayachoty branch of LIC. The policy commenced on 27.3.2004 under plan 75-20 with a premium of Rs.7047/- per year. The policy lapsed after payment of the first yearly instalment and it was revived on 12.9.2006 on the basis of a good health declaration and payment of two yearly instalments which were in arrears. The LA died on 19.9.2006 allegedly due to fever. Since this is a very early claim with just one week duration, LIC investigated the claim and noted that the LA was taking treatment in Sri Venkateswara Institue of Medical Sciences (SVIMS), Tirupati on the date of revival. They obtained discharge summary from the hospital, as per which the DLA was admitted into the hospital on 28.8.2006 and was under continuous treatment up to death for treatment of Brain Stem Glioma. LIC argued that they would not have considered revival of the policy if they were informed about treatment of the LA. The complainant denied any such treatment taken by the LA, but could not defend her contention when she was shown the evidence produced by LIC. A personal hearing

was held on 25.3.2008. Though the complaiant denied that the evidence produced relates to the DLA, she could not explain as to how the details of the patient tally with the particulars of her husband. Based on the facts, it was decided to give some relief to the complainant and an ex gratia refund of revival charges was allowed.

Hyderabad Ombudsman Centre
Case No.L-21-002-0393-2007-08
Smt. K.Geetha
Vs
SBI Life

Award Dated : 31-3-2008

Brief facts: This is a case of repudiation death claim alleging suppression of material facts. The complaint was not allowed as the insurer could prove suppression of facts based on record.

Details: (late) Sri K.Ashok from Hebbal, Karnataka was covered under a group master policy No.83001000409 issued by SBI Life covering borrowers of home loans granted by State Bank of Mysore. The LA submitted an application dated 14.3.2007 to become a member of the master policy, in which he declared himself to be in good health and not suffering from any disease as on that date. He paid a single premium of Rs.18,347/- as consideration and his application was accepted by the insurer. The LA died on 20.7.2007 while undergoing treatment in Vikram Hospital, Mysore.The amount of insurance coverage on the date of death was Rs.261000/-, under the diminishing cover policy. The LA availed housing loan in 2001, but chose to join the group policy in 03/2007.

As per evidence produced by the insurer, the LA was found to be suffering from DM since seven years prior to death and was admitted to Vikram Hospital on 20.7.2007 due to cardio respiratory problem and died within two hours from the time of admission. As per death summary report of the hospital, the LA was described as a known case of DM since seven years on OHA and hypertensive with heart disease and a known case of Asthma since childhood.

A personal hearing was held on 28.3.2008. The complainant denied the reporting of childhood Asthma but did not deny history of DM and HT. She argued that the final cause of death was not due to DM/HT.

As per the DGH given by the LA, he had answered all questions regarding health as 'NO' indicating that he was not having any disease including DM/HTN. The evidence produced by the insurer clearly speaks about non disclosure of correct information in the DGH. Hence, it was decided to uphold the decision of the insurer. The complaint was accordingly dismissed.

Hyderabad Ombudsman Centre
Case No.L-21-001-0415-2007-08
Smt. K. Nagamalleswari
Vs
Life Insurance Corporation of India

Award Dated : 31-3-2008

Brief facts : (LATE) Y.Suresh Chandra Prasad, resident of Raparthinagar, Khammam obtained policy No.68742849 for Rs. 1,00,000 sum assured, with the commencement date of 28.1.2006, from Khammam branch of LIC. He was aged 34 years at the time of issue of the policy and was engaged as a car driver. The policy was issued under non medical scheme. The LA died on 29.5.2006 allegedly due to jaundice. This being a very

early claim with a duration of less than four months, LIC investigated the claim and repudiated it vide a letter dated 17.3.2007 for reasons of non disclosure of material information. The present complaint is about the repudiation action.

Decision : As per evidence produced by LIC, the DLA was suffering from HIV and was treated in the Government Hospital, VCTC Centre, Khammam and was examined on 24.12.2005 in the hospital with ID No.1766. There he was diagnosed to be suffering from HIV and he attended some counseling sessions. There was no mention in the proposal dated 27.1.2006 about hospitalization on 24.12.2005. The complainant denied any such hospitalization but she could not get any proof from the hospital that the patient treated under the said ID No. was not her husband. She also could not submit any evidence relating to the treatment taken by the DLA, even though the period of terminal illness was about ten days according to her own statement. The particulars of the patient shown in the hospital record matched with the details of the DLA. Hence it was decided to dismiss the complaint.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/21-001-350/07-08
Smt.P.V.Thahira
Vs.
Life Insurance Corporation of India

Award Dated : 03.10.2007

The complaint under Rule 12(1)(b) read with Rule 13 of the Redressal of Public Grievances Rules 1998. The complaint is against repudiation of a claim under a Jeevan Surabhi policy, the complainant's husband had taken from LIC of India. The proposal was dated 20.6.03 for a sum assured of Rs.1 lakh, the policy commenced on 10.7.03 and life assured died on 3.10.05 due to kidney failure. The claim was repudiated on the ground that life assured was a diabetic patient for the last 14 years and he has obtained the policy by non-disclosing the fact that he was a diabetic at the time of taking policy. It was submitted by the complainant that, he was the only earning member of her family and due to the death of her husband she found it very difficult to make both ends meet. All their earnings were spent for treatment of her husband. It was submitted by the insurer that deceased life assured was a known diabetic at the time of taking policy. The case summary issued by EMS Memorial Co-Op.Hospital, Perinthalmanna states that the life assured was suffering from diabetes mellitus for 14 years. Claim Form B1 issued from Mother hospital, Thrissur also certifies having diabetes for last 7 years. The claim form of EMS Memorial hospital, Perintalmanna also certifies that he was having impaired glucose tolerance for the last 14 years. Hence the insurer was able to prove with clinching evidence that deceased life assured was a known diabetic at the time of taking policy and the policy was obtained without disclosing these illness, the decision of insurer to repudiate the claim was found genuine and has to be up held. However taking into consideration the pathetic financial condition of the complainant's family, she deserves some ex-gratia. All her earnings were spent for treatment of her husband. Even the residence and compound was sold for raising money for treatment. An amount of Rs.29680/- has already been paid under the policy. The policy is a with profit one. Hence it is found proper to award an ex-gratia payment of Rs.35,000/-.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/21-001-386/06-07
Smt.Reetha Merydasan
Vs

Life Insurance Corporation of India

Award Dated : 24.10.2007

The complaint under Rule 12(1)(b) read with Rule 13 of the Redressal of Public Grievances Rules 1998. The complainant's husband deceased Sri.Merydasan, a fisherman by profession, was issued a policy for sum assured of Rs.25000/- w.e.f. 28.2.02. the policy was allowed to lapse after paying only first premium and later the policy was revived on 5.12.05 by remitting all arrears of premium with interest. The claim was repudiated on the ground that the period during which the policy was lapsed life assured was suffering from various diseases and was hospitalized and taken treatment. The policy was revived without disclosing the existence of disease or taking treatment. The complainant has submitted that her husband had taken a policy but could not remit premium as their son-in-law has some health problem. Later her husband has developed some pain in stomach and he was treated for the ailment. While undergoing treatment the policy was revived by remitting all arrears of premium with interest. It was submitted by the insurer that deceased life assured was admitted at Haripad hospital on 6.4.05 for pancreatitis. On 28.3.05 scan was done. MRI of upper abdomen was done on 14.7.05. He was admitted to MCH, Alappuzha on 18.7.05. Again he was admitted on 8.11.05 at Govt.Hospital, Kayamkulam. Suppressing all these facts he have revived the policy and just after 13 days of revival he died of the same illness. Hence there is no option but to repudiate claim under the policy.

The Point: On 5.12.05 policy was revived by paying all arrears of premium with interest. Hence on account of this lapse and revival insurer has not suffered any loss as interest was collected for defaulted premium. The repudiation was made on account of some disease contracted during lapse period. It is true that the policy was revived on the strength of a declaration which is fraudulent. But insurance company has no case that he was having some ailments before taking policy. In Mithulal Vs.LIC of India (AIR 1962 SC 814) Supreme Court has ruled that while interpreting Sec.45, 2 years period is to be reckoned from date of commencement of policy and not from the date of revival. In LIC of India Vs. Smt.Sosamma Punnan (AIR 1991 Kerala 230) a similar question was considered. Where also it was observed that the period of two years has to be reckoned from date of commencement. As the lapsed policy has been revived and there is no case that lapsed policy was fraudulently obtained the insurer is not entitled to repudiate the claim. An award is passed directing the insurer to make all payment under the policy to the nominee.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/21-001-222/07-08
Smt.K.L.Saraswathi Amma
Vs.
Life Insurance Corporation of India

Award Dated : 01.11.2007

The complaint falls under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998. Sri.P.G.Chandrasekharan Nair, the husband of complainant had taken a life insurance policy for an assured sum of Rs.1 lakh with DOC 28.2.02. The policy was allowed to lapse due to non payment of premium since 28.2.04. The policy was revived on 8.9.04 on the strength of a DGH. Life Assured died on 12.10.06 due to Cerebral Hemorrhage and the claim was repudiated on the ground that at the time of revival some material facts were not disclosed.

The complainant has submitted that her husband had policy since 2002 and he had undergone renal transplantation in 2003. At the instance of a development officer of

LIC he just signed some forms for revival of policy and remitted balance of premium and interest. They have given only the signed blank forms and had not concealed any material facts regarding his health from the insurer. It was submitted on behalf of insurer that the DLA had undergone renal transplantation in 2003 and this was no disclosed at the time of revival. Had it been revealed they will not have revived the policy as the same terms and conditions. As revival is obtained non-disclosing material facts the revival is null and void and hence nothing is payable under the policy.

The fact that the DLA had undergone renal transplantation was admitted by the complainant herself. The policy holder died 2 years after date of revival. The only ground based on which the claim was repudiated is DLA had undergone renal transplantation between date of commencement of policy and date of revival and this fact was not disclosed at the time of revival. Strictly speaking a contract of revival cannot be said to be a contract of insurance. On revival the policy already issued is revived. A policy which has been lapsed on technical ground is restored on payment of arrears of premium with interest. Hence it is only a restoration and not a new policy. On account of restoration the insurance co. is not incurring any additional burden, and only continuing the original burden of risk coverage. Revival also is made after collecting all arrears of premium that would have been paid, had the policy been not lapsed. Hence by revival parties are again brought to the position as they were initially. Hence a revived policy can be repudiated only on the ground on which the initial policy can be repudiated. In Mithoolal Vs. LIC of India (AIR 1962 SC 814) Supreme Court had considered the legal position in the case of revival policy and held that the two year period for Sec.45 is to be taken from the date on which the policy was originally effected. In the case of LIC of India Vs.Sosamma Punnan (AIR 1991) a case similar to that was considered by Kerala High Court wheere it was held that the period of 2 years for interpreting Sec.45 is to be calculated from the date of commencement. From the above discussion it can be seen that as the lapsed policy has been revived and there is no case that the policy was obtained fraudulently or suppressing any material facts the insurer is not entitled to repudiate the claim. As a result an award is passed directing the insurer to admit claim under the policy.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/21-001-199/07-08
Smt.Biju Prasad
Vs
Life Insurance Corporation of India

Award Dated : 02.11.2007

The complaint falls under Rule 12(1)(b) read with Rule 13 of the Redressal of Public Grievances Rules 1998. The deceased Sri.Ajith Prasad had taken a policy for a sum assured of Rs.3 lakhs with DOC 28.3.04. While the policy was in force he died on 8.2.05. The claim was repudiated on the ground that the policy was obtained suppressing material facts. Aggrieved by this the nominee Smt.Biju Prasad approached this Forum for justice. It was submitted by the complainant that deceased life assured was not having any illness at the time of taking policy and hence the repudiation is faulty and she is entitled to get the benefits under the policy. It was submitted on behalf of insurer that on 15.3.04 itself he was diagnosed to have renal aortic aneurysm which he has suppressed while taking policy and death occurred on 8.2.05 due to rupture of the said aneurysm and hence they have repudiated the claim.

The discharge summary of Medical College, Kottayam mentions that CT scan was taken on 15.3.04 which confirms aneurysm. In the case sheet of SCTIMS, Trivandrum containing particulars of patient it was shown that the patient was under homeo

treatment for one year. It was also shown in the discharge card that he was advised surgery. But he died not seek surgical operation at that time. The complainant herself admitted in the 3rd paragraph of her complaint to the Divisional Office of insurance company that deceased life assured went to the hospital to consult a doctor for abdominal pain a few days before 30.3.04. From the above discussion it is clear that Sri.Ajith Prasad, had consulted doctor for abdominal pain. CT scan was taken on 15.3.04 and the illness was diagnosed as supra renal aortic aneurysm on 15.3.04 itself. The policy was obtained for suppressing this material. As the insurer was able to establish with clinching evidence the non-disclosure of material facts the repudiation is upheld and the complaint is therefore dismissed.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/21-001-248/07-08
Smt.K.K.Vijayi
Vs
Life Insurance Corporation of India

Award Dated : 12.11.2007

The complaint falls under Rule 12(1)(b) read with Rule 13 of the Redressal of Public Grievances Rules 1998. The husband of complainant Sri.N.C.R.Unnikrishnan has taken a life insurance policy covering a sum assured of Rs.1,50,000/- with date of commencement 21.2.06. He committed suicide on 14.1.07 and the claim was repudiated by the insurer invoking suicide clause. Aggrieved by this wife of the insured, the nominee, approached this Forum.

There is no dispute in the fact that deceased life assured has committed suicide on 14.1.07. The complainant herself had admitted the factum of death by suicide on 14/1/07 in her complaint before this Forum. As the policy condition is very clear that death by suicide within one year of policy is not covered under the policy, the decision of insurer to repudiate the claim is upheld. In this complaint it is stated that Sri.Unnikrishnan has left behind his wife and two children aged 6 and 2 years. The sudden demise of Sri.Unnikrishnan has put his wife and children in great mental agony and financial crisis. There is nobody to look after the family and the deceased was the only brad winner of family. A premium of Rs.9016/- stands paid under the policy; it has been found proper an award of Rs.5000/- as ex-gratia to the complainant.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/21-001-179/07-08
Smt.Hilary Babu
Vs
Life Insurance Corporation of India

Award Dated : 21.11.2007

The complaint falls under Rule 12(1)(b) read with Rule 13 of the Redressal of Public Grievances Rules 1998. The deceased Sri.Babu Scaria had taken a life insurance policy for an assured sum of Rs.50000/- w.e.f. 28.12.99. The policy was allowed to lapse due to non-payment of premium and was revived 21.8.06 on the strength of a declaration of health. The life assured died on the date of revival itself and the claim was repudiated by allowing only paid up value and bonus on date of lapse, on the ground that revival was done on the basis of a declaration of health concealing the fact that he was under treatment and is admitted in hospital. The complainant submitted that the money was entrusted with another person for payment of defaulted premium two weeks before date of death, and knowing that the life assured was hospitalized,

the person remitted the amount on the date of demise. As the entire premium upto date of renewal has been paid, she is entitled to get full benefit under the policy.

The hospital records shows that the life assured died of Basilar Artery thrombosis and at the time of admission he was not in a sensible condition. It is clear that it was not possible for him to effect revival by giving a declaration of health. Hence declaration of revival is a manipulated one. This is evident from other circumstances too. In the revival quotation it is stated that “revived with health declaration”, then it is added that slight difference in signature may by waived. On the basis of this recommendation only revival is made. Hence it is clear that difference in signature was noted at the time of revival stage itself. The difference was occurred as it was a manipulated one. It was a created one and not prepared by the life assured as he was not in a condition to give such a declaration. The contention of the insurer that the money was entrusted with somebody else is also not standing as the declaration of health is dated 21.8.06, the date of revival. This Forum of the opinion is that the revival was obtained by practicing a fraud and hence the insurer has every reason to treat the revival as null and void. The complainant is eligible for paid up value and bonus under the policy and the complaint is therefore dismissed.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/21-001-191/07-08
Smt.Fathima Beevi
Vs
Life Insurance Corporation of India

Award Dated : 29.11.2007

The complaint falls under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998. Sri.Hussain had taken a 22 Year Marriage Endowment Educational Annuity Policy by submitting a proposal on 28.9.99. the policy was allowed to lapse due to non-payment of premium from December 2003 and was later revived on 22.7.05 by remitting all arrears of premium with interest on the strength of a health declaration. Sri.Hussain died on 8.8.06 and the claim was repudiated by allowing only paid up value from the date of lapse on the ground that the revival was obtained by non-disclosing some ailment for which he was undergoing treatment. The complainant, wife of the deceased life assured submitted that her husband was having only slight abdominal pain in 2005. Cancer was detected long after revival and at the time of revival he was not aware that he was suffering from Cancer. Hence the repudiation is on faulty grounds and she is eligible to get full claim under the policy as against paid up value as offered by insurer.

The only ground for repudiation is that at the time of revival the deceased life assured was suffering from Evan’s Syndrome and the only evidence produced by the insurer is the hospital report which states that he is a known case of Evan’s Syndrome since February 2005. From the hospital report is clear that splenectomy was done in September 2005 and not on 23.7.05. The previous history recorded as 23.7.05 may be a mistake and treatment have started only in September 2005. There is absolutely nothing to show that it was known to him at the time of revival. In LIC of India Vs.Joginder Kaur and Ors. It has been held that an unproved case history recorded by some other person on the date of admission will not be a cogent and convincing evidence to repudiate a claim unless it is coupled with medical report. The same position was reiterated in Aviva Life Insurance Co.Pvt.Ltd. Vs.T.Umavathi. There is one more reason to set side repudiation. The repudiation is on the ground that some material facts were not disclosed in the declaration of health submitted at the time of revival. But in Mithulal Vs. LIC of India it has been held by Supreme Court that 2 years

time for interpreting Sec.45 is to be recorded from date of commencement of policy and not from date of revival. This was later followed by Kerala High Court in Sosamma Punnan Vs. LIC of India. Hence in order to repudiate a claim the statement relevant are the statement given at the time of proposal and not at the time of revival. As there is no case that the policy was obtained on fraudulent means, the repudiation is faulty and repudiation is therefore set aside. Insurer is directed to settle the claim full under the policy and the complaint is therefore allowed in favour of the complainant.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/21-001-269/07-08
Smt.R.Padmini
Vs
Life Insurance Corporation of India

Award Dated : 29.11.2007

The complaint falls under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998. The policy for an assured sum of Rs.50000/- w.e.f. 12.12.01was issued to Sri.J.K.Mohanachandran, husband of complainant, a special Grade driver in KSRTC on 8.12.01. Sri.J.K.Mohanachandran expired on 17.10.04 and the claim was repudiated on the ground that the policy was obtained by non-disclosing some illness for which deceased life assured was on prolonged treatment. It was submitted by the insurer that life assured was a known case of diabetic and hypertension since 1999 and he has availed medical reimbursement from his employer, KSRTC for treatment. It was submitted by the complainant that at the time of taking policy he was not a diabetic patient and he was of sound health. It was previously admitted to hospital due to an accident and not for treating diabetes or hypertension.

The only ground on which the claim was repudiated is DLA was a known case of diabetic and hypertension and policy was obtained without disclosing these ailments. Life assured was a driver of KSRTC and he has availed reimbursement from his employer for treatment of diabetics and hypertension. The copy of essentiality certificate dated 9.1.00 from Dr.Abdul Sathar Sait submitted by the life assured for getting medical reimbursement was produced by the insurer, which shows that life assured was suffering from diabetics and hypertension. Copies of medicine bills also produced. The bills includes insulin, Glipezide. The essentiality certificate dated 8.12.97 by Dr.B Ravindran also certifies that Dr.Ravindran has treated him for diabetes and hypertension. These two certificates clearly shows that the deceased life assured was aware that he was suffering from diabetic and hypertension as early as December 1997. The policy was obtained by suppressing this material information and hence the repudiation has to be upheld. The complaint is therefore dismissed.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/21-001-277/07-08
Sri.E.K.Narayanan
Vs
Life Insurance Corporation of India

Award Dated : 27.12.07

The complaint falls under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998. The complainant's son Sri.E.N.Shibu had taken Limited payment Endowment Assurance policy bearing No.774306197 with date of commencement 15.2.03. The policy was allowed to lapse and was revived twice on 30.6.04 and 23.3.06 on the strength of declaration of health. The life assured died on 15.7.06 and claim was repudiated on the

ground that revival was effected on the basis of a wrong declaration of health. Aggrieved by this repudiation the complainant approached this Forum at least to get refund of premium paid.

The fact that the deceased life assured had undergone treatment for some illness before revival was admitted by the claimant herself. Insurer has produced hospital records to prove that deceased life assured has undergone treatment for brain tumour before revival of policy. Even before first revival on 30.6.04 treatment was started at Amrita Hospital and CT scan and MRI scan was done on 30.6.04. Hence the fact that the revival was effected by giving a false declaration was established.

The policy commenced on 15.2.03 was revived on 30.6.04 and 23.3.06 by paying defaulted premium with interest and he died on 15.7.06. The repudiation was made on the ground of suppression of some ailments contracted after commencement of policy. The case of insurance co. is that revival was obtained without disclosing these ailments. But it is to be noted that in order to repudiate a claim after 2 years of commencement of policy, it must be established that material facts have been suppressed while taking the policy. But here there is no case that policy was obtained by suppressing any material facts. The matter of suppression of material facts at the time of revival was considered by Supreme Court in Mithulal Vs.LIC of India, where it was held that for the purpose of interpreting Sec.45 of Insurance Act, the two year period is to be taken from the date on which the policy was originally effected. This was also followed by Hon'High Court of Kerala in the case of Susamma Punnan Vs. LIC of India. It was further submitted by the insurer that by revival, a new contract has come into existence, and as revival was done by suppressing material facts, the revival is null and void. But in a revival what is required is that performance of the original contract and not the new contract. Once the original contract is revived the contract by which it was revived goes to oblivion or disappears. Hence once the revival is there what is to be performed is the revived contract and not the contract by which it was revived. From the above discussion it can be said that the insurer is not entitled to repudiate the claim. Hence the insurer is directed to make all payments under the policy.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/21-002-301/2007-08
Smt.Asiya Ummer
Vs
SBI Life Insurance Co. Ltd.

Award Dated : 11.01.2008

The complaint falls under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998. Sri.Raffaz N.C was covered under the Super Suraksha Policy with a life cover of Rs.5 lakhs. On 14.4.07 he had fallen into a pond and died due to drowning. The claim was repudiated on the ground that at the time of accident the DLA was under influence of intoxicating liquor, which is a specific exclusion as per policy condition. It was submitted on behalf of the complainant that at the time of accident DLA was not under the influence of intoxicating liquor and he never had habit of taking liquor.

On 13.4.07, night, while attending a party along with his friends at Elathur the life assured fell into an uncovered and unused well. His friends did not notice the accident. An FIR was launched before Elathur Police station. As per FIR DLA had nominally consumed alcohol and after consuming alcohol he had fallen into a well. As per the chemical examiners laboratory report he was positive for idoform test for alcohol. Ethyl alcohol was detected in stomach and part of intestine. As no blood samples were taken

quantity of alcohol intake could not be ascertained. The decision of insurer to repudiate the claim was mainly based on the postmortem report, FIR and chemical analysis report. Though these reports points to intake of alcohol the quantity of alcohol could not be ascertained as blood samples were not examined. Hence there is no evidence to show that the DLA was under the influence of liquor. Post mortem report and FIR only shows that DLA had consumed mild quantity of alcohol. The injuries noted in the postmortem also reveals the death due to an accident. The persons attended the party along with the DLA also stated that he has taken alcohol in mild quantity only. As the insurer was not able to prove that the DLA was under the influence of intoxicating liquor, the repudiation is set aside and insurer is directed to pay the SA of Rs.5 lakhs with 8% interest till the date of payment.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/21-001-214/2007-08
Smt.Ambili Syam
Vs
Life Insurance Corporation of India

Award Dated : 15.01.2008

The complaint falls under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998. Sri.Chindu Syam had taken an Insurance policy under Jeevan Shree scheme for a sum of Rs. 5 lakhs by submitting a proposal on 12.8.04 as if he was a professional with degree in Electrical Engineering. While the policy was inforce he committed suicide on 17.12.05. The claim was repudiated on the ground that the policy was obtained by misrepresentation. It was submitted on behalf of insurer that at the time of proposing for insurance, Sri.Chindu Syam was only an Engg.student. Policy was taken as if he was an electrical engineer holding a degree in Engg. with an annual income of Rs.3,60,000/-. As per underwriting guidelines for a person aged below 25 insurance can be given only utpo a sum of Rs.2 lakhs. Above 2 lakhs sum assured insurance can be given only subject to parents insurance. A sum assured of Rs.5 lakhs was allowed only due to a false statement given by the proposer that he was an engineer having annual income of Rs.3,60,000/-. As the misrepresentation is of a material fact the claim was repudiated. The claimant herself had admitted that DLA was only an Engg.student at the time of taking policy. He committed suicide following his failure in the degree examination. The statement given by his relatives in the inquest report also shows that he was only a student and was not an engineer. The insurer was able to prove that the policy was taken with a false declaration that he was an engineer by profession having an earned income. As the misrepresentation is of a material nature the insurer is liable to repudiate the claim. The complaint is therefore dismissed.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/20-002-290/2007-08
Smt.P.D.Suni
Vs
SBI Life Insurance Company Ltd.

Award Dated : 16.01.2008

The complaint falls under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998. The complainant’s husband Sri.Balakrishnan S was admitted into Group Insurance coverage as he being an account holder of SBT, to which the master policy was issued. He was admitted to the scheme w.e.f. 1.11.06 and died on 2.12.06. The claim was repudiated

on the ground that the death was within 45 days of taking policy which is a specific exclusion as per policy condition.

The fact that the policy was commenced w.e.f. 1.11.06 was not disputed. Also there is no dispute as to the time of death as 2.12.06 and cause of death. He died due to some ailments, and not due to any accident. As per policy condition death within 45 days of taking policy for any reason other than accident, the risk is not covered and insurer is not bound to pay the insured amount. As the policy condition is very specific about its exclusion that death within 45 days of policy is not covered under the policy and also there is no dispute regarding time of death and date of commencement of risk, the decision of insurer in repudiating the claim can be justified. The complaint is therefore dismissed.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/20-009-259/2007-08
Sri.M.C.Gopalakrishnan
Vs
Bajaj Alliance Life Insurance Co. Ltd.

Award Dated : 17.01.2008

The complaint falls under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998. Late Mrs.Prasanna, the wife of the complainant got insurance with Bajaj Allianz Insurance Co.Ltd. for a sum assured of Rs.1.5 lakhs under Unit plus Gain scheme. The policy commenced on 22.6.06. Life Assured died on 18.12.06 while undergoing treatment. The death claim was rejected by the insurer on the ground that the policy was obtained by suppressing some material facts. Had it been disclosed the underwriting decision would have been different.

The claim was repudiated on the ground that at the time of taking policy LA was a heart patient and she has undergone Mitral Valvotomy in 1982 and also was under treatment from 2.3.06, which was prior to date of proposal. It was submitted by the complainant that the treatment taken in 1982 was not disclosed as there was no specific question as to that in the proposal. Also she was cured well and had a full time normal confinement since then. The insurer has produced certificate from the family doctor of complainant, who knows the family for more than 7 years stating that DLA was under his treatment from 2.3.06 onwards for Rheumatic Heart disease. The complainant himself had admitted that the certificate was obtained by him from his family doctor. He had also admitted that the DLA had undergone Mitral Valvactomy in 1982. As the insurer was able to prove with clinching evidence that material facts have been concealed at the time of taking the policy, the decision of insurer in repudiating the policy can be justified and the complaint is therefore dismissed.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/21-001-381/2007-08
Smt.Rajashree Menon
Vs
Life Insurance Corporation of India

Award Dated : 24.03.2008

The complaint falls under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998. The complainant's husband Sri.Rajesh had taken a policy from LIC of India for one lakh under 25 years Money back scheme. The policy was allowed to lapse and was subsequently revived on 22.9.06 by remitting entire arrears of premium with interest, on the strength of DGH dated 19.9.06. The insured died on 28.11.06 and the claim was

repudiated on the ground that the revival was done based on a false declaration of health.

The repudiation is made on the ground that at the time of revival the insured was a known case of cirrhosis of liver. Hospital records produced shows that at the time of admission on 28.11.06 he has given the history of undergoing treatment at local hospitals for cirrhosis of liver. It also looks that he had GI bleed for one year ago and for that some endoscopic procedure was done. The treating doctors report also shows that he was suffering from cirrhosis of liver for more than one year. Hence it is clear that at the time of revival the insured was not of good health and the policy was revived on the strength of a false declaration of health. However it is to be noted that based on the findings of Supreme Court in Mithoolal Nayak V.LIC of India, insurer cannot repudiate the claim after 2 years of its commencement. For repudiation of policy the period of 2 years is to be calculated not from the date of revival but from inception of policy. This was again confirmed by High Court of Kerala in Smt.Susamma Punnan Vs.LIC of India. Another contention of insurer is that after revival there is a new contract and the new contract was entered by making a representation. As the representation is proved to be wrong the contract is to be treated as null and void. But as per principles of novation, once the original contract is renewed, the contract by which it was revived goes to oblivion. Here a lapse policy has been revived and there is no case that lapsed policy was obtained fraudulently or by suppressing any material facts. Hence though the policy was revived on the strength of a false declaration of health, the insurer is not entitled to repudiate the claim and petitioner is entitled to have all the benefits under the policy.

Kolkatta Ombudsman Centre
Case No. 277/21/001/L/07/07-08
Shri Nemai Dhar
Vs
Life Insurance Corporation of India

Award Dated : 12.10.07

Facts & Submissions :

This petition was filed by the complainant against repudiation of death claim.

The complainant was the son of Late Haradhan Dhar and nominee for his policy no. 414958021. The life assured expired on 07.05.04 at Woodland Hospital at the age of 60 years. The complainant stated that he submitted the claim forms but the claim was repudiated by the insurance company due to suppression of material facts. The complainant felt that the repudiation was baseless and humorous since it was not a mediclaim but a life insurance policy. Moreover, 3 yearly premiums @ Rs. 10725/- were paid and the policy was in full force at the time of death. The repudiation was also upheld by LICI Zonal Office.

In the self-contained note LICI stated that they repudiated the claim on the ground of suppression of material facts. In the claim form ‘B1’, the doctor stated that the deceased life assured (DLA) was first admitted in the same hospital on 02.09.2000 and got treatment for COPD/respiratory difficulties and the same was not disclosed by the DLA at the time of taking the policy. LICI further stated that the DLA expired of the same disease only.

HEARING:

In response to a notice of hearing, both the parties attended. The representative of the insurance company stated that they have irrefutable proof with regard to the patient having respiratory problems and they have shown the claim form in which it has been mentioned that the patient was admitted to the hospital on 02.09.2000 and discharged on 07.09.2000 for COPD/Respiratory distress. They invoked the policy conditions 11(b), 11(d), 11(e) and 11(i) and repudiated the claim. They relied on the Q.No.1 (b) which stated that the proposer must have given any documentation for hospital treatment that was taken before the inception of the policy.

The complainant stated that his father went for a treatment as he was having a minor difficulty in breathing and, therefore, he was treated for the symptoms. Afterwards, the policy ran for nearly 3 years before he expired. Therefore, he stated that there was no misrepresentation in the proposal form.

DECISION:

From the evidence available, it was clear that he was admitted in the hospital only for 5 days and that too for the treatment of symptoms. Therefore, there is no clear cut evidence that he was suffering from some ailment which ought to have been mentioned in the various questions that are prescribed in the proposal form. The insurance authorities do not have any further evidence to show that the DLA suffered any ailment before the inception of the policy. However, at the request of the representative of the insurance, we propose to give an opportunity to them to find some evidence whether the assured had taken any long leave during his service with RBI, where he was working before he took VRS and on the strength of the information that is gathered on investigation, the insurance company should review the decision of repudiation. If the complainant is not satisfied with the decision of the LICI, he has the option to come to this forum or go to any other forum if deemed necessary.

Kolkatta Ombudsman Centre
Case No. 136/21/001/L/05/07-08
Shri Ashis Baran Konar
Vs
Life Insurance Corporation of India

Award Dated : 12.10.07

Facts & Submissions :

This petition was filed by the complainant against repudiation of death claim.

The complainant was the son and nominee for policy nos. 435608969 and 436468181 taken by Late Bani Rani Konar, a self-employed lady. The life assured expired on 07.03.2006 and the cause of death was carcinoma in pancreas and liver as per claim form ‘A’. The nominee submitted the claim forms on 25.05.06, but the claim was repudiated by LICI on 27.03.07 on the ground of suppression of actual age by proposer. The complainant stated that the insurer took a long time to decide whether the claim should be repudiated on the ground of suppression of ill health or actual age. The complainant further stated that the deceased life assured (DLA) had purchased a number of LICI policies since 1986 and the claims against policies purchased up to the year 2004 were settled and the question of understatement of age were not raised against these claims. The complainant stated that there was no merit in repudiation of the claim on the ground of suppression of age after admitting the age stated in the proposal form 20 years back and settling some claims.

In the self-contained note, LICI stated that the proposer understated her age by about 6 years while purchasing policies under Whole Life Policy (Plan 02). The insurer subsequently found out that the DLA purchased the policies after crossing 60 years of age, which was the maximum permissible age for this type of policies, and therefore, the underwriting decision was affected and the policies were treated as ab initio void. LICI further stated that they suspected possibility of moral hazard because although LICI repudiated the death claim against 4 policies on the life of DLA, the complaint was made against 2 policies only and for the other 2 policies, where the nominees were DLA's another son, who is a Development Officer and his son, the complaint was not made.

LICI stated that the total amount repudiated was Rs. 8 lakhs, all against Plan 02. The age of the policies is about 2 years and less than 1 year respectively before death. The date of birth given in the proposal was 20.08.1944, but the actual age of the DLA was found to be above 60 years at which age policies under Plan – 02 would not be issued. LICI, therefore, repudiated the claim on the ground of understatement of age.

HEARING:

In response to a notice of hearing, both the parties attended. According to the representatives of the insurance company, late Bani Rani Konar submitted the proposals for policies mentioned above with date of birth 20.08.1944, which also revealed that her husband was an agent of LICI and one of her sons is a Development Officer with Arambagh Branch Office.

As the above mentioned policies of the DLA resulted in an early claim, the insurer instituted an enquiry and the report was adverse with regard to the age of the DLA. The Electoral Officer's certificate dated 05.12.06 confirmed the age of the DLA as 67 years as on 01.01.2006. Correspondingly, her age would have been 61 years at the time of taking the policy and therefore, there was an understatement of age by 6 years. LICI also furnished a nomination paper of the husband of the DLA dated 01.08.1985, which indicated the age of the nominee, being the DLA in question, as 46 years. Therefore, her age would have been about 65 years as on 01.08.2004 and about 66 years as on 01.08.2005. Therefore, there is a significance difference in age on the date of proposal in respect of the aforesaid policies.

In the case of DLA's son Shri Asit Baran Konar, LICI produced age proof of that person in the insurance proposal supported by H.S. Admit Card, which showed that his date of birth as 02.01.1957 making the son only 12 years younger than his mother. According to them, family history indicated age difference of about 20 years. Further, LICI claimed that DLA's earlier policies showed date of birth as 20.08.1944 on the basis of school certificate, but on investigation they found that she was never a student of that school. Therefore, the school authorities were unable to confirm the date of birth of the DLA. According to LICI, that the policies under Plan – 02 is a low premium whole life (with profit) policy for which the maximum age at entry is 60 years. Therefore, the policies proposed by the DLA could not have been issued to her. Hence, the question of claim against these policies is ab initio void and, therefore, LICI is not liable to pay the claim.

The complainant, on the other hand, stated that they have been showing her DOB consistently as 20.8.1944 and this has not been questioned in any of the policies for which LICI have allowed the claim. He was told that LICI generally does not investigate the death claim of those policies, which ran for more than 3 years and, therefore, interpreting that because of settlement claim of those policies, claim under these policies under Plan 02 should also be settled, could not be sustainable. He was not able to dispute the evidence that has been produced by the LICI authorities.

DECISION:

LICI authorities have produced irrefutable evidence with regard to the discrepancy in the age that was mentioned in the proposal form with respect to the policies mentioned above on which the claim was repudiated by LICI. Evidence shown by LICI with regard to discrepancy of age has to be accepted unless the complainant has stronger evidence to show that the age of the DLA was correctly shown in the proposal form. The dispute with regard to controversy in age has to be settled in some other forum. However, as per evidence available on records, we have no other alternative but to hold that the above policies were taken by the DLA by indicating her age as less than 60 years to get the policies issued by the insurance company. It was clear that those policies, as per the policy condition, could not have been issued if the age was more than 60 years. Therefore, we had no other alternative but to confirm the repudiation decision of the LICI. The complainant did not get any relief.

Kolkatta Ombudsman Centre
Case No. 168/21/001/L/06/07-08
Shri Anusha Adhikary
Vs
Life Insurance Corporation of India

Award Dated : 16.10.07

Facts & Submissions :

This petition was filed by the complainant against repudiation of death claim.

The complainant was the nominee for policy no. 423930143 taken by Late Pinaki Sarkar Mondal. The life assured expired on 19.11.2003 and the duration of the policy was almost 8 months. The complainant stated that the claim was repudiated by the insurer. The complainant contended that the deceased life assured (DLA) never suffered from any earlier disease and the cause of death was Gastro Intestinal trouble and Pyrexia but not Dysponea. Besides, the LICI panel doctor took a medical check up before acceptance of the proposal. She represented to the LICI higher authorities, but they also upheld the repudiation decision.

In the self-contained note, LICI stated that the life assured took a policy for Rs. 3,00,000/- with DOC 23.03.03. The premiums were paid up to September'03 and the DLA expired on 19.11.2003. The recorded nominee made a claim on the above policy. According to LICI, the proposal for assurance dated 31.03.03 indicated answers as "No" to Question Nos. 11(i), 11(iv), 11(v) and "Good" to Question No. 11(ix) regarding usual state of health. However, the insurance authorities collected evidence, which indicated that he was having breathing difficulties on walking or exertion, dysponea for about 3 years and these facts were not disclosed in the proposal form. LICI, therefore, repudiated the claim on the ground of suppression of material facts.

HEARING:

In response to a notice of hearing, both the parties attended. The complainant was accompanied by her husband and the case was discussed. She was informed that the doctor has clearly mentioned that the DLA was treated for more than 3 years by him for breathing difficulties and weakness. The representative of the complainant stated that the DLA was not having any serious ailment, which need be mentioned in the proposal form. The representative of the insurance company stated that the repudiation was done mainly on the basis of prescription given by the doctor as mentioned above.

DECISION:

From the claim form 'B', it was observed that the DLA died of Cardiac Respiratory Failure (CRF), Left Ventricular Failure of dilated cardio myopathy. The evidence relied

on by LICI authority is connected with breathing difficulties and weakness. Keeping in view the age of the deceased, which was about 33 years, we find that non-mentioning of breathing difficulties and weakness in the proposal form should not stand in the way of the claim as the death was caused by CRF, etc. Therefore, in the interest of justice, we direct the LICI authorities to appoint a specialist doctor to find out whether breathing difficulties and walking on exertion plus dysponia could be the cause of death. They should submit all the medical documents available with the insurance company to the specialist doctor. The complainant should be given an opportunity to defend herself before the doctor with whatever documents she has with her. After obtaining an opinion with regard to the above, LICI authorities were directed to review the repudiation decision. However, the complainant was at liberty to come back to this forum or go to any other forum if she is not satisfied with the decision of the insurance company.

Kolkatta Ombudsman Centre
Case No. 271/21/001/L/07/07-08
Shri Sitanshu Naskar
Vs
Life Insurance Corporation of India

Award Dated : 17.10.07

Facts & Submissions :

This petition was filed by the complainant against repudiation of death claim.

The complainant was the husband of Ruma Naskar and nominee for her policy no. 415699449. The life assured expired on 26.09.05. The nominee submitted the claim forms, but the claim was repudiated by LICI on the ground of suppression of material facts of pre-existing cancer. He appealed to the higher authorities for review but the repudiation decision was upheld by the LICI Zonal Office.

LICI stated that the policy was taken at the age of 37 with risk date 28.03.04 for sum assured of Rs. 51000/- under Plan/Term 75-20. The deceased life assured (DLA) was a self-employed lady (Private Tutor) and the policy was accepted at ordinary rate with accident benefit. LICI stated that the proposal was submitted on 31.03.04 but the policy was dated back to 10.06.03. The duration of the policy was 1 year 6 months and the cause of death was cancer (Knee). The DLA had pain in left knee 4-5 years back with swelling for 3 months and history of trauma (left knee) 10 years back. The DLA mentioned in the proposal form that she was a self-employed and the underwriting Rules did not require medical examination for a 37 year old self-employed lady. Whereas at the time of lodging the claim, the claimant stated that the DLA was a housewife. LICI, therefore, repudiated the claim on the ground of misrepresentation and suppression of material facts.

HEARING:

In response to a notice of hearing, both the parties attended. According to the representative of the insurance company, the duration of the policy was only 1 year 6 months and the cause of death was cancer in the knee. LICI furnished a copy of the CT scan report of Tata Memorial Hospital, which indicated pain in knee for 4-5 years and swelling 3 months. SSKM Hospital Report showed trauma 10 years back. Further, the DLA had stated in the proposal that she was self-employed while lodging the claim, the claimant stated that the DLA was a housewife. Therefore, the claim was repudiated for misrepresentation and suppression of material facts.

On the other hand, the complainant stated that it was suddenly discovered that the DLA had cancer in the knee after the inception of the policy and, therefore, just having pain for 4-5 years does not constitute suppression of material facts. He, therefore, requested that the claim may be paid. In the course of hearing, he was asked to give proof of any income the DLA had to prove that she was not a housewife. He stated that he does not have any such proof except recurring deposit account in the bank.

DECISION:

On going through the evidence, it was clear that the underwriting decision would have been different if the status were mentioned as “housewife” and not as “self-employed”. According to the insurance authorities, in the case of status as “housewife”, there would have been a medical examination and it would have clearly indicated any ailment the DLA suffered. Therefore, they have interpreted that the status has been wrongly shown to avoid getting medical examination done. At the time of the claim, the nominee had correctly mentioned the status as “housewife” and the DLA was not having any source of income. Further, from the doctor’s opinion and prescriptions, it is clear that she was suffering from pain and trauma in the knee before the inception of the policy.

Under these circumstances, we were unable to agree with the arguments of the complainant and therefore, it was held that the insurance company were correct in repudiating the claim. The complainant did not get any relief.

Kolkatta Ombudsman Centre
Case No. 263/21/001/L/07/07-08
Dr. Bijan Kumar Chakraborty
Vs
Life Insurance Corporation of India

Award Dated : 17.12.2007

Facts & Submissions :

This petition was filed by the complainant against repudiation of death claim.

The complaint was made by Dr. Bijan Kumar Chakraborty, husband of Late Itu Chakraborty, on behalf of their son Saradindu Chakraborty, who was the nominee of the policy no. 423935504. The life assured, a state Government employee, purchased the policy with DOC 26.09.03 under T/T 149-06 for sum assured of Rs. 1,00,000/-. The life assured expired on 05.12.04 and the cause of death as per Nursing Home Certificate was CRF in a case of poorly differentiated carcinoma with Liver Metastasis. The complainant submitted the claim forms, but the claim was repudiated due to suppression of material facts of previous treatment. The nominee applied for review but the repudiation decision was upheld by the zonal authority on 28.02.07.

The complainant maintained in his letter and the “P” forms that the question of misstatement and false declaration does not arise because there was no nexus between the alleged suppression of cervical spondyolosis and low backache with the acute cause of death (cancer). In support of his contention, the complainant furnished a copy of the proposal form, repudiation letter, Doctor’s prescription, etc. According to him, metastatic carcinoma was detected at CMC, Vellore on 16.04.04 i.e., after the commencement of risk and the life assured was in perfect health at the time of purchasing the policy. He maintained that LICI failed to consider that at the time of signing the proposal form carcinoma was not detected. Omission of pre-existing cervical spondyolosis and low backache was, in his opinion, not important because those were temporary illness. In support of his argument, he referred to the order of Rajasthan State Consumer Dispute Redressal Commission, Jaipur in Appeal No. 430 of

2005, decided on 05.10.05, Case No. 2006 (2) CPR 177 under Sections 2(1)(g) and 15, Consumer Protection Act, 1986, where LICI and others were the Appellants and Raj Kumari was the Respondent. The aforesaid forum noted that “when death of the insured was caused on account of brain tumor, mere non-mentioning of Migraine headache in the proposal form, does not amount to suppression of material facts.”

In the self-contained note, LICI stated that they repudiated the death claim since they had evidence and reasons to believe that about 4 months before proposing for the policy, the DLA suffered from cervical spondyolosis and low backache. She consulted a medical person and was on medical leave from 26.05.03 to 05.07.03 i.e., before purchasing the policy. Her answers to question nos. 11(i), 11(iii), 11(iv), 11(v) and 11(ix) about personal history in the proposal form did not mention the pre-existing disease and so they were false. This amounted to deliberate withholding of material facts. They further stated that the duration of the policy was 1 year 2 months and therefore, it was an early claim. The policy was in full force at the time of death. LICI took the decision of repudiation on the strength of the following evidence:

a) As per fitness certificate dated 06.07.03 issued by Dr. Samir Malakar, the dceased was suffering from cervical spondyolosis and low backache from 26.05.03 to 05.07.03 (41 days).
b) As per certificate issued by Dr. Kallol Das dated 02.04.04, she was suffering from severe rotatory vertigo since 29.03.04 secondary to labyrinthitis and was treated by that doctor conservatively. She was advised strict adherence to the medication prescribed and rest in house till 03.04.2004.
c) As per certificate of Dr. Samir Malakar dated 17.06.04, she was suffering from low backache and was under treatment from 15.04.04 to 16.06.04.

HEARING:

In response to a notice of hearing, both the parties attended. According to the representative of the insurance company, the claim was repudiated for suppression of material facts in the proposal form. According to them, the life assured suffered from spondyolosis and did not mention this in the questionnaire, which was a part of the proposal form. According to the complainant, who is the husband of the deceased, they had taken a short term policy, in which they had to pay a premium of nearly Rs. 25000/- p.a. for a cover of Rs. 1 lakh and two yearly premiums were already paid. According to him, if they had an intention to misrepresent, they could have taken the policy for a longer term with lower rate of premium. He further stated that he agreed that his wife had spondyolosis and that she took medical leave. According to him, there was no detection of carcinoma at that time, but the cause of death was definitely carcinoma and not spondyolosis. He also referred to the order of Rajasthan State Consumer Dispute Redressal Commission, Jaipur, which stated that “when death of the insured was caused on account of brain tumor, mere non-mentioning of migraine headache in the proposal form does not amount to suppression of material facts.”

The representative of the insurance company was asked whether they have any proof to show that spondyolosis was directly responsible for the carcinoma or whether they have taken any specialized doctor’s opinion to connect spondyolosis with cancer. He stated that they do not have any such proof.

DECISION:

The insurer could not substantiate that cervical spondyolosis and low backache are connected with the cause of death (cancer). Not mentioning these problems, which are also not specifically listed in the health questionnaire of the proposal form, cannot be treated as suppression of material fact. Added to that, long leave taken to recover from spondyolosis and backache may also be explained as being necessary due to

continuous pain in the body. Keeping in view the above, the benefit of doubt was given to the complainant and that there was no suppression of material facts. The insurance company were directed to pay the claim as per the policy conditions as they could not establish that the disease was pre-existing before the inception of the policy.

Kolkatta Ombudsman Centre
Case No. 121/21/001/L/05/07-08
Smt. Vijay Laxmi Panigrahi
Vs
Life Insurance Corporation of India

Award Dated : 20.12.2007

Facts & Submissions :

This petition against repudiation of death claim was originally admitted under complaint no. 457/21/001/L/09/06-07. The Hon'ble Ombudsman passed an order dated 02.02.07 directing the insurance company to review the repudiation by instituting an investigation into the claim of the complainant that there was a mistake (by the hospital) in mentioning the duration of radio therapy and to decide the claim on merit. Since Howrah Divisional Office maintained their earlier decision of repudiation, the complainant came back to this forum with a request for proper investigation. A fresh complaint was admitted under Rules 12(1)(b) of the RPG Rules 1998.

The complainant was the widow of Late Prasad Panigraphi and had policy no. 435702133 with DOC 11.11.2003 for sum assured of Rs. 50,000/. The life assured expired on 25.02.2006 and the cause of death was cancer. The policy was in force at the time of death and the duration of the policy was 2 years 3 months. The complainant maintained that proper investigation was not done by the insurer in spite of Ombudsman order and also the insurer did not accept the correction made by the hospital under Rubber Stamp and signature of the doctor in respect of commencement of radio therapy from the earlier wrong date shown as 04.07.03 to the corrected date of 04.07.05. She stated that punch biopsy was done on 10.05.05, Test Report confirming cancer was given on 15.05.05 and the treatment was started thereafter. The patient was hospitalized on 27.05.05 under OPD registration no. 166 dated 26.05.05. Radiotherapy started on 04.07.05 ending on 27.07.05. (The complainant wrote 27.07.04 in her letter). She furnished photocopies of treatment certificate from the hospital with date of correction in support of her claim. She submitted the "P" forms and also gave her unconditional and irrevocable consent for the insurance ombudsman to act as a mediator between herself and the insurance company for the resolution of the complaint.

In the self-contained note, LICI stated that the claimant submitted the same discharge certificate with correction of date of commencement of radiotherapy as 04.07.05 instead of 04.07.03 with a rubber stamp of the Radiation Oncologist affixed on it. LICI wrote to the hospital on 18.06.07 to confirm the period of radiotherapy of the patient and decision was kept pending for want of reply.

DECISION:

We have been discussing and corresponding with the LICI authorities and they have time and again failed to get confirmation with regard to the correct date of radiotherapy as 04.07.05 instead of 04.07.03. The original order was passed on 02.02.07 and there has been no result since last 10 months with regard to the verification of date of commencement of the radiotherapy. As per the existing record, the correction has been signed and stamped by the same doctor, who had given the original discharge certificate. However, we received a letter dated 05.01.08 enclosing a letter written by

Acharya Harihar Regional Cancer Centre indicating that the patient in fact received radiotherapy from 04.07.05 to 27.07.05. The letter proves beyond doubt that cancer was detected only after the inception of the policy and therefore, question of suppression of material facts does not arise. Under these circumstances, the insurance company were directed to pay the claim as per the policy condition. However, no penal interest was awarded since the insurance company had reasons to doubt the date of commencement of radiotherapy and they made sincere efforts to verify the correctness of the alteration in date of starting of radiotherapy.

Kolkatta Ombudsman Centre
Case No. 269/21/001/L/07/07-08
Smt. Sunita Gupta
Vs
Life Insurance Corporation of India

Award Dated : 20.12.2007

Facts & Submissions :

This petition was filed by the complainant against repudiation of death claim.

The complainant was the widow of Late Chanchal Kumar Gupta and appointee for the minor nominee for policy no. 434884881. The life assured expired on 23.08.05 and the policy was in force at the time of his death. However, the claim was repudiated on the ground of suppression of material facts and incorrect answers to question nos. 11(a), 11(b), 11(c) and 11(i) about Personal History in the proposal form. The claimant appealed to this forum stating that she submitted all the claim papers and requested to alleviate the financial crisis for herself and the minor son.

In the self-contained note, LICI stated that the life assured gave incorrect information about his personal health, medical consultation and leave on medical ground in the proposal form, which amounted to suppression of material facts. LICI further stated that they possessed sufficient proof to show that the deceased life assured (DLA) was suffering from Diabetes Mellitus (DM) before submitting the proposal. However, he did not disclose that fact in the proposal form.

HEARING:

In response to a notice of hearing, both the parties attended. The representative of the insurance company stated that the DLA died due to cardiovascular failure and the claim form mentioned that the DLA was suffering from DM with Scrotal Abscess. The Employer's Certificate showed that the DLA had taken leave on medical ground from 23.06.02 to 18.07.02 i.e., before submission of the proposal with a certificate from Dr. S.C.Dey confirming that the DLA was suffering from DM with Scrotal Abscess. According to the representative of the insurance company, this is irrefutable proof to show that there was suppression of material facts while signing the proposal form. Hence, they repudiated the claim for suppression of material facts and breach of contract of utmost good faith.

The complainant was shown the proof as produced by the insurance company and according to her, the proposal form was prepared by the agent and she was unable to answer why ailment/disease were not mentioned in the proposal form.

DECISION:

It was absolutely clear that the insurance company have produced irrefutable proof that the DLA was suffering from DM and scrotal abscess before the inception of the policy and these material facts have not been mentioned in the proposal form. It is clearly a case of breach of utmost good faith. Under these circumstances, we do not have any

other option but to agree with the decision of the insurance company with regard to repudiation of the claim. However, from the evidence available, it could also be seen that the policy ran for more than two years and the assured paid 10 (ten) quarterly instalments. No direct relationship was established by the insurer between the cause of death (CVA) and pre-existing diseases suffered by the proposer. It was recommended that the insurance company may review the matter by invoking provisions of section 45 of the Insurance Act and make ex-gratia payment, as deemed fit.

Kolkatta Ombudsman Centre
Case No. 256/24/001/L/07/07-08
Smt. Bhalsari Devi
Vs
Life Insurance Corporation of India

Award Dated : 20.12.2007

Facts & Submissions :

This petition was filed by the complainant against delay in payment of death claim.

The complainant was the widow of Late Subodh Mukhiya. She lodged a death claim in respect of policy no. 533219122 as nominee. Vikram Mukhiya reportedly died on 08.11.2002 at AIIMS, New Delhi. The complainant stated that she submitted the claim papers and AIIMs certificate at Muzaffarpur Divisional Office but the death claim remained pending. She submitted the ”P” forms and also gave her unconditional and irrevocable consent for the insurance ombudsman to act as a mediator between herself and the insurance company for the resolution of the complaint.

LICI, in their self-contained note, stated that the claim in respect of policy no. 530015109 had already been paid by their Madhubani Branch on 21.08.2004. However, the policy no. 533219122 is serviced by their Muzaffarpur Branch III. That Branch called for some requirements, which are yet to be complied with by the complainant and they requested the complainant to lodge claim with Muzaffarpur Branch III. LICI have not yet furnished any policy docket or claim file.

HEARING:

The representative of the insurance company stated that out of the two policies, Madhubani Branch has already settled the claim for one policy and the second policy could not be settled due to requirement of certain documents by the complainant to the Muzaffarpur Branch III. He, therefore, stated that if those documents are furnished, the insurance company would be able to take a decision with regard to settling of the claim or repudiation of the claim. The representative of the complainant was informed that he should immediately file all the documents required so that the insurance company could take a decision.

DECISION:

Since no decision had been taken with regard to the claim, as there was no document that was required has been filed, we decided not to intervene at this stage and the insurance company were directed to take a decision with regard to the claim on the basis of documents submitted by the complainant. The complainant has right to come back to this forum or go to any other forum if she is not satisfied with the decision taken by the insurance company.

Kolkatta Ombudsman Centre
Case No. 255/24/001/L/07/07-08

Smt. Lalita Devi
Vs
Life Insurance Corporation of India

Award Dated : 20.12.2007

Facts & Submissions :

This petition was filed by the complainant against delay in payment of death claim.

The complainant was the widow of Late Vikram Mukhiya. She lodged a death claim in respect of policy nos. 532691480 & 533216479 as nominee and in respect of policy no. 530543864 status report of the last policy showed Bhalsari Devi as nominee. Bhalsari Devi is the complainant in respect of complaint no. 256/24/L/001/07/07-08. Vikram Mukhiya reportedly died on 08.11.2002 at AIIMS, New Delhi. The complainant stated that she submitted the claim papers and AIIMs certificate at Muzaffarpur Divisional Office but the death claim remained pending.

LICI, in their self-contained note, stated that the policy nos. 532691480 and 530543864 are serviced by their Madhubani Branch while the policy no. 533216479 is serviced by their Muzaffarpur Branch III. Madhubani Branch called for some requirements, which are yet to be complied with by the complainant and they requested the complainant to lodge claim for policy no. 533216479 with Muzaffarpur Branch III. LICI have not yet furnished any policy docket or claim file. They further stated that the claim against policy no. 5332691480 was written back (possibly due to non-submission of requirements) and paid up value of policy no. 530543864 is yet to be paid.

HEARING:

The representative of the insurance company stated that due to non-availability of some documents, which have been called for from the complainant, they could not take any decision with regard to settling the claim or repudiation of the same. Apart from that two policies indicated the date of birth (DOB) as 11.04.1977 while one policy indicated the DOB as 01.07.1967. This has also not been resolved by the complainant. Further, for one of the policies, the nominee is the mother of the DLA and not Smt. Lalita Devi. The representative of the complainant stated that they would submit all the required documents so that the decision could be taken by the insurance company with regard to the claim.

DECISION:

Since no decision has been taken with regard to the claim for all the policies as there was no document that was required has been filed, it was decided not to intervene at this stage and the insurance company were directed to take a decision with regard to the claim on the basis of documents submitted by the complainant. The complainant has right to come back to this forum or go to any other forum if she is not satisfied with the decision taken by the insurance company.

Kolkatta Ombudsman Centre
Case No. 379/24/001/L/09/07-08
Smt. Anjali Banerji
Vs
Life Insurance Corporation of India

Award Dated : 11.01.2008

Facts & Submissions :

This petition was filed by the complainant against non-payment of death claim, originally submitted to Insurance Ombudsman, Bhubaneswar, who forwarded the same to this office.

The complainant was the mother of Kaustav Banerji. She stated that she was the nominee for policy no. 510803047 of her son with DOC 28.08.1993 under T/T 88-20 for sum assured Rs. 2,00,000/- and yearly premium Rs. 7260/-. She submitted the death claim for the above policy after the expiry of her son (date of death not mentioned in the complaint letter) and on demand from the servicing Branch vide letter dated 05.06.06, submitted the required documents vide forwarding letter dated 31.07.06. However, the claim remained pending. She further stated that being a senior citizen, who had to face the tragedy of death of her eldest son followed by suicide of her husband and having to look after epileptic younger son, it was very painful for her to run after the insurer for settlement of her due claim.

HEARING:

In response to a notice of hearing, only the representative of the LICI attended. He stated that the policy was assigned to Canara Bank on 23.10.1996. Even though the policy bond has been submitted, there was no endorsement of reassignment by the bank. They are not in a position to find out whether the loan taken against the LICI policy was repaid or not, since they did not receive any confirmation about the loan position in spite of their efforts to get a reply from the Branch Manager, Canara Bank.

DECISION:

The complainant maintained in her letter dated 30.05.03 to the insurer that the documents required have been filed and her possession of the original policy bond makes it obvious that nothing is outstanding or due from herself. The policy status does not show assignment. The insurance authorities were directed to find out whether the loan has been repaid or not and take immediate action for settling the claim.

Kolkatta Ombudsman Centre
Case No. 378/24/001/L/09/07-08
Smt. Malati Devi
Vs
Life Insurance Corporation of India

Award Dated : 11.01.2008

Facts & Submissions :

This petition was filed by the complainant against non-payment of death claim.

The complainant is the nominee under policy no. 533669787 with DOC 28.03.03 under T/T 75-20 for sum assured Rs. 50000/-. The life assured expired on 30.06.06. The status report showed the First Unpaid Premium (FUP) as 06/2006 i.e., the policy was in full force at the time of death. Since the claim was not settled, the complainant has approached this forum for relief.

LICI stated that the settlement was in process and they require BHT and treatment particulars of the deceased life assured (DLA) at Sanjay Gandhi PG Institute of Medical Science, Lucknow, which were not furnished to them.

HEARING:

In response to a notice of hearing, both the parties attended. The representative of the insurance company stated that the claim was not settled, as a number of documents have not been received by them. Though duration of the policy was more than 3 years, they treated the claim as early, since the life assured revived the policy after lapsation. Moreover, claim forms ‘B’ and ‘B1’ were submitted in blank condition. The complainant stated that all the documents have been submitted and the documents that are available in the office of Insurance Ombudsman were supplied to the representative of the insurance company. However, there are no documents available from Sanjay

Gandhi PG Institute of Medical Science, Lucknow. The representative of the insurance company promised that the matter would be taken up immediately.

DECISION:

The insurance authorities were directed to complete the formalities and if need be, get the clarification from Sanjay Gandhi PG Institute of Medical Science, Lucknow and settle the claim as per the policy conditions.

Kolkatta Ombudsman Centre
Case No. 403/21/001/L/09/07-08
Smt. Sachi Dhara
Vs
Life Insurance Corporation of India

Award Dated : 17.01.2008

Facts & Submissions :

This petition wasfiled by the complainant against repudiation of death claim.

The complainant was the widow of Late Ratan Chandra Dhara and nominee for policy no. 434796029 with DOC 28.08.2002 under Plan/Term 149-48-20 for sum assured of Rs. 1,00,000/-. The claimant submitted the claim forms after the expiry of the life assured on 15.12.2004. The age at the time of death of the deceased life assured (DLA) was 54 years. The claim was repudiated by the insurer. The nominee appealed for review, but the LICI Zonal Office upheld the decision of repudiation.

In the self-contained note, LICI stated that it was an early claim since the duration of the policy was 2 years 3 months and cause of death was acute Left Ventricular Failure (LVF) in a case of DCM with CRF and Diabetic Mellitus (DM). On scrutiny LICI found that the deceased life assured (DLA), a businessman, was a known case of diabetes, hypertension (HTN) and infarction for 2 to 7 years and COPD for 7 years, but these diseases were not mentioned in the proposal form. LICI, therefore, repudiated the claim on the ground of suppression of material facts and wrong answers to question nos. 11(d), 11(e) and 11(i) in the proposal form.

HEARING:

In response to a notice of hearing, both the parties attended. The representatives of the insurance company stated that they relied on the reports submitted by the Medical College & Hospital, Kolkata, in which it was stated that the patient was having DM, hypertension and infarction for 2-7 years and COPD for 7 years. They do not have any conclusive proof to show that the DM existed before the inception of the policy. However, the medical report does not indicate that HTN and COPD also existed during that period. The primary cause of death was DMC, CRF, ALV and DM was the secondary cause. The complainant stated that the patient was not having any problem before the inception of the policy.

DECISION:

It was clear from the evidence available that LICI authorities have repudiated the claim on mere interpretation of the patient having diabetes for 2-7 years. The Medical College prescription indicates that DM, HTN, COPD were existing for 2-7 years. However, there is a doubt whether the patient was suffering from the above diseases before the inception of the policy. Because of which it is felt that the DLA did not give full picture in the proposal form with regard to his health.

Keeping in view the above, it was held that there was a doubt with regard to the existence of diseases prior to the inception of the policy. Since LICI were not able to give irrefutable proof, it was proposed to give the benefit of doubt to the DLA. The

insurance company were, therefore, directed only for the payment of death claim on ex-gratia basis. No other benefits were payable.

Kolkatta Ombudsman Centre
Case No. 330/21/001/L/08/07-08
Smt. Sandhya Devi
Vs
Life Insurance Corporation of India

Award Dated : 21.01.08

Facts & Submissions :

This petition was filed by the complainant against repudiation of death.

The complainant was the wife of Nagendra Prasad Yadav and nominee for his policy no. 520839413. The life assured expired on 05.08.02. The claimant was asked to submit 3 years treatment particulars, which were furnished. However, the claim was repudiated due to suppression of material facts at the time of revival.

In the self-contained note, LICI stated that the policy was taken in November 1995 and it was revived for last time on 28.06.2002 on the strength of Declaration of Good Health (DGH) by the policyholder where he suppressed all his history of previous illness. They further stated that they have documentary evidence to show that the deceased life assured (DLA) had undergone series of treatment from 31.01.2002 to 08.06.2002 at different places; whereas in the DGH dated 27.06.02, he did not mention anything and misled the corporation from taking proper revival decision. Therefore, their competent authority repudiated the death claim liability under the policy but granted reduced paid up value on the basis of premium position prior to the death of revival.

HEARING:

In response to a notice of hearing, both the parties attended. According to the representative of the insurance company, the policy was taken on 28.11.1995 as DOC and the sum assured was Rs. 25000/-. The policy was revived on 28.06.02 and the DLA died on 05.08.02 i.e., 1 month 8 days after the date of revival. On investigation, LICI found that the DLA had undergone some treatment from 31.01.02 to 08.06.02 and the same had not been disclosed in the DGH form. LICI, therefore, requested the claimant to give the treatment particulars for the period 31.01.02 to 08.06.02. The complainant stated that she was not in the knowledge whether the DGH form was correctly filled in or not as all the documentation was done by the agent.

DECISION:

On going through the medical records and some treatment papers obtained by the insurance authorities, there was irrefutable proof that the assured was suffering from diseases, which were disclosed in the DGH form. It was, therefore, held that the insurance company have correctly repudiated the claim. However, from the letters submitted by the insurance company, it was found that they have agreed to pay paid up value of the policy already acquired before the date of lapsation, which was apparently declined by the complainant.

Keeping in view the above, the insurance company were directed to pay the paid-up value acquired in the policies before the date of lapsation as ex-gratia payment. Also keeping in view the financial condition of the nominee of the DLA, it was proposed to grant a further ex-gratia payment of Rs. 7000/-.

Case No. 301/21/001/L/08/07-08
Shri Parmanand Mahto
Vs
Life Insurance Corporation of India

Award Dated : 21.01.2008

Facts & Submissions :

This petition was filed by the complainant against repudiation of death claim.

The complainant was the husband and nominee for policy no. 522132426 of Nirupama Mahto. The policy was taken with DOC 23.10.2002, date of adjustment being 29.01.2003, under Plan/Term 14-10 for sum assured of Rs. 50,000/-. The age at entry was 60 years and the life assured expired on 21.06.2003 paying only the 1st premium. The claim was repudiated by LICI. The complainant stated that in response to LICI's requirement letter dated 10.03.07 for submission of claim forms, treatment particulars at AIIMs, New Delhi, etc., he furnished the necessary documents, but the claim was repudiated by the insurer. He appealed for review of that decision, but received no reply.

In his appeal for review, the complainant stated as under:

Ii) LICI settled the death claim against other insurance policies of the deceased life assured (DLA), but repudiated the claim in this particular policy.

(ii) The DLA signed the proposal paper on 22.10.02 giving transparent and correct answers to questions regarding personal health. She did not have any treatment for more than a week at that time.

(iii) However, she consulted an ENT specialist on 23.11.02, but the problem was nothing serious. So it was not necessary to mention it in the proposal.

(iv) She was treated at AIIMS from 01.05.03 due to vision problem and the doctor detected that her kidney was not working properly. Prior to that she had no idea of that problem.

In the self-contained note, LICI stated that the proposal and medical reports were submitted on 22.10.02, but the actual adjustment was made on 29.01.03 after payment of balance premium. Therefore, the risk commenced from 29.01.03 only (even though the DOC was 23.10.02) and the duration of the policy was less than 6 months. Underwriting Rules require that any change in physical condition, etc., of the life proposed after the submission of proposal papers, but before adjustment have to be intimated to the insurer, which was not done. This affected the underwriting decision and the LICI repudiated the claim on the ground of suppression of material facts and wrong answers to Q.No. 11(a) and 11(d) in the proposal form – the later specifically pertaining to kidney problem.

HEARING:

In response to a notice of hearing, both the parties attended. According to the representative of the insurance company, the proposal was submitted on 22.10.02, but the risk premium was not fully paid and the risk commenced only from 30.01.2003. According to him, the DLA consulted the doctors on 28.10.02 and on 23.11.02, but the reason for consultation and treatment particulars were not disclosed in the proposal form. They have also collected papers from AIIMS, New Delhi, which revealed that the DLA had a series of various illness from June 2002. Therefore, they held that there was suppression of material facts and accordingly, they repudiated the claim. On the other hand, the complainant contended that the diseases were diagnosed only after the

date of risk and, therefore, could not be stated that there was suppression of material facts.

DECISION:

On going through the treatment papers, it was found that on 23.11.02 the doctor noted Nasal Obstruction, Bell's Palsy, Hypertrophied Inferior Turbinate with Throat congestion and suggested CT Scan of brain, Paranasal sinuses and some blood tests. FNAC Report dated 15.01.03 showed inflammatory lesion. All these evidence suggested that the DLA was suffering from certain diseases, which have not been mentioned in the proposal form.

The insurance company have produced the irrefutable evidence that there were diseases that existed prior to the date of risk and there was suppression of material facts at the time of proposal or during the intermediary period between the date of proposal and date of risk, which ought to have been informed to LICI authorities for proper underwriting decision. It was, therefore, held that there was suppression of material facts and hence, the insurance company were correct in repudiating the claim. The complainant did not get any relief.

Kolkatta Ombudsman Centre
Case No. 205/21/001/L/07/07-08
Shri Prabir Chakraborty
Vs
Life Insurance Corporation of India

Award Dated : 28.01.2008

Facts & Submissions :

This petition was filed by the complainant against repudiation of death claim.

The complainant was the son of Sabitri Chakraborty and nominee for her policy no. 461408060 with DOC 28.01.1995 under Plan/Term 11-25 for sum assured Rs. 30000/-. The life assured expired on 15.10.04. The nominee submitted the claim papers, but the claim was repudiated. He appealed for review, but the repudiation decision was upheld by the LICI, Zonal Office.

The complainant further stated that the age of his deceased mother as shown in the death certificate differed with that shown in the policy bond. However, he had no means of knowing the actual age of his mother since both of his parents were dead. Moreover, the policy was in force for more than 9 years on the date of death. According to him, the concerned agent never took the details of his mother's age and filled up the columns of the proposal form himself. His mother was illiterate and could not know the particulars given by the agent.

In the self-contained note, LICI stated that the deceased life assured (DLA) showed her age as 35 years in the proposal form dated 20.01.1995, while they have evidence that her age at entry was not less than 62 years, i.e., the age was understated by 27 years. This was a deliberate misstatement and made the policy void ab-initio. They further stated that the DLA submitted a certificate attested by a CLW official as her age proof in the proposal form, confirming that the date of birth of Sabitri Chakraborty, W/o Late Indrajit Chakraborty as 01.03.1960. On that basis, her age at death would have been 44-45 years. However, the death certificate issued on 15.10.2004 (on the death of death) given by Dr. A.K.Chatterjee gave the age of the deceased as 75 years and the Municipal Death Certificate also showed her age as 75 years. Besides, the Voter List of the year 2002 showed the age of Sabitri Chakraborty, W/o Late Indrajit Chakraborty as 69 years. On that basis, her age at death would be approximately 72 years.

Further, the DLA gave the age of her nominee Prabir Chakraborty as 18 years in the proposal form as on 20.01.1995. Whereas the Voter Identity Card of Prabir Chakraborty, S/o Indrajit Chakraborty gave his age as on 01.01.1995 as 40 years. So, there was double misrepresentation. Since the actual age of the DLA at the time of submission of proposal was around 62 years, she was not eligible for purchasing this type of insurance policy – maximum age at entry for Category – III women being 60 years.

HEARING:

In response to a notice of hearing, both the parties attended. According to the representative of the insurance company, there was understatement of age by 27 years. The proposal form contained the age of the nominee Prabir Chakraborty as 18 years as on 20.01.1995, while the Voter Identity Card indicated his age as 40 years. Further, the Municipal Death Certificate showed that the age of the DLA was 75 years on the date of death. They also found that the DOB of Sabitri Chakraborty was mentioned in the proposal as 01.03.1960. On that basis, her age would have been 44 years on the date of death. From the above information, it is clear that the DLA had suppressed her age at the time of the submitting the proposal form. This is a policy, which could not have been issued for persons more than 60 years of age. Therefore, LICI stated that they have correctly repudiated the claim.

On the other hand, the complainant stated that all the statements in the proposal form was filled up by his agent and, therefore, they should not be held responsible for the same. He was informed that any defect in the proposal form would vitiate the contract of insurance.

DECISION:

Keeping in view the facts available on record, the decision of repudiation made by LICI was upheld. The complainant did not get any relief.

Kolkatta Ombudsman Centre
Case No. 486/21/001/L/11/07-08
Shri Shriram Bansal
Vs
Life Insurance Corporation of India

Award Dated : 21.02.2008

Facts & Submissions :

This petition was filed by the complainant against partial repudiation of death claim.

The complainant was the husband and nominee for his wife's policy no. 550894372 with DOC 15.12.1989 under Plan 97 with purchase price of Rs. 100000/-. The life assured expired on 09.01.2007. The complainant furnished the claim intimation and returned the unencashed annuity cheques. He stated that after 8 months, he received a cheque of Rs. 100000/-, which was just the purchase price of the policy, out of which Rs. 536/- was deducted as bank charge by his banker. He stated that this amount was less than the amount stated in the claim admission letter and no final bonus was paid. The complainant further stated that he received a further payment of Rs. 4000/- only from LICI. However, he mentioned that the cheque forwarding letter showed an amount of Rs. 30000/- only both on debit and credit side and he did not understand the reason behind it.

LICI, Eastern Zonal Office vide their letter instructed LICI, Bokaro Branch I to pay the complainant Rs. 102000/- only being the purchase price and the value of 2 unencashed annuity cheques due during the life time of the life assured. Further, LICI, Hazaribag

Division confirmed in their letter that they paid Rs. 4000/- only by cheque no. 633873 dated 11.01.08, being the bonus cheque along with penal interest.

HEARING:

In response to a notice of hearing, only the representative of the insurance company attended. The complainant did not attend. However, he sent a letter indicating his inability to attend the hearing.

On going through the records, it was found that the LICI sent a letter dated 23.02.07 in which they indicated that the total payment to be made to the complainant was Rs. 102000/-, while Rs. 100000/- was paid to him. The representative of the insurance company stated that they further paid another Rs. 4000/- and the entire amount of Rs. 4000/- was towards penal interest for six months. However, he did not talk about the amount of Rs. 2000/- that was not originally paid. He further stated that in the computerized statement an amount of Rs. 30000/- was wrongly appeared in debit as the policy initially envisaged optional survival payment of Rs. 30000/- after 7 years if the deceased life assured (DLA) had not expired. That was only a mistake and had to be rectified by taking identical amount in credit. But penal interest of Rs. 4000/- was correctly paid.

DECISION:

On going through the option, it was clear that LICI had paid Rs. 1 lakh and also paid penal interest of Rs. 4000/-, but did not pay Rs. 2000/-, as per the calculation sheet sent to the complainant. Therefore, LICI were directed to pay an amount of Rs. 2000/- along with interest, if any.

Kolkatta Ombudsman Centre
Case No. 169/21/001/L/06/07-08
Smt. Gayatri Devi
Vs
Life Insurance Corporation of India

Award Dated : 21.02.2008

Facts & Submissions :

This petition was filed by the complainant against repudiation of death claim.

The complainant was the widow of Late Bal Govind Roy and nominee for the policies taken by him. The life assured, a Motor Car Driver, expired on 03.11.2005. The nominee submitted the claim forms but the claim was repudiated by LICI Bhagalpur Division.

The complainant stated that the cause of death was Bellyache and urinary problems. She further stated that at the time of submission of proposal on 04.02.03 and 21.05.04 respectively, the deceased life assured (DLA) was quite healthy and not under any treatment. The health problem started on 25.10.05. He was hospitalized and died on 03.11.05. The DLA had no prior treatment, which may be proved from the hospital papers. The proposer's statement in the personal history column of the proposal form were all correct and the DLA had no idea of any health problem. Further, he would not have been able to continue driving unless he was fit. She, therefore, pleaded for relief considering the financial constraint of a widow.

In the self-contained note, LICI stated that the proposer gave wrong answers to question nos. 11(a), 11(d), 11(e) and 11(i) about his personal health. He withheld the fact of suffering from disease of urinary tract and other illness. LICI further stated that the deceased life assured (DLA) had taken two policies. He remitted six half-yearly premiums under policy no. 521953403 and three half-yearly premiums under policy no.

522403188. The life assured died at the age of 39 and both the policies were in full force at the time of his death. The insurer mentioned that they have evidence of the DLA having suffered from urethrites 10 years back, i.e., much before the submission of the proposal. Since the DLA had not disclosed the same in the proposal form, it affected their underwriting decision. LICI, therefore, repudiated the claim.

HEARING:

In response to a notice of hearing, both the parties attended. The complainant attended along with her brother-in-law to represent before this forum. According to the representative of the insurance company, from the available medical records, it was found that the complainant suffered from urethrites for last 10 years. Therefore, according to them, there was misrepresentation in the form of wrong answers to question nos. 11(a), 11(d), 11(e) and 11(i). Therefore, they held that there was suppression of material fact and the contract of insurance was ab-inito void and the claim was not payable.

On the other hand, the complainant stated that her husband was in good health at the time of death, as he could not have continued as a professional driver unless he was fit. Therefore, she pleaded that her case may be considered.

DECISION:

From the available records, it could be seen that there were two policies for Rs. 40000/- and Rs. 51000/- respectively. The first policy ran for less than 3 years. The life assured died at the age of 39 and the policies were in full force at the time of death. The Hospital Death Certificate mentioned cause of death as Type II Diabetes Mellitus associated with Diabetic Nephropathy and Electrocyte Imbalance but mentioned the interval between onset of disease and death as one year whereas duration of the policies were 2 years 9 months and one year 6 months which appeared to be before onset. Occurrence of the urethrites 10 years back was mentioned but the hospital report or the insurer's documents do not mention any previous treatment. Obviously there was suppression of material fact. However, the complainant pleaded that her husband was not in knowledge that they should mention the same in the proposal form and therefore, not mentioning in the proposal form need not be taken into consideration, as it would be a very harsh measure to deny the payment. However, keeping in view that lack of knowledge with regard to filling up the proposal form could not be taken as an excuse, we proposed to grant an ex-gratia payment giving benefit of doubt and keeping in view the financial difficulties in which the family was placed at present due to demise of the bread winner. The insurance company were directed to pay an ex-gratia amount of Rs. 45000/- (Rupees forty five thousand) only (being about 50% of the total sum assured), which would meet the ends of justice.

Kolkatta Ombudsman Centre
Case No. 434/21/001/L/10/07-08
Smt. Kalyani Kolay
Vs
Life Insurance Corporation of India

Order Dated : 25.02.2008

Facts & Submissions :

This petition was filed by the complainant against repudiation of death claim.

FACTS AND SUBMISSIONS:

The complainant was the widow of Sanatan Kolay, a small trader. Her husband purchased a policy no. 436702251 with DOC 05.12.05 under Plan/Term 174-20 for sum

assured Rs. 50000/-. The complainant stated that the life assured expired on the very date of commencement of risk i.e., on 05.12.2005 while returning home after closure of shop. According to her, the life assured fell down in a drain with his cycle suffering severe injury in right leg. He was taken to a local hospital at night and referred by them within an hour to Serampore Walsh Hospital. He expired after 5 days on 10.12.2005 at that hospital at the age of 45 years. The nominee submitted the claim forms, but the claim was repudiated by the insurer.

In her appeal for review, she maintained that her husband was in good health with stout physique. His family was not aware of any previous illness of the deceased life assured (DLA) and came to know about his earlier health problems from the Post Mortem Report. She further claimed that the doctors, who treated the deceased person were also in the dark about any previous illness. So, according to her, the declaration against question nos. 11(a), 11(b), 11(e), 11(g) and 11(i) in the personal history column of the proposal form were correct. Since her appeal was rejected by LICI higher authorities, she approached this forum for relief.

In the self-contained note, LICI stated that they have proof to show that besides compound fracture the DLA was suffering from Cellulites, pulmonary TB, Cirrhosis of liver with ascitis, but none of these problems were mentioned in the proposal form. LICI further stated that the Post Mortem Report (PMR), Police Report, Claim form 'B' filled by the attendant doctor and referral card of Singur Hospital – all supported their contention of suppression of material facts, which amounted to breach of 'utmost good faith' making the policy ab-initio void.

HEARING:

In response to a notice of hearing, both the parties attended. The life assured suffered an accident on the very date of commencement of the risk and expired within five days making it a very early claim.

The representative of the insurance company stated that the Post Mortem Report and the claim form certified by the doctor indicated that the DLA was suffering from Cellulites, Pulmonary TB, Cirrhosis of liver and Ascites. According to him, these information were not found in the proposal form, even though the proposer was not having good health. Due to suppression of basic facts, LICI repudiated the claim.

On the other hand, the claimant and her brother-in-law argued that the life assured died due to accidental fall in a drain and he was only treated for the fractured bones. According to them, there was no mention of any disease in the prescription for medicine. They further stated that the DLA died within five days after the accident.

DECISION:

It was absolutely clear that the life assured was suffering from various diseases mentioned above before the inception of the policy and that he was definitely in the knowledge of diseases like cirrhosis of liver, cellulites and pulmonary TB. It is possible that the family members might not be knowing about the ill health of the life assured. However, since the proposer was the life assured, he should have mentioned the same in the proposal form. Added to this, the life assured died to an accident that occurred on the first day of the policy cover. So, the question of these diseases commencing after the date of cover did not arise. Therefore, we did not have any other alternative but to confirm the decision of repudiation made by the LICI. The complainant did not get any relief.

Shri Tej Bahadur Thapa
Vs
Life Insurance Corporation of India

Award Dated : 27.02.2008

Facts & Submissions :

This petition was filed by the complainant against non-payment of Accident Benefit (AB).

The complainant was an Advocate by profession and husband of Late Sujana Lepcha. The lady expired on 13.10.2006 due to head injury suffered from a fall. The complainant, who was also the nominee in respect of the above 4 policies of his wife, submitted the claim forms but the insurer paid only the Basic Sum Assured (BSA) with bonus against these policies. LICI rejected the application for AB without ascribing any reason.

LICI forwarded the claim file, proposal papers, etc. along with a departmental note dated 29.05.07 and investigation report. The Departmental Note showed that they repudiated the AB since the death by accident was not established from the Police Report.

LICI submitted the self-contained note in which they stated that they have paid the basic sum assured with bonus for all the policies and the in case of policy no. 451114222 they paid the additional basic sum assured as per the policy condition, as the policy ran for more than 10 years. According to them, the incident happened at Gangtok, Sikkim and the life assured was admitted in S.T.N.N.Hospital, Gangtok and no FIR was found from there. Investigation Report under Sec 174 CrP.C was done at Bhaktinagar PS, Jalpaiguri. The Post Mortem Examination was carried out by HOD of FSM, North Bengal Medical College on 13.10.06 and according to Post Mortem Report (PMR), the opinion of the doctor is as under:

“Death in my opinion was due to effect of head injuries, ... with fall from height”

According to the Final Police Report, the deceased was gardening in her house and suddenly she fell down from the building resulting which she received major internal injury. According to them, the incident was brought to the knowledge of Mr. T.B.Thapa, now claimant, by a neighbour and the claimant was not present at the time of happening. He further stated that there was no alternative proof of accident that has been submitted. A letter written by P.S., Gangtok cannot be treated as Final Police Report which really state that the death took place due to accident. Therefore, LICI held that the accident was the sole cause of death has not been established.

HEARING:

In response to a notice of hearing, only the representative of the LICI attended. The complainant requested that he would not be able to attend and requested for time up to middle of March’08. The representative of the LICI reiterated what was stated in the self-contained note mentioned above and according to him, the accident has not been established.

DECISION:

On going through the evidence that has been based on record, it was found that out of the four policies only one policy was of early claim. It appeared that the life assured sustained injury at her residence on 10.10.2006 and shifted to Gangtok Hospital and subsequently sent to Anandalok Hospital at Siliguri. The hospital report to Police

indicated that it was a fall from a height and head injury at residence. The Post Mortem Report gave the doctor's opinion, as death was due to effect of head injury consequent to fall from height. The Final Police Report also stated that during investigation no foul play could be detected and the death was purely an accident. In the claim forms, doctor stated the primary cause as "Intra Cerebral Hemorrhage in a case of Head injury" and "fall from height on 10.10.2006 suffering injury to head and loss of consciousness".

From the above, it was not understood how the LICI came to a conclusion that these documents did not indicate that death occurred due to an accident. They could not furnish any documentary evidence to prove that the fall was caused due to some reason other than accident. It was felt that the documentation available clearly showed that the life assured died of injury due to an accidental fall. Therefore, we had no other alternative but to state that the decision of LICI for not giving the AB for reasons mentioned above was not tenable. The LICI were directed to pay the accidental benefit due to the complainant in respect of these four policies as per the policy condition. However, no interest was exigible, as the LICI was genuinely in doubt regarding the treatment of the event as accident or not.

Kolkatta Ombudsman Centre
Case No. 518/21/001/L/12/07-08
Smt. Ramesha Khatoon
Vs
Life Insurance Corporation of India

Award Dated : 13.03.2008

Facts & Submissions :

This petition was filed by the complainant against repudiation of death claim.

The complainant was the widow of SK.Nawsar, who had taken a policy no. 415806655 with DOC 28.07.2003. The life assured expired on 13.12.2003. The complainant submitted the claim forms, but the claim was repudiated by LICI. She appealed for review against the decision, but the same was rejected by LICI higher authorities.

In the self-contained note, LICI stated that the deceased life assured (DLA) purchased the policy at the age of 52 years. He expired within 6 months from the DOC paying only one yearly premium. He was a Railway Employee and according to them, he was not in a good state of health and was on medical leave from 14.05.03 till the date of death. The cause of death mentioned by the complainant as well as in the claim data sheet was CRF. According to LICI, since the DLA made deliberate misstatement and withheld material information regarding his health while submitting the proposal, they repudiated the claim. However, death claim in respect of another policy no. 410445540, which was non-early in nature, was paid by LICI.

HEARING:

In response to a notice of hearing, both parties attended. The complainant was accompanied by her son. During the course of hearing, the complainant admitted that she was receiving family pension and her son, who is representing her in this case, had been given a job by the employer i.e., Eastern Railways.

The representative of the insurance company stated that the LICI did not allow the claim as it was found that the complainant was on medical leave when he took this policy. He was on medical leave for 213 days before he passed away. According to the complainant, the medical leave was taken for construction of the house. The son of

DLA was asked whether he has any documentation to prove that the construction of the house was on during that period, he was unable to give any details like permission and approval for construction by the appropriate authorities and some receipts for expenditure incurred. However, the insurance company also could not procure any document like prescription, treatment particulars, etc. substantiating their decision of repudiation on the ground of suppression of material facts.

DECISION :

From the above, it was clear that the LICI authorities repudiated the claim as the complainant was on medical leave and the policy was taken during the course of medical leave. Keeping in view the inadequacy of the facts collected by the LICI, they were directed to conduct enquiries or investigate with the Eastern Railway authorities and with the Eastern Railway Hospital, wherein the patient could have registered himself for various illnesses. After getting the investigation report, they should reconsider and review the repudiation petition on the basis of information so collected and their decision would be final.

Kolkatta Ombudsman Centre
Case No. 466/24/001/L/11/07-08
Smt. Salyender Kaur
Vs
Life Insurance Corporation of India

Award Dated : 14.03.2008

Facts & Submissions :

This petition was filed by the complainant against non-payment of death claim.

The complainant was the widow of Jarnail Singh, a foreman in a Private Factory by profession. She was the nominee of her husband's policy no. 436436423 with DOC 28.01.2005 under Plan/Term 14-10 for a sum assured Rs. 60000/-. The life assured expired on 01.10.05 and the cause of death as per the claimant was jaundice. The complainant stated that the claim was not settled for more than two years, although she complied with all the requirements and an inquiry was made by LICI, Gurdsapur Branch. However, it was found that the LICI issued a letter to her requesting for treatment papers for last 3 years of the deceased life assured (DLA) and the employer's certificate in claim form "E" about availing of sick leave. She replied on 15.10.06 that her husband was not ill any time before his last illness. She also stated that living in a remote village in Punjab and looking after her minor daughter, it was not possible for her to collect employer's certificate from her husband's last place of serving in New Delhi.

In response to a notice of hearing, only the representative of the insurance company attended. The complainant did not attend. The representative of the insurance company submitted a letter dated 13.03.08 mentioning the following points:

i) From the proposal form, it was found that the DLA was employed in Delhi and the residential address given was Punjab. However, he took the policy in Haldia.

ii) The DLA had suppressed his actual age at the time of taking the policy. The DLA submitted a copy of the Passport, which indicated the DOB as 05.05.1957. The claim form 'B1' indicated the age of the DLA as 57. The claim 'B' mentioned the age as 47. The Election ID Card indicated his age as 37 as on 01.01.1990. Whereas the Electoral Roll showed his age as 47 years in the year 1995.

Therefore, according to the representative of the insurance company, their underwriting decision and premium calculation were affected and so they have placed the matter before the Divisional Office Standing Committee suggesting repudiation of the claim.

DECISION:

Since the complainant did not attend, we propose to deal with the matter ex-parte as under. This office does not get any jurisdiction to decide unless a decision taken by the insurance company is communicated to the complainant. The insurance company were directed to intimate their decision with regard to the above complaint immediately to the complainant. If the complainant is not satisfied with the decision of the insurer, she may revert back to this forum or go any other forum, as deemed necessary.

Kolkatta Ombudsman Centre
Case No. 516/21/001/L/12/07-08
Smt. Anita Devi
Vs
Life Insurance Corporation of India

Award Dated : 17.03.2008

Facts & Submissions :

This petition was filed by the complainant against repudiation of death claim.

The complainant was the daughter of Gauri Shankar Sah and the present nominee for his policy no. 531518087 with DOC 28.09.1997 under Plan/Term 74-15 for sum assured Rs. 75000/-. The life assured was a sweet shop owner with little education and the policy was accepted with OR + AB. The life assured expired on 13.04.2006 at New Delhi at the age of 59. The policy was in full force at the time of death. The claimant submitted the claim forms but the claim was repudiated on the ground of suppression of material facts of various illness and treatment at AIIMS, New Delhi before revival. Her representation to the LICI, higher authorities did not yield any result.

In the self-contained note, LICI stated that the policy was revived after lapsation, twice, on 13.10.2003 (lapsation 12/2002 to 09/2003) and again on 27.09.2005 (lapsation 06/2004 to 06/2005). Although total duration of the policy was 8 years 7 months, death occurred 7 months from the date of last revival. Therefore, the claim was treated as early. The insurer found out that the life assured was under treatment at AIIMS, New Delhi prior to revival, but that was not mentioned at the time of revival by the life assured. So, the claim was repudiated. LICI, however, admitted that the policy had acquired paid-up value prior to revival and they are agreeable to pay the paid-up value.

HEARING:

In response to a notice of hearing, both the parties attended. The complainant came along with her husband for representing her case. The representative of the insurance company stated that they have not received any documentation with regard to the treatment undergone by the deceased before the death. The complainant has not furnished the claim forms ‘B’ and ‘B1’. It was also found that the patient had tracheotomy operation for which there are no details available. According to the representative of LICI, the policy lapsed twice – one on 13.10.2003 for lapsation of premium due 12/2002 to 09/2003 and the same was once again lapsed on 27.09.2005 for lapsation of premium due from 06/2004 to 06/2005. Both the times, the policy was renewed and the policy was in-force at the time of death. As they were unable to know the causes for death, they were not sure whether the DLA had any disease during the lapsation period.

The complainant, on the other hand, stated that the AIIMS did not fill up the claim forms 'B' and 'B1' as they informed her that the LICI authorities should directly approach them. They also stated that the DLA was operated for tracheotomy in AIIMS and she does not have any details with regard to the same. She was told at the time of hearing that unless proper documentation is furnished, it would not be possible for the insurance company to take a decision on the complaint lodged by the complainant.

DECISION:

From the above, it was clear that LICI had not taken any decision with regard to the claim made by the complainant, as the complainant did not submit any documents that are required to process the claim. The complainant was advised to immediately hand over the required documents to the insurance company and the LICI were directed to complete the investigation of the claim and process the same within thirty days from the date of receipt of consent letter from the complainant.

Kolkatta Ombudsman Centre
Case No. 500/24/001/L/12/07-08
Smt. Parbati Hari
Vs
Life Insurance Corporation of India

Order Dated : 24.03.2008

Facts & Submissions :

This petition was filed by the complainant against non-payment of death claim.

The complainant was the widow of Late Sibu Hari, the life assured, and claimant under policy no. 460067001 under Salary Savings Scheme (SSS) with DOC 28.08.1989 for sum assured of Rs. 12000/- under Plan/Term 14-15. The life assured expired on 13.06.1999 and the status report indicates that the policy was in full force at the time of death. The complainant stated that the nomination was made by the deceased life assured (DLA) in the name of Meena Hari, which was the nickname of Parbati Hari and she submitted affidavit confirming that Parbati Hari and Meena Hari are one and identical. She furnished a receipt dated 25.05.06 confirming submission of death claim application/loan paper photocopy, death certificate by the doctor and certificate of registration of death. However, the claim remained pending.

HEARING:

In response to a notice of hearing, only the representatives of the insurance company attended. In the self-contained note, they stated that on 27.12.07, the Divisional Office, Claims Deptt. have decided to pay the death claim to Shri Tawala Hari, the son of the deceased, since the life assured registered change of nomination in favour of Shri Tawala Hari. The change of nomination was recorded with endorsement on policy bond (Registration No. 14 dated 20.05.1995) long before the death of the life assured. They despatched a discharge voucher (DV) for signature and return. According to them, the DV has not been received back by them. The representative of the insurance company stated that presently the actual nominee is Tawala Hari and the claim would be settled to him only by the Asansol Branch I.

DECISION:

This complaint was made by Smt. Parbati Hari alias Meena Hari, W/o Late Sibu Hari. She claimed that she was the nominee for the policy that was taken by the life assured under SSS. However, the insurance authorities have shown that the nomination has been changed by the deceased in the name of his son Shri Tawala Hari. Therefore, there was a question of rival claims. According to the information available on record, since Tawala Hari was the nominee, we had no other alternative but to dismiss the

case as the complainant did not have any locus standi for this claim and also this office does not have jurisdiction to resolve rival claims as per RPG Rules 1998.

Kolkatta Ombudsman Centre
Case No. 517/21/001/L/12/07-08
Smt. Dipali Kumar
Vs
Life Insurance Corporation of India

Award Dated : 26.03.2008

Facts & Submissions :

This petition was filed by the complainant against repudiation of death claim.

The complainant was the widow and nominee of her husband's policy no. 423550978 with DOC 20.10.2002 for sum assured of Rs. 3,00,000/- under Plan/Term 149-15. The life assured expired on 09.01.2004. The policy was in full force at the time of death and the life assured had paid 2 yearly premiums @ Rs. 24464/-. However, the claim was repudiated due to suppression of material facts at the time of submission of proposal The complainant insisted that her husband had sound health with no previous illness and ECG Report submitted at the time of proposal was normal.

LICI stated that the duration of the policy was 1 year 2 months and thus it was an early claim. The age of the deceased life assured (DLA) at the time of death was 39 years and the cause of death was CRF in a case of resistant ventricular arrhythmia (Absence of Rhythm and irregularity in heartbeat) with Type II Diabetes Mellitus (DM). LICI stated the DLA answered the Question Nos. 11(a), 11(d), 11(e) in the negative against personal history in the proposal form and maintained that his usual state of health was "Good". However, the insurer found out that the DLA suppressed his illness deliberately. They furnished the Case History Sheet (CHS) of Marwari Relief Society Hospital and the insurer's Divisional Medical Referee (DMR)'s opinion in support of their decision of repudiation.

HEARING:

According to the representative of the insurance company, the CHS of Marwari Relief Society Hospital indicated that the patient died of CRF in a case of resistant ventricular arrhythmia (RVA). However, the opinion does not give any duration of suffering of DM Type II. The insurance company interpreted that RVA could not have occurred suddenly and that it existed prior to the inception of the policy as the duration was only 1 year 2 months. Therefore, the decision of repudiation due to the fact that the declaration of health in the proposal form under Question nos. 11(a), 11(d), 11(e) and 11(i) was wrong and indicated suppression of material facts.

On the other hand, the representative of the complainant stated that they did not know how the hospital gave a certificate mentioning that the patient was suffering from DM Type II and RVA as the patient died two hours after being admitted in the hospital. According to them, they could not have taken the blood tests and analyze all these problems. The certificate was obtained by the insurance company long after the death i.e., on 09.12.2005. Therefore, they had requested that the claim might be considered objectively and favourably.

DECISION:

Since the complainant was not given an opportunity for explaining her position before the doctor with regard to the existence of DM Type II and RVA, it was proposed that the insurance company should appoint a specialist doctor and obtain his opinion from the various documentations available. The complainant should also be given an

opportunity to defend her case before that specialist doctor. The opinion should be with regard to existence of RVA, for which the secondary cause was DM – Type II, before the inception of the policy. The doctor's opinion shall be final and the insurance company should review the decision of repudiation as per the doctor's opinion. The above exercise should be completed within thirty days from the date of receipt of consent letter from the complainant.

Kolkatta Ombudsman Centre
Case No. 513/21/001/L/12/07-08
Shri Debashish Saha
Vs
Life Insurance Corporation of India

Award Dated : 26.03.2008

Facts & Submissions :

This petition was filed by the complainant against repudiation of death claim.

The complainant was the husband of Sabita Saha and nominee for her policy no. 421658545 with DOC 28.03.1998 for sum assured of Rs. 30000/- under Plan/Term 75-20. The life assured, a School Teacher, expired on 04.08.2005. The policy was in-force at the time of death with First Unpaid Premium (FUP) 03/2005. The claimant submitted the claim forms, but the claim was repudiated due to suppression of illness and hospital treatment before revival. The claim was admitted after the complainant confirmed that he did not approach the Consumer Forum and wanted arbitration from this Forum only.

LICI stated that the total duration of the policy was 7 years 6 days from the DOC but 2 years 11 months 21 days from the date of revival. The policy was in lapsed condition from 28.09.2001 and was revived on 20.08.2002 on the basis of Declaration of Good Health (DGH) by the life assured. The life assured had stated in the DGH that she was in good health and did not require treatment for more than a week or more at the time of revival. However, the insurance company found out that the life assured suffered from multiple Myeloma and was under medical treatment at Tata Memorial Hospital, Mumbai from 15.05.2002 to 28.05.2002. This was not declared in the DGH, which amounted to suppression of material facts. Had she disclosed her ailment as above, they would not have allowed the revival. LICI, therefore, repudiated the claim, but were agreeable to pay the paid-up value of the policy with FUP September 2001, i.e., disallowing the revival.

HEARING:

The representative of the insurance company reiterated the same reasons that were mentioned in the self-contained note for taking the decision of repudiation. According to him, the policy was in lapsed condition from 28.09.2001 and during that period the deceased life assured (DLA) underwent treatment for multiple Myeloma (local malignant tumour) at Tata Memorial Hospital, Mumbai, which was not reflected in the DGH. Therefore, according to LICI, there was suppression of material facts and the death claim was not payable. He, however, stated that since the policy had acquired paid-up value, they are agreeable to pay the paid-up value.

On the other hand, the complainant stated that the DGH was prepared by the agent and he was not sure how this aspect with regard to health was not shown properly. He also claimed that the signature on DGH differs from the original signature of his wife. As the question of finding out the appropriate signature does not fall within the

jurisdiction of Insurance Ombudsman under the RPG Rules 1998, it was told to the complainant that the DGH has to be taken as being signed by the DLA.

DECISION:

The insurance company produced irrefutable proof that the DLA was suffering from multiple myeloma and later died of the same cause clearly indicated that DLA's health was not in good condition at the time of revival of the policy and, therefore, it was clear that the entries in the DGH were not correct. Hence, the decision of the insurance company to repudiate the claim had to be held as correct as there was suppression of material facts. Accordingly, the complaint was dismissed without giving any relief to the complainant. However, he may accept the offer of receiving the paid-up value of the policy.

Kolkatta Ombudsman Centre
Case No. 548/21/002/L/12/07-08
Smt. Smritikana De
Vs
SBI Life Insurance Company Ltd.

Award Dated : 28.03.2008

Facts & Submissions :

This petition was filed by the complainant against partial repudiation of death claim.

The complainant was the wife of Late Biswarup De, a retired SBI Employee, who jointly with his spouse was insured under SBI Staff Group Insurance Scheme (Swarna Ganga) Policy No. 84001000110 for sum assured of Rs. 2 lakhs each with DOC 01.11.2003 and term of the policy 5 years. Her husband expired on 25.04.2006 and duration of the policy was 2 years 4 months 24 days. The claimant submitted the claim forms, but only the savings portion of Rs. 12852/- was paid and the death claim was repudiated due to alleged suppression of pre-existing illness. The complainant felt that the claim was genuine. She furnished the hospital treatment certificate showing the date of admission 19.04.2006 for complaint of swelling of abdomen and anorexia. The diagnosis was cirrhosis in a case of obstructive jaundice and hepatic encephalopathy. The report showed that the disease was first observed on 01.04.2006.

The insurance company stated that in the Declaration of Good Health (DGH) dated 01.10.2003, the deceased life assured (DLA) had declared at the time of Group coverage that he was in good health and not having any critical illness. The insurer furnished a copy of the report from Kothari Medical Centre showing cirrhosis of liver and portal hypertension and the period of treatment was from 29.01.02 to 04.02.02. The report showed past history of Haematonesis in December 2001. The life assured obtained medical reimbursement for hospital expenses. However, according to the insurance company, these facts were suppressed in the DGH furnished for joining the coverage under Group Policy.

HEARING:

The representative of the insurance company relied on the DGH given by the assured at the time of joining the group insurance policy. The declaration reads as under:

"I declare that I am in sound health and that I do not suffer from any critical illness or any condition requiring medical treatment for a critical illness as on date. I have not taken any medical leave in the last 3 months."

According to the representative of the insurance company, the assured was treated for cirrhosis of liver with variances and portal hypertension from 26.08.02 to 18.12.02, which was prior to the inception of the group insurance policy and, therefore, the

insurance company held that the assured did not declare his health condition in the declaration submitted at the time of joining the group insurance policy. Therefore, according to him, the repudiation was correctly made by the company.

On the other hand, the complainant's son, who accompanied with the complainant, stated that after suffering from cirrhosis of liver, he was treated by the hospital and by the time the proposal form was signed, his father was perfectly fit. He also stated that the critical illness has been defined in the proposal form as under:

"The employee (and his spouse, if applicable) should not suffer from cancer, condition resulting open chest surgery, history of typical chest pain, kidney failure, brain stroke or paralysis or having undergone a major organ transplantation such as heart, lung, liver or kidney. If the employee (and the spouse, if applicable) has suffered from any of the above critical illnesses during the preceding six months, the employee/spouse would be admitted into the scheme only six months after completion of surgery/hospitalization."

According to him, the definition does not include treatment for cirrhosis of liver. Therefore, he stated that declaration was correct, as cirrhosis of liver cannot be called critical illness under the definition. Therefore, he pleaded that the DGH has been correctly filled in. Also leave particulars furnished by SBI showed no leave on medical ground after April 2002 i.e., there was more than one and half year interval before the commencement of risk.

The representative of the insurance company stated that they treated cirrhosis of liver as critical illness and, therefore, they held that DGH was not correctly written and hence, repudiation was made.

DECISION:

From the above definition, it was clear that DGH could not be held as incorrect because cirrhosis of liver and its treatment do not qualify as critical illness as defined under the format given to the customer by the insurance company in the group insurance policy. Therefore, it could not be held that the assured had incorrectly filled in the DGH. Under these circumstances, we were unable to agree with the arguments of the insurance company with regard to repudiation decision of the claim and we held the same as untenable. Accordingly, the insurance company were directed to pay the claim as per the terms and conditions of the policy.

Lucknow Ombudsman Centre
Case No.L-064/21/001/07-08
Harishchandra Gaur
Vs
Life Insurance Corporation of India

Award Dated : 21.11.2007

Facts : Smt.Leelawati Devi, a housewife had taken out a policy bearing no.284036070 from LIC of India, Varanasi for a SA of Rs.1,00,000/-. Unfortunately the LA died and the claim was preferred by the husband being nominee and complainant under the case. The complainant had expressed his grievance against the orders of the respondent Co. dated 27.6.2006 admitting the claim for a sum of Rs.25,000/- instead of actual SA of Rs.1,00,000/-.Contention of the company was that the LA was a housewife(under female category III) dependent on the income of her husband, as such SA only to the extent of insurance of husband was permissible to her as per underwriting condition. Since the husband of the LA had in-force insurance policy for

Rs.25,000/- only at the time of proposal under the above policy, Rs.25,000/- only were paid to the claimant and the liability for balance amount was repudiated.

Findings : On careful perusal of the proposal form it was observed that while proposing for insurance on 29.03.2004 for Rs.1,00,000/-, the life assured disclosed the fact that she was a housewife and a policy of Rs.25,000/- only was inforce on the life of her husband. It was, therefore, observed that there was no misstatement on the part of the LA. On the contrary there was gross underwriting lapse on the part of insurer for which the complainant nominee had been unfairly penalized by curtailing the death benefits.

Consequent upon claim having arisen under the policy, forum was of the opinion that it was not fair on part of the respondent Co. to fasten the responsibility on the complainant for lapse having occurred at their end.

Decision : The Forum set aside the decision of the Sr.Divisional Manager, LICI,DO Varanasi dated 27.6.06 and awarded full Sum Assured with accrued bonus if any under the policy. Interest @ 2% above bank rate from the date of death till the date of settlement of claim was also awarded. The complaint was allowed.

Lucknow Ombudsman Centre
Case No.L-275/21/004/07-08
Devendra Goel and Ranjana Goel
Vs
ICICI Prudential Life Insurance Co. Ltd.

Award Dated : 23.11.2007

Facts : Ms. Shalini Goel aged about 33 years took out 3 policies bearing nos.03406413, 03320525 and 03428731 for SA Rs.1.25 lacs, Rs.1 lacs and Rs.2.50 lacs respectively in the month of August -06 and Sept.'06. Unfortunately the life assured died on 24.4.2007 due to Dilated Cardiomyopathy with severe biventricular dysfunction. The claimants preferred the claim with the insurer. ICICI Prudential Life Insurance Co. rejected the claim on the grounds that the deceased LA had given wrong replies to the question related to status of her health. Aggrieved with the decision of the insurer the claimants approached this forum giving rise to the complaint.

Findings : It was argued by the respondent Co. that prior to proposal for insurance the life assured was suffering from Dilated Cardiomyopathy with severe biventricular dysfunction, Cardigenic Shock and Acute Renal Failure. This fact was not disclosed to the insurer. The respondents relied upon the case history sheet of SGPGI, Lucknow which is a medical centre of national repute and its case notings inspire reliability. As per records given by the SGPGI the onset of disease falls beyond the date of commencement of all the 3 policies. The two issues came up for consideration before the forum. One, whether the suppression of a fact relating to health (ie. Dilated Cardiomyopathy with severe biventricular dysfunction a form of cardiac ailment with a grim prognosis) can be termed as material. Two, the impact of section 45 on the impugned claim. As regards issue one it may be mentioned that disclosure of truthful information regarding health and habits constitutes a vital part of the proposal form and enables the underwriter to make a true and fair assessment of life to be assured. Here the life assured suppressed the material fact of her cardiac ailments which vitiated the insurance contract. As regards issue two, in the instant case protection of Section 45 was available to the insurer. Claim under all three policies were very early. The insurer was well within its right to repudiate all liabilities on simplicitor misstatement of facts/non disclosure by assured without being burdened with the onus of proving the same. The insured knowingly suppressed vital facts regarding her health.

Decision : In view of above facts the forum did not find any reason to interfere with the repudiation decision of the Vice President(Claim), ICICI Prudential Life Insurance Co. Ltd. under all 3 policies mentioned above on the life of Late Smt.Shalini Goel. However, the forum appreciated the good gesture of the insurer who had already made an overture to the complainants to accept some ex-gratia amount under the above policies. The ex-gratia to the extent of NAV was paid under the policies keeping in view the young age of nominee and also the fact that the deceased would have incurred high expenses on prolonged treatment inspite of the fact it was not contractual responsibility of the insurer. The decision of the insurer was upheld by the forum.

Lucknow Omdudsman Centre
Case No L-082/21/009/07-08
Shri.Anupam Dubey
Vs
Bajaj Allianz Life Insurance Co. Ltd.

Award Dated:12.12.07

Facts : On 9.11.2005, one Shri.Sudama Dubey aged 53 years, by occupation an Acamadician took out a unit gain policy for SA 2,04,000/-. Unfortunately the assured died of cardiac arrest on 23.11.2005 at his residence following a brief ailment. The claimant preferred the claim which was rejected by the respondent Co. vide their letter dated 25.8.06 on the grounds that the LA had misrepresented his occupation as Principal of Sakaldiya college with a salary of Rs.85,000/-per annum. The respondents have submitted that the assured made deliberate misstatement and withheld material information from them about his occupation and income vitiating the contract. Aggrieved with the decision of the respondents the complainant approached to the Grievance Redressal Committee which also upheld the decision of the insurer. Thereafter the complainant approached to this forum.

Findings : On going through all the documents and facts two important issues came up for consideration. One, whether the suppression of a fact relating to misrepresentation of occupation and income can be termed so material as to warrant rejection. Two, the impact of section-45 on the impugned claim. Although it is very essential for the insurer to know the correct occupation and financial standing of the proposer to enable the underwriter to make true and fair assessment of life to be insured, any suppression/misstatement affects the underwriting decision. The forum quoted the judgement of Hon'ble Supreme Court in LIC Vs Smt. G.N.Channapasamma reported in AIR 1991 SC 392 in support of truthful declaration of all material facts as the contract of insurance is based on Uberrima fides.

However, in the instant case the story was found different. The assured was no doubt in the employment of Sakaldiya college, but his employment itself came under fire following a rival action of the private college management seizing power and refusing to recognize the position of the assured as Principal. Insurer's investigation revealed his services as terminated from services at the time of proposal. The complainant adduced original service book and other documents which unequivocally established that the LA was definitely in service upto the year 2004. Even though he was not in service at the time of proposal but after putting in years of service he would have possessed enough resources to finance a policy for the premium of Rs.6000/- half yearly. As regards issue two, owing to section 45 being in favour of insurer but in the instant case, however misstatement is found not to have a bearing on the insurability of the assured. Moreover STM of the respondent Co. in the Moral Hazard Report had

verified the financial position of the LA and Issued the certificate that all the factors given in the proposal form were verified by him. The forum was of the opinion that a claim cannot be invalidated just due to suppression of fact which does not materially affect the assessment risk.

Decision : In view of all above factor the forum set aside the decision of Bajaj Allianz Life Insurance Co. Ltd. under the policy and awarded full SA to the complainant.

Lucknow Ombudsman Centre
Case No.L-160/21/002/07-08
Smt.Gunia Devi
Vs
SBI Life Insurance Co. Ltd.

Award Dated : 15.12.2007

Facts : One Shri.Shesha Ram Yadav was covered under the group master policy of SBI Depositor's Scheme under the Super Suraksha for a sum assured of Rs.1,50,000/- with SBI Life. SBI Maunath Bhanj branch were grantees under the policy and responsible for securing cover for its members and remitting the premium to the respondent on Annual Renewal date ie. 1.11.2005. Unfortunately the grantees erred in deducting the premium in time and remitting it to SBI life even during the grace period following the annual renewal date resulting in the policy being lapsed. Unfortunately the life assured died on 18.3.2006 and premium was remitted on 31.3.2006 ie. after the death. Claim was preferred by the wife, the claimant under the case which was regretted by the respondent company on the grounds that the policy was lying in lapsed condition due to non-receipt of premium within the grace period and hence claim was not payable.

Findings : Forum found from the Authorization letter given by the assured that he had authorized the grantees SBI, Maunath Bhanj branch to deduct the premium from his bank account and remit it to SBI Life on the ARD. This postulates that the responsibility of the assured ceases with the submission of this authorization letter. The only condition was that on the ARD there should be sufficient credit balance in the account to enable the grantees to deduct the premium. Bank statement of the deceased LA was verified and it was observed that the LA was having sufficient balance in his account on the date of renewal ie. 1.11.05. This proved that the grantee was responsible for non-deduction of premium from the account of deceased, thus depriving the widow from her legitimate claim. However from the point of view of respondent company, since on the date of ARD no premium was received, the policy lapsed as such the respondent company was not liable under the policy. Stand of the respondent company was found correct.

Decision : The forum quoted the judgement of the Hon'ble Supreme Court in DESU Vs Basanti Devi and another 1999 AIR SC wherein the Hon'ble Supreme Court directed LIFE INSURANCE CORPORATION OF INDIA to pay full SA with Interest @ 15% p.a. to Basanti Devi who had to undergo suffering for the default committed by DESU in not remitting the premium under salary saving scheme policy on the life of Bhim Singh, her husband. Although it was established that the responsible party for the life assured being deprived of benefits was SBI, Maunath Bhanjan and not the respondent Co., but the forum had no jurisdiction to pass any direction to a bank. Hence it was suggested that the complainant could approach the Banking Ombudsman with this order to

recover the amount due under the above policy from the SBI, Branch Maunath Bhanjan for lapse committed by them. The complaint was disposed off as above.

Lucknow Ombudsman Centre
Complaint No.: L-497/21/001/07-08
Smt. Kiran Devi
Vs
Life Insurance Corporation of India,

Award Dated: 15.01.2008

Facts : Sri Akshaywar Singh, A home guard had taken a Life Insurance policy No.283343869 dated 20.09.2003. The assured died on 19.04.2006 due to fall from the roof. The claim was preferred by the complainant, wife of the deceased LA which was repudiated by the LIC of India, on the grounds of providing false information by the deceased LA regarding the state of health & treatment taken prior to the date of proposal.

Findings : It was observed by the forum that the respondent company had relied on the enquiry report based on a medical prescription pertaining to the life assured from a BMBS Doctor, the claim was repudiated suggesting the LA was suffering from V.D etc & had taken treatment for ailment, suppressed the material facts, hence, vitiated contract. But the forum was of the opinion that merely on the basis of a prescription, a very weak piece of evidence, how a claim of a widow can be repudiated. Moreover, Cause of Death was fall from the roof & there was no nexus between the cause of death & prior ailment. The forum also quoted Tamilnadu Consumer Redressal Commission in case of LIC of India Vs. Tamil Nadu Consumer Protection Council as reported in CPJ Vol. III2003, that when the cause of death has no nexus with the state of health before the proposal, the repudiation is unjustified.

Decision : In view of the above facts, complaint was admitted & claim for full sum assured was awarded.

Lucknow Ombudsman Centre
Case No.L-222/21/001/07-08
Smt.Sunita Devi
Vs
Life Insurance Corporation of India

Award Dated : 21.01.2008

Facts : The life assured Shri.Shankar Gupta had taken out a policy on triple cover plan on 28.3.2003 with a basic sum assured of Rs.1,25,000/-.The life assured unfortunately died on 20.12.2005. Claim was preferred by the complainant being claimant/nominee under the policy. The respondent Co. repudiated the claim on 5.6.06. The ground for repudiation was due to the fact that LA had met with a serious road accident on 18.2.03 and was in very bad condition ie. around one and half month prior to proposing the policy, and the same was not declared in the proposal.

Findings : The respondent Co. produced acceptable data including details of treatment for accident before the forum which established that the LA had met with the accident on 18.2.03. Complainant herself admitted about the very bad condition of her husband(deceased LA). On perusal of proposal form, it was clear that the assured had suppressed the material fact of his serious accident. Although protection of Sec.45 of the Insurance Act was not in favour of the insurer as the policy had run for more than 2 years but the respondents proved all 3 limbs viz. suppression of material facts, LA was aware of his state of health at the time of proposal and the fact that he had not only

suppressed the fact but also opted for triple cover plan which confirmed malafide intention.

Decision : In view of above facts the forum did not interfere with the repudiation orders of the respondent Co. However the forum was unable to appreciate that all the facts (as explained by complainant) were in the knowledge of medical examiner and the agent concerned, who completely let down the respondent Co. Forum was also convinced with the penury state of LA. Complainant was innocent and she was deprived of claim for frauds played by the agent and doctor of the respondent Co. itself. The forum awarded Ex-gratia payment of Rs.50,000/- to the complainant and advised insurer to take severe disciplinary actions against the medical examiner and the agent. The complaint was disposed off as above.

Lucknow Ombudsman Centre
Case No. : L-264/21/006/07-08
Smt. Godawari Devi
Vs
Life Insurance Corporation of India

Award Dated 24.01.2008

FACTS : One Shri Mahesh Chandra by occupation a self employed person took out a policy under table & term 75-20 for S.A. Rs.1,50,00/- which was accepted at OR & AB under policy no.562650734 on 25.06.04. The assured, unfortunately died on 14.11.05 due to CR failure. The claim was preferred by the nominee Smt. Godawari Devi, complainant under the case. The Sr. Divisional Manager, LICI, D.O., Aligarh repudiated the claim vide their letter dated 16.09.2006 on the ground of pre-existing disease of Diabetes Mellitus type-2 which was not disclosed in the personal statement of health in the proposal form. Aggrieved with the decision of respondent company, the claimant approached this forum.

FINDINGS : It was argued by the respondent company that they are in possession of indisputable evidence to prove that prior to proposing for insurance the life assured was suffering from DM-Type-II. Had the life assured disclosed material fact of his ailment at the time of proposal underwriting norms would have affected. The insurer had relied upon the claim form B & B1 issued by Jawahar Lal Nehru medical college, Aligarh.

It was felt by the forum that as regards the issue of nondisclosure of health & habits, there is no doubt that disclosure of fruitful information about health and habits constitutes a vital part of proposal form & enable the underwriter to make a true and for assessment of the life to be insured. Forum was of the opinion that denial of claim on the grounds of diabetes mellitus cannot be considered material fact. Several court judgements have at length been given on this subject. Three most recent judgements given by the National consumer redressal commission Delhi were quoted by the forum where the commission had ruled that the Diabetes and Hypertension cannot be used as concealment of pre-existing decease for repudiation and insurer were directed to pay the claim to the clients.

DECISION : It was concluded that existence of hypertension and diabetes alone cannot ipso facto be cause for rejection of claim unless it is proved that further medical complications arising out of those two conditions of health are established. In the instant case LIC could not adduce any evidence to establish that further complications were caused as a result of diabetes. Accordingly, the forum set aside the decision of Sr. Divisional Manager, Aligarh and awarded full sum assured with accrued bonus if any. The complaint was disposed of as above.

Lucknow Ombudsman Centre
Case No.: L-057/21/001/07-08
Indra Jeet Gupta
Vs
Life Insurance Corporation of India

Award dated : 29.01.2008

Facts : Sri Mishri Lal Gupta, Driver by occupation, took a policy under plan & term 125-20 for Sum Assured of Rs. 25,000.00. The Policy lapsed due to non payment of premium due on 28.02.2003. & was revived on the strength of a DGH on 10.03.2004. The assured died unfortunately on 21.03.2004 due to cardiac arrest. The claim was preferred by the complainant. The LIC of India, D.O-Gorakhpur set aside the revival of the policy vide their letter dated 15.01.2005 on the ground (i) L.A was suffering from COPD and Diabetes Mellitus which he did not disclose in the DGH & (ii) The LA had suppressed his age by Eight years. Aggrieved with the decision of the SDM, Gorakhpur, the complainant approached ZCRC for consideration but the ZCRC confirmed the decision of the SDM. The complainant approached this forum giving rise to the complaint.

Findings: In the instant case, the death occurred within ten days of revival. It was observed that the insurer had indisputable evidence to prove that the LA was suffering for the above diseases & taking treatment in a hospital prior to date of revival. The respondent company produced discharge summary of Saket Hospital, Allahabad, where the assured was admitted from 10.01.03 to 15.01.03 & was diagnosed COPD with DM.

Secondly, it was also proved through Parivar register that age of the LA was concealed by Eight year: age was mentioned as 50 years instead of 58 years. The above two suppressed factors were material and affected the underwriting decision. All three limbs of section 45 evidence act viz suppression of fact, materiality of suppression & suppression being done with fraudulent intention were proved by the respondent company.

Decision: The Forum did not interfere with the decision of the SDM, Gorakhpur.

Lucknow Ombudsman Centre
Case No. : L-45/21/001/07-08
Shri Harjeet Singh
Vs
Life Insurance Corporation of India

Award dated 31.01.2008

FACTS : On 28.02.2003, one Smt. Balwant Kaur aged about 44 years at the inception of policy and by occupation a business woman took out policy no.283548120 under plan & terms 75-20 for Rs 100000/- which was accepted at OR & AB. Unfortunately the L.A. died on 25.05.05 due to cancer. Claim was preferred by the complainant nominee, husband of the deceased L.A. The claim was repudiated by the Sr. Divisional Manager, LIC of India, Varanasi Division vide their letter dated 14.06.06 on the ground that prior to proposing for insurance the L.A. had taken another policy on her own life for Rs.2 lacs sum assured which was not disclosed in the personal statement. Respondent company argued that had the fact been disclosed at the time of proposing insurance, the policy would not have completed without fulfilling certain Special Medical reports as per underwriting requirements.

FINDINGS : In order to substantiate the claim of the respondent that the L.A. had suppressed about existence of another policy, it was very important for the forum to peruse the proposal form. But the form was not available in the file. The respondent representative had shown his inability to produce the same. The complainant had stated that no misstatement was made in the Proposal form.

DECISION : It was observed by the forum, that most important document (proposal form) for the respondent to prove their allegations itself was not available. The respondent had failed to establish their case. The forum wondered as to how the LIC had not taken care to preserve such an important document. It was held that fact of suppression of previous policy was not established. The claim for full S.A. with all benefits available was awarded in favour of the complainant and repudiation of claim by respondent company was set aside.

Lucknow Ombudsman Centre
Case No.: L-505/21/001/07-08
Shyam Sunder Dubey
Vs
Life Insurance Corporation of India

Award Dated: 31.01.2008

Facts : On 10.03.2006, Sri Amit Kumar Dubey aged about 29 years took a policy no. 263728375 under plan & term 14-46 for SA Rs.1,00,000.00 from Etawah Branch (D.O-Agra). Unfortunately, he died on 10.10.2006, due to chest pain whereupon the claim was preferred by the complainant nominee, father of the deceased L.A. The claim was repudiated by the Sr. Divisional Manager, LICI, Agra. It was stated they are in possession of indisputable evidence to prove that person signing the proposal form & whose medical report was enclosed therein, were two persons. It was also argued by the respondent office that the deceased LA had managed the medical report in connivance with the agent of the Corporation. The Zonal Claim Committee, Kanpur also upheld the decision.

Findings : On study of the case the forum found that the only ground on which the claim was repudiated was that the LA had not got himself presented for medical examination but some one else was presented. This conclusion was made by the respondent company merely on the basis of discrepancy in the signature. The respondents never sent the signature to the handwriting experts for scrutiny, whose opinion could have admissible evidence under section 45 of the evidence Act. No doubt that the case was under the clouds of strong suspicion on account of proven ill health of the L.A but mere suspicion can't substitute proof.

Decision : The Forum awarded the full Sum Assured with all the benefits available under the policy in favour of the Complainant.

Lucknow Ombudsman Centre
Case No. : L-729/21/001/07-08
Radha Raj Kumari
Vs
Life Insurance Corporation of India

Award Dated 31.03.2008

FACTS : One Shri Raj Pal Singh, an employee in a Mumbai hotel took policies bearing no.562851700 and 562860956 on 28.07.2005 and 04.02.2006 respectively. Both the policies were taken under triple cover Jeevan Mitra plan 133-20 and 133-21 respectively. Unfortunately the life assured died on 14.10.2006 as a result of high

fever. The claim of the claimant was repudiated by the Sr. Divisional Manager, LIC of India, Aligarh on the grounds of presenting a forged school leaving certificate and secondly proposing for triple cover policy for which standard age proof is mandatory.

FINDINGS : On a careful perusal of the case bonafides of the claim was found under the clouds of suspicion on account of following facts :

1. Forged school leaving certificate presented in support of age proof (proved by the respondent company)
2. Why policies were taken under a high risk plan by submitting faked school certificate showing malafides.
3. Early claim section 45 was in favour of Insurer
4. Intention of the assured to get maximum gains on death to the nominee i.e. enters into a wagering contract.

In accordance with the above the insurer is well within its right to call in question any policy on the grounds of misstatement or nondisclosure without being burdened with the onus of proving the same.

DECISION : In view of above circumstances it was concluded by the forum that the case does not leave any scope to interfere with the decision of the respondent. However, forum took a sympathetic view on account of special reasons. The complainant was widowed at a very young age and had 3 small children to be brought up. An ex-gratia payment of Rs.25000/- as lump sum was awarded by the forum under each of the two policies.

Mumbai Ombudsman Centre
Case No. : LI - 200 (2006-2007)
Smt. Vaishali Janardan Dhuri
Vs
Life Insurance Corporation of India

Award Dated : 11.10.2007

Shri Janardan Nhanu Dhuri had taken Policy No. 931899557 from LIC of India. Shri Janardan Nhanu Dhuri expired on 31.08.2004 due to Myocardial Infarction & Cardiogenic shock with heart failure. LIC repudiated the claim on account of the deceased having withheld correct information regarding his health at the time of effecting the assurance.

As per the Medical Attendant's Certificate (claim form B) and Certificate of Hospital Treatment (Claim Form B1), both dated 17.11.2004 completed by Dr. S.S. Hede, the primary cause of death was Cardiogenic Shock and secondary cause was Acute Myocardial Infarction. He has mentioned that the deceased was a known case of acute myocardial infarction and diabetes mellitus and was on treatment under him for the last 1 year. The same Doctor in the Certificate of Treatment/Consultation dated 04.02.2005 confirmed that Shri Dhuri was under his treatment for MI and DM off & on for last 1 year and was coming for regular follow-ups and taking proper Rx. He was admitted to Sankalp Hospital on 30.08.2004 for chest pain, sweating, and breathlessness. The diagnosis arrived at was Acute Myocardial Infarction with congestive cardiac failure & diabetes mellitus. The DLA was shifted on 31.08.2004 to the ICCU of Vrundavan Hospital, Mapusa, Goa, as patient's condition was not satisfactory. He expired on 31.08.2004 due to Myocardial Infarction, Cardiogenic Shock with Heart Failure.

From the above facts, it is evident that the deceased life assured suppressed material information and made misstatement regarding his health at the time of proposal and

also suppressed the material information regarding his health, thereby denied an opportunity to L.I.C to probe in the matter and take appropriate underwriting decision before issue of policy. The contention of the Complainant that the health condition of the life assured was known to the agent and her husband had told the agent all the facts is not tenable because this does not absolve the life assured from making full disclosure of his condition of health in the proposal form.

In view of this legal position L.I.C cannot be faulted for repudiating the claim of on the ground of making mis-statements and withholding material information regarding health of life assured at the time of proposal. In the circumstance, this Forum has no valid reason to interfere with the decision of L.I.C to repudiate the claim of Smt. Vaishali Janardan Dhuri for the sum assured under Policy.

Mumbai Ombudsman Centre
Case No. : LI-369 of 2007-2008
Shri Prashant Ramling Gurav
Vs
Life Insurance Corporation of India

Award Dated : 30.11.2007

Shri Prashant Ramling Gurav had approached the Office of the Insurance Ombudsman with a complaint dated 23rd January, 2007, against the Life Insurance Corporation of India, Satara Division, for rejection of claim under the Komal Jeevan Plan under Policy No.942430921 issued by the said Insurer on the life of Master Darshan Prashant Gurav, the son of the complainant. received, excluding all extra premiums towards premium waiver and term rider, to the tune of Rs.18,598/- to Shri Gurav. The parties to the dispute were called for hearing on 21st November , 2007, at Camp Satara . Shri Prashant Ramling stated that his son expired on 23.10.2005 and when he submitted the claim to LIC for full sum assured, LIC paid him only 18598/- which is not acceptable to him. The LIC of India, Satara DO was represented by Shri V.S. Deshmane and he stated that as the risk had not commenced at the time of the death of the life assured, LIC refunded the premium received excluding the extra premium as per Policy conditions in this regard.

A scrutiny of the case revealed that the Insurer acted as per policy conditions, hence the action of the Insurance Company was upheld.

Mumbai Ombudsman Centre
Case No. : LI - 056 of 2007-2008
Smt Jayshree Jaysingh Dhamal
Vs
Life Insurance Corporation of India

Award Dated : 20.12.2007

Shri Jaysingh Anandrao Dhamal had taken a Life Insurance Policy No. 941334853. The details are given below:

Shri Jaysingh Anandrao Dhamal expired on 06.05.2006. Smt Jayshree Jaysingh Dhamal, wife and nominee under the policy, preferred a claim. LIC treated the revival null & void vide stating that the deceased life assured had withheld material information regarding his health

LIC was directed to re-examine the case based on the data of premiums paid by the life assured submitted by the complainant and also whether the premiums could have been adjusted without revival and submit their findings within 15 days.

Subsequent to the hearing, LIC submitted a letter dated 28.11.2007 in response to the direction given by the Ombudsman stating that premiums could have been adjusted upto 3/2001 creating X-charge of Rs.120/- and since premiums due 9/2002 was not sufficient to adjust the premiums, revival requirements were necessary.

The records pertaining to the case have been examined. The following payment towards premiums were made by the policyholder as per the Banker's Memorandum:

Date	Amount
12.06.2002	Rs. 4,500/-
05.03.2003	Rs. 2,210/-
28.06.2003	Rs. 2,300/-
13.09.2003	Rs. 2,210/-

LIC issued official receipts for these payments subsequently.

Let us now examine whether the requirements called by LIC for revival of the policy done on 24-10-2003 were actually required or LIC could have revived by adjusting the due premiums out of the total deposit present and by creating X-charge for the shortfall of amount as per the prevailing rules. LIC admitted in their letter dated 18-11-2007 that on receipt of Rs.4,500/- in June, 2002 they could have adjusted the premiums due on 9/2001 and 3/2002 by creating X-charge of Rs.120/- and the revival was not required at that stage. After this next FUP would have fallen on 9/2002. When the payment of Rs.2,210/- was received in March, 2003, LIC could not adjust this amount against the premium due on 9/2002 since the interest for delay was not received, but LIC did not write to the policyholder asking him to pay the balance amount in order to keep the policy in force. Be that as it may, when the payment of Rs.2,300/- was received on 28-6-2003, LIC could have revived the policy by adjusting premiums due on 9/2002 and 3/2003 out of total deposit of Rs.4,410/- by creating additional X-charge of Rs.59/-in which case FUP would have been 9/2003.

On going through the relevant manuals of LIC, it is observed that as per the provisions the policy could have been kept in force without calling for Health Declaration or Medical Report by using the amount lying in deposit creating the X-charge upto the permissible limits towards interest and hence the claim is admissible. The denial of the claim on non-disclosure of material information is not appropriate. In view of the above facts and circumstances, it will be in the fitness of the things to pay the claim.

Mumbai Ombudsman Centre
Case No. : LI-483 of 2007-2008
Ms.Asmitha Fernandes
Vs
Tata AIG Life Insurance Company Limited.

Award Dated : 21.01.2008

Smt Aveena Fernandes had taken the Invest Assure II Policy from Tata AIG Life Insurance Company through application form dated 29.3.2007 for Sum Assured of Rs.2,40,000/- The date of commencement of the policy was 29.3.2007. Unfortunately, Smt. Fernandes expired on 22.6.2007 due to "Hypertension with massive Intracerebral bleed in right thalacemic and mid brain with Intraventricular extension, Diabetes Mellitus". When Ms.Asmitha Fernandes, daughter and nominee under the policy, preferred a claim under the abovesaid policy to the Insurer, the Tata AIG Life

Insurance Company repudiated the claim vide letter dated 7.11.2007 stating that the deceased life assured had withheld vital material information regarding her health at the time of effecting the assurance and in the application form dated 29.3.2007 , she had not disclosed the fact that she was hospitalized for sputum positive pulmonary koch's with diabetes mellitus with ischemic heart disease with old cerebral vascular accident with hypertension in August 2004 and was under treatment for multi drug resistant tuberculosis and diabetes mellitus since 2005.

Not satisfied Ms.Asmitha Fernandes approached this Forum, and the parties to the dispute were called for hearing on 3.1.2008. However, the complainant did not turn up for which a written representation submitted by her was taken into consideration. The Tata AIG Life Insurance Company stated that as vital information was not disclosed and as there was mis-representation of material facts in the application form submitted by the deceased Life Assured at the proposal stage, the policy was repudiated. A scrutiny and analysis of the available records justified the Insurer's decision and it could be established from the Hospital Reports that the Life Assured suffered from a history of various diseases and took treatment from medical men before she proposed for assurance, which she did not disclose in the proposal form. The analysis of the records lead to the conclusion that the deceased life assured had suppressed material information in her application form for Insurance; instead, she gave incorrect statements. Had Smt. Fernandes disclosed the correct information about her past/present history of illness as also the treatment being taken by her, to the Insurer at the proposal stage, the Tata AIG Life Insurance Company would have called for special reports before underwriting the case. Hence, Company's decision was upheld.

Mumbai Ombudsman Centre
Case No. : LI-419 of 2006-2007
Smt Jyotika Pradeep Chaudhary
Vs
Life Insurance Corporation of India

Award Dated : 23.01.2008

Shri Pradeep D Chaudhary had taken Policy from the Life Insurance Corporation of India, through proposal dated 2.1.2006 for Sum Assured of Rs.1,00,000/- under Plan and Term 169-10. The date of commencement of the policy was 14.2.2006. Unfortunately, Shri Chaudhary expired on 11.12.2006 due to "Acute Myocardial Infarction with Cardiogenic Shock". When Smt.Jyotika P Chaudhary, wife and nominee under the policy, preferred a claim under the above said policy to the Insurer, the Life Insurance Corporation of India, repudiated the claim vide letter dated 7.4.2007, stating that the deceased life assured had withheld material information regarding his health at the time of effecting the assurance . LIC stated that the Life Assured was a known case of ischemic heart disease and had myocardial infarction one year back for which he was on regular treatment. These facts were not disclosed in the proposal at the time of taking the policy. Hence based on these, LIC repudiated the claim. When the complainant approached the Ombudsman, hearing was held on on 23rd January, 2008, but the complainant did not turn up for the hearing for which the deposition of the Respondent as taken. LIC of India was represented by Smt.K A Khosla, DM(Claims). She stated, the claim was repudiated by LIC on the ground of non-disclosure of material information. In repudiating the claim, LIC of India had relied on the past history noted in the admission case papers of Bhatia Hospital issued by Dr.Shailesh Mehta, where the history of MI is noted as one year. The policy was issued to Shri Pradeep Chaudhary after initial medical examination by the panel doctor of LIC. In that report dated 4.2.2006, nothing adverse has been mentioned about the health condition

of the proposer. Taking all these aspects into account, it is felt that LIC has not produced enough evidence, apart from the past history mentioned in the hospital papers, to prove their statement that the deceased Life Assured had withheld material information before issuance of the policy. In view of this, the decision of LIC of India to repudiate the claim was not tenable.

Mumbai Ombudsman Centre
Case No. : LI-474 of 2007-2008
Smt.Lata Sanjay Kamble
Vs
HDFC Standard Life Insurance Company Limited

Award Dated : 31.01.2008

Smt Lata Sanjay Kamble had approached the Office of the Insurance Ombudsman with a complaint dated 23rd November, 2007, against HDFC Standard Life Insurance Company Limited, for rejection of claim under the HDFC Home Loan Protection Plan Policy. Shri Sanjay Sadashiv Kamble was covered under HDFC Home Loan Protection Plan under Policy No. 10121648 from November 27, 2004, for a Sum Assured of Rs.3,95,270/- towards death benefits. Unfortunately, Shri Kamble died on 19.2.2007, the cause of death being 'terminal cardio-respiratory arrest due to bilateral aspiration pneumonia' When Smt.Lata Sanjay Kamble, wife and nominee under the policy, preferred a claim under the above policy, the HDFC Standard Life Insurance Company, repudiated the liability vide their letter dated 28.9.2007, stating that the deceased Life Assured was under treatment for Human Immunodeficiency Virus prior to applying for the Policy, and had given a false Good Health Declaration Aggrieved Smt.Kamble approached the Ombudsman for which a hearing was held on 3rd January, 2008. Smt.Lata Sanjay Kamble, the complainant, appeared and deposed before the Ombudsman. She submitted that she knew that her husband was suffering from AIDS for the last one year before his death. The HDFC Standard Life Insurance Company was represented by Ms.Shantala Matti, Manager (Legal). She stated that as per documents received by the Insurer, the deceased Life Assured was under treatment for Human Immunodeficiency Virus prior to applying for the policy and this fact was not disclosed in the declaration signed by the Life assured. Hence, she defended the decision of the Company. The repudiation of the claim was on the ground that the life assured was regularly taking treatment for Human Immunodeficiency Virus prior to applying for the policy. The history recorded in the hospital clearly states the previous illness. In such circumstances, it is difficult to ignore the history as mentioned therein. Thus, the analysis of the records leads to the conclusion that the deceased life assured had suppressed material information in his proposal for Insurance; instead, he gave incorrect statements. Had Shri Kamble disclosed the correct information about his past/present history of illness as also the treatment being taken by him, to the Insurer at the proposal stage, the HDFC Standard Life Insurance Company might have taken a different decision. In view of this, the Insurer's decision was upheld.

Apart from the Indoor Case Paper Copies, HDFC Standard Life Insurance Company has not produced any proof of treatment taken by the Late Shri Kamble for AIDS since 1993, to this Forum. The Insurer has repudiated the claim after two years from the date of commencement of the Policy, which is November, 2004, and hence Section 45 of the Insurance Act of 1938 is applicable in this case. It would be appropriate to make reference to Section 45 of the Insurance Act, 1938, the relevant portion of which, reads as under:

"Policy not to be called in question on ground of misstatement after two years- No policy of Life insurance effected before the commencement of this Act shall after the expiry of two years from the date of commencement of this Act and no policy of life insurance effected after the coming into force of this Act shall, after the expiry of two years from the date on which it was effected be called in question by an insurer on the ground that statement made in the proposal or in any report of a medical officer, or referee, or friend of the insured, or in any other document leading to the issue of the policy, was inaccurate or false, unless the insurer shows that such statement was on a materiel matter or suppressed facts which it was material to disclose and that it was fraudulently made by the policy-holder and that the policy-holder knew at the time of making it that the statement was false or that it suppressed facts which it was material to disclose..."

Three conditions for application of 2nd part of Section 45 are –

(a) the statement must be on material matter or must suppress facts which it was material to disclose;

(b) the suppression must be fraudulently made by the policyholder; and

(c) the policy-holder must have known at the time of making the statement that it was false or that it suppressed facts which it was material to disclose.

The repudiation of the claim was on the ground that the life assured was regularly taking treatment for Human Immunodeficiency Virus prior to applying for the policy. While repudiating the claim, the HDFC Standard Life Insurance Company had solely relied on the past history mentioned in the Indoor case papers of JJ Hospital dated 3.2.07, to claim that the life assured had made false and inaccurate statements in the proposal form. Some strong material, in the form of treatment papers/ prescriptions etc., which date prior to the proposal, is required to conclude that the life assured had made fraudulent representations. The Insurer has failed to prove with cogent evidence that the life assured had suppressed material facts and Section 45 places the burden of proof on the Insurer and unless the Insurer is able to do so, the contract could not be avoided on the ground of alleged misstatements or non-disclosure of facts. As such, the benefit of doubt goes in favour of the Complainant.

In view of the above analysis, I find that the repudiation of the claim by the HDFC Standard Life Insurance Company is not sustainable on the basis of the documents produced before this Forum by them in support of their decision to repudiate the claim under policy no. 10121648 for non-disclosure of material facts and hence the said decision of the Insurer is intervened by the following order.

ORDER

The HDFC Standard Life Insurance Company is hereby directed to settle the claim of Smt. Lata Sanjay Kamble for the policy moneys under policy No. 10121648 on the life of late Shri Sanjay Sadashiv Kamble and pay the claim as per the terms of the policy conditions. The case is disposed of accordingly.

Mumbai Ombudsman Centre
Case No. : LI-582 of 2007-2008
Smt Deepali Deepak Pawar
Vs
Life Insurance Corporation of India

Award Dated : 18.02.2008

Shri Deepak Rajaram Pawar had taken Policy bearing No.907490669 from the Life Insurance Corporation of India, SSS Division, Mumbai, vide proposal dated 2.3.2004

for Sum Assured of Rs.1,00,000/- under Plan and Term 149-20. The date of commencement of the policy was 10.3.2004. Unfortunately, Shri Pawar expired on 18.1.2006 due to “Immuno Supressive Disease”. When Smt Deepali Deepak Pawar, wife and nominee under the policy, preferred a claim under the above said policy to the Insurer, the Life Insurance Corporation of India, Mumbai SSS DO , repudiated the claim vide letter dated 4.9.2007, stating that the deceased life assured had withheld material information regarding his health at the time of effecting the assurance. LIC, stated that the aforesaid answers were false as they had indisputable proof to show that the deceased Life Assured was a known case of sero positive and had a history of Pulmonary Kochs’ in 2003 for which he had taken treatment; also, he was a chronic alcoholic. These facts were not disclosed in the proposal at the time of taking the policy. Hence based on these, LIC repudiated the claim. Not satisfied by the said decision, Smt.Pawar approached this Forum for redressal of her grievance.

After perusal of all the records submitted to this Forum, parties to the dispute were called for hearing on 12th February, 2008. Smt.Deepali Deepak Pawar, the complainant, appeared and deposed before the Ombudsman. She requested for consideration of her claim. LIC of India was represented by Smt.Dighe, AO(Claims). She submitted that based on the history recorded during hospitalisation, LIC had repudiated the claim. The complainant was advised to produce medical evidence , if any, in support of her argument, which she could not.

The analysis of the records lead to the conclusion that the deceased life assured had suppressed material information in his proposal form for Insurance; instead, he gave incorrect statements. In the circumstances, this Forum found no justifiable reason to interfere with the decision of the Insurer.

Mumbai Ombudsman Centre
Case No. : LI-567 of 2007-2008
Smt Kamarjahan Ansari
Vs
Life Insurance Corporation of India

Award Dated : 28.02.2008

Shri Rashid Ansari had taken a Life Insurance Policy bearing No.880530176 from Life Insurance Corporation of India, Thane Divisional Office through proposal dated 15.1.2001 for Sum Assured of Rs.50,000/- under Money Back Plan with Profits for a term of 20 years. The date of commencement of the policy was 1.1.2001. The Policy lapsed due to non-payment of premium due 7/01 and was revived on 6.5.2003, on the strength of the Personal Statement of Health dated 31.3.2003 given by the Life Assured.Unfortunately, Shri Rashid Ansari expired on 18.10.2005. When Smt Kamarjahan Ansari, wife and nominee under the policy, preferred a claim under the above said policy to Life Insurance Corporation of India, Thane Divisional Office, the Life Insurance Corporation of India repudiated the claim stating that the deceased life assured had withheld material information regarding his health, at the time of reviving the Policy and that they had indisputable proof to show that the deceased Life Assured had suffered from Diabetes Mellitus since four years, i.e., prior to date of death, i.e., two years prior to date of revival . Not satisfied by the said decision, Smt Kamarjahan approached this Forum for redressal of her grievance. A Joint Hearing was to be held with the Complainant and the Representative from the Insurance Company However, the complainant, did not turn up for which the Company’s deposition was taken. The Life Insurance Corporation of India was represented by Smt.P V Tulpule, AO. She stated that since there was non-disclosure of material information, the claim was repudiated. Due to the indisputable evidence in the form of various hospital records/

statements of attending doctors, it can clearly be established that the Deceased Life Assured was suffering from Diabetes Mellitus before he revived the policy. It is evident from the notings in the hospital papers that the deceased's Diabetes was not under control and he had to take medication for the same. The analysis of the records leads to the conclusion that the deceased life assured had suppressed material information in his personal statement regarding health; In the circumstances, this Forum found no justifiable reason to interfere with the decision of LIC of India. However, looking to the socio-economic condition of the complainant, an amount of Rs.5000/- on an ex-gratia basis was sanctioned to the claimant.

Mumbai Ombudsman Centre
Case No. : LI-581 of 2007-2008
Smt. Valsa Sivadasan
Vs
Life Insurance Corporation of India

Award Dated : 05.03.2008

Shri P. Sivadasan had taken a life insurance policy No. 893039765 from LIC of India for sum assured Rs.1 lac with TT 165/20. The date of Proposal was 16.3.2006 and dt. Of commencement 12.12.2005. Duration of death from date of FPR was 7 months 29 days from date of Proposal

Shri P. Sivadasan expired on 30.11.2006 due to Pseudomyxoma Peritonei (Malignant). When the claim was preferred by his wife Smt. Valsa Sivadasan, the company the claim on account of the deceased having withheld correct information regarding his health at the time of effecting the assurance.

The material on record was examined. The Insurer has relied on two records, viz. Certificate of Treatment from Dr. Vijay V.Vanjari and the Discharge Summary of Bombay Hospital. Let us examine these documents. As per Certificate of Treatment, dated Nil, received by LIC on 29.03.2007, from the family Doctor, Dr. Vijay V. Vanjari, MBBS, it was mentioned that on 20.09.2006 LA had pain in abdomen. In reply to Q.8 i.e. "What other diseases or illness preceded or co-existed with the disease" – initially it was 'Nil', later it was crossed and written Hypertension about 4 to 5 y and initialed. He was admitted at Bombay Hospital from 03.10.2006 to 16.10.2006. In the Discharge Summary of Bombay Hospital the final diagnosis is Pseudomyxoma Peritonei. The History & Examination/Findings given is "50 year old male known hypertension 3-4 years. On atonolol 25 mg OD, non diabetic. Came with c/o distention of abdomen – 15 days. C/o pain in lower abdomen – 15 days. He was posted for diagnostic laproscopy on 04.10.2006. He was also given first course of chemotherapy.

He was advised for USG of abdomen and referred to OM Hospital (OASIS) by Dr. V.V. Vanjari. He was admitted to OM Hospital from 22.09.2006 to 26.09.2006. According to the Certificate of Hospital Treatment by Dr. Sharad S. Dhaktode, the LA had come with pain in abdomen, distension abdomen, weight loss/decreased appetite for the pass 8 days with h/o pneumonia – 3 months back. No h/o of HT/DM/Asthma. His BP reading shows 120/80. He was diagnosed as Pseudomyxoma Peritonei. He later shifted to Kerala and got admitted on 16.10.2006 to 01.11.2006 at Amrita Institue of Medical Science & Research Centre, Kerala. He was treated for the same disease. There is no mention of Hypertension. He expired at home in Kerala on 30.11.2006.

In this case, the reason for repudiation of claim is the non-disclosure of Hypertension in the proposal form. The documents from Dr. Vijay V. Vanjari and Bombay Hospital mentions that the LA had a history of Hypertension. However, at the same time the hospital papers from OM Hospital and Amrita Institute of Medical Science does not

mention that the LA had a history of Hypertension. The Certificate by the Employer – D.S. Corporation where the DLA was working mentions sick leave taken from 20.09.2006 and from 1.10.2006 during the time of his hospitalization. Insurer has denied the claim only on the basis of the noting in the discharge card of Bombay Hospital without any corroborative evidence.

In view of the contradictory history in two hospitals and in the absence of any conclusive evidence procured by the Insurer, the repudiation of the claim is not justified. In view of this, the benefit of doubt goes in favour of the Complainant.

Mumbai Ombudsman Centre
Case No. : LI-581 of 2007-2008
Smt. Valsa Sivadasan
Vs
Life Insurance Corporation of India

Award Dated : 05.03.2008

Shri P. Sivadasan had taken a life insurance policy No. 893039765 from LIC of India for sum assured Rs.1 lac with TT 165/20. The date of Proposal was 16.3.2006 and dt. Of commencement 12.12.2005. Duration of death from date of FPR was 7 months 29 days from date of Proposal

Shri P. Sivadasan expired on 30.11.2006 due to Pseudomyxoma Peritonei (Malignant). When the claim was preferred by his wife Smt. Valsa Sivadasan, the company the claim on account of the deceased having withheld correct information regarding his health at the time of effecting the assurance.

The material on record was examined. The Insurer has relied on two records, viz. Certificate of Treatment from Dr. Vijay V.Vanjari and the Discharge Summary of Bombay Hospital. Let us examine these documents. As per Certificate of Treatment, dated Nil, received by LIC on 29.03.2007, from the family Doctor, Dr. Vijay V. Vanjari, MBBS, it was mentioned that on 20.09.2006 LA had pain in abdomen. In reply to Q.8 i.e. “What other diseases or illness preceded or co-existed with the disease” – initially it was ‘Nil’, later it was crossed and written Hypertension about 4 to 5 y and initialed. He was admitted at Bombay Hospital from 03.10.2006 to 16.10.2006. In the Discharge Summary of Bombay Hospital the final diagnosis is Pseudomyxoma Peritonei. The History & Examination/Findings given is “50 year old male known hypertension 3-4 years. On atonolol 25 mg OD, non diabetic. Came with c/o distention of abdomen – 15 days. C/o pain in lower abdomen – 15 days. He was posted for diagnostic laproscopy on 04.10.2006. He was also given first course of chemotherapy.

He was advised for USG of abdomen and referred to OM Hospital (OASIS) by Dr. V.V. Vanjari. He was admitted to OM Hospital from 22.09.2006 to 26.09.2006. According to the Certificate of Hospital Treatment by Dr. Sharad S. Dhaktode, the LA had come with pain in abdomen, distension abdomen, weight loss/decreased appetite for the pass 8 days with h/o pneumonia – 3 months back. No h/o of HT/DM/Asthma. His BP reading shows 120/80. He was diagnosed as Pseudomyxoma Peritonei. He later shifted to Kerala and got admitted on 16.10.2006 to 01.11.2006 at Amrita Institue of Medical Science & Research Centre, Kerala. He was treated for the same disease. There is no mention of Hypertension. He expired at home in Kerala on 30.11.2006.

In this case, the reason for repudiation of claim is the non-disclosure of Hypertension in the proposal form. The documents from Dr. Vijay V. Vanjari and Bombay Hospital mentions that the LA had a history of Hypertension. However, at the same time the hospital papers from OM Hospital and Amrita Institute of Medical Science does not mention that the LA had a history of Hypertension. The Certificate by the Employer –

D.S. Corporation where the DLA was working mentions sick leave taken from 20.09.2006 and from 1.10.2006 during the time of his hospitalization. Insurer has denied the claim only on the basis of the noting in the discharge card of Bombay Hospital without any corroborative evidence.

In view of the contradictory history in two hospitals and in the absence of any conclusive evidence procured by the Insurer, the repudiation of the claim is not justified. In view of this, the benefit of doubt goes in favour of the Complainant.

Mumbai Ombudsman Centre
Case No. : LI-569 of 2007-2008
Smt. Kusumbai Gajanan Dakhane
Vs
Life Insurance Corporation of India

Award Dated : 11.03.2008

Shri Gajanan Laxman Dakhane had taken Life Insurance Policy Nos.975085029, 974950569 from LIC of India. The sum assured was Rs.1.00 each under both policies and the date of commencement was 28..08.2005 and 28.03.2005 respectively.

Shri Gajanan Laxman Dakhane expired on 06.01.2006 due to myocardial infarction. When the claim was preferred by his wife Smt. Kusumbai Gajanan Dakhane, LIC repudiated the claim on account of the deceased having withheld correct information regarding his health at the time of effecting the assurance.

The records pertaining to the case have been scrutinized. Shri Gajanan Laxman Dakhane died due to myocardial infarction on 06.01.2006. Both the policies pertaining to the LA have resulted in early death claims.

On investigation, various doctors as given below treated the Life Assured:

- According to the Special Query Form dated 28.08.2006, Dr. S.N. Gahane, B.G.M.S. has stated that the LA first consulted him on 18.02.2005 for indigestion, gastric pain, swelling and hypertension.
- According to the Special Query Form dated 08.06.2006, Dr. M.R. Chute has stated that the LA first consulted him on 20.04.2005 and he was suffering from Hypertension, indigestion and swelling on legs.
- According to the Special Query Form dated 08.06.2006, Dr. Roshan Deshmukh, B.A.M.S., has stated that the LA consulted him on day of death for Hypertension, Chest pain, sweating and was suffering for the same for the last 8 days. The history reported by the doctor is h/o HT x 2 years, h/o Alcoholic with suffering from psoriasis.

Subsequently during the hearing the Complainant has submitted a letter dated 09.02.2007 from Dr. M.R. Chute stating that the DLA consulted him for skin disease and he was cured. He also stated that he had no heart problem or hypertension. Two letter dated 07.02.2007 and 10.02.2007 from Dr. S.N. Gahane was also submitted. Dr. Gahane has stated that an LIC agent had approached him after the death of Shri Dakhane and he had filled in a form. He states that the DLA had a skin problem and had boils on his skin for which he was treated and cured. According to him, he had no major problem of heart or hypertension and he was working till the last day. However, these letters have been submitted subsequently and are contradictory to the Special Query Forms filled in by the above Doctors earlier dated 08.06.2006 and 28.08.2006.

According to the Claimant, Smt. Kusumbai Dakhane, she states that her husband Late Shri Gajanan L. Dakhane was not suffering from any disease. A certificate by the

Employer - Bhandar Zilla Dedkrekh Co-operative Society where the DLA was working states that the DLA was working upto 05.01.2006 and he expired on 06.01.2006. The leave availed by him from 28.03.2002 to 06.01.2006 shows “NIL”.

Shri Gajanan Laxman Dakhane died within 4 months and 8 days and 9 months & 8 days of taking out the policy No. 975085029 & 974950569 and the claim was repudiated within 2 years from the date of risk.

The Complainant has produced two letters from the same Doctors at the time of personal hearing giving a different set of information, contradicting the earlier information in the Special Query Form signed by them.

In view of this development, it is desirable to question these Doctors for their earlier statement and subsequent denial to arrive at correct conclusion for suppression of material information. To deal with such issues, more evidence will be needed which require witnesses, summon them for deposition, and cross-examine them. Therefore, it cannot be decided in a summary proceeding under RPG Rules, 1998, in view of the limited authority with which this Forum operates. Hence the Complaint is disposed of at this Forum with a liberty reserved to the Complainant to approach any other appropriate Consumer Forum / Civil Court.

In view of the above facts and circumstances, this complaint is closed at this Forum.

Mumbai Ombudsman Centre
Case No. : LI - 310 of 2007-2008
Shri Premkumar S. Kadukar
Vs
Life Insurance Corporation of India

Award Dated : 11.03.2008

Shri Shankar Rambhau Kadukar had taken a Life Insurance Policy No. 822774171 for sum assured Rs.1.00 lac. from LIC of India. The dt of commencement of policy was from 28.05.2006.

Shri Shankar Rambhau Kadukar expired on 02.09.2006 due to HT with IHD k/c of CRF with CRA. When the claim was preferred by his son Shri Premkumar Shankar Kadukar, LIC repudiated the claim on account of the deceased having withheld correct information regarding his health at the time of effecting the assurance.

The documents produced at this Forum have been examined. As per the Medical Attendant’s Certificate (Claim Form B) completed by Dr. N.K. Puranik, dated 16.09.2006, he states that the Life Assured expired at home on 02.09.2006 and the Primary cause of death was k/c CRF, HT with IHD. As to the question – What other disease or illness preceded or co-existed? – the noting is k/c HT with IHD and the same was reported by the patient. LIC has produced a prescription dated 12.04.2006 prescribed by Dr. N.K. Puranik, i.e. 25 days before the date of proposal for assurance. The prescription reveals that the Life Assured consulted Dr. N.K. Puranik on 28.09.2001 wherein it is the history noted is k/c HT with IHD with Renal insufficiency and no follow up since 28.09.2001. In the prescription the Doctor had prescribed medicines related to HT, Heart and Kidney like Tab Nicardia 20 mg, Tab Laxin – 40 mg. & Tab Monosarbritrate – 30 mg. and also a vitamin – Tab Fersoft and calcium – cap. Gemcal. There is also a Report on Haemogram dated 15.07.2006 with Reference by Dr. N.K. Puranik, MD, wherein the Haemoglobin shows reading 7.83 gm% and Urea 162 mg/dL and Creatinine 15 mg/dL that proves that the Life Assured was anemic and was suffering from Chronic Renal Failure.

From the above facts, it is evident that the deceased life assured suppressed material information and made misstatement regarding his health at the time of proposal and also suppressed the material information regarding his health, thereby denied an opportunity to the Insurer to probe in the matter and take appropriate underwriting decision before issue of policy.

The claim is not tenable.

Mumbai Ombudsman Centre
Case No. : LI-371 of 2007-2008
Smt. Laxmibai Anandrao Pawde
Vs
Life Insurance Corporation of India

Award Dated : 14.03.2008

Shri Anandrao Pubhaji Pawde had taken a life insurance policy No. 983262456 from The Life Insurance Corporation of India, Nanded Divisional Office, for sum assured Rs.50,000/- and date of commencement 25.04.2004

Shri Anandrao Pubhaji Pawde expired on 04.12.2006 due to chronic obstructive pulmonary disorder (COPD) with pulmonary Koch. When the claim was preferred by his wife Smt. Laxmibai Anandrao Pawde, Life Insurance Corporation of India repudiated the claim informing the claimant that the policy was allowed to lapse by non-payment of premium due 11/2005 to 05/2006 acquiring NO paid-up value. The policy was revived on 17.08.2006 for the full sum assured on the strength of Personal Statement regarding health made by the deceased on 17.08.2006.

The records have been perused and it was found that both the Company and the Complainant have given their written submissions with their respective view points and as the issues are well focused, I applied my mind, analysed the circumstances and it was felt that based on the documents produced, the case can be decided without calling the parties for personal hearing. Therefore, an Award is being issued through analysis of the issues involved as per provisions of RPG Rules, 1998.

The documents submitted by both the parties have been perused. Shri Anandrao Pubhaji Pawde expired on 04.12.2006 due to chronic obstructive pulmonary disorder (COPD) with pulmonary Koch. The date of proposal of policy is from 25.05.2004 and the date of revival of policy is from 17.08.2006. The duration of policy from date of FPR to date of death is 2 years 6 months and 9 days and duration of policy from date of revival to date of death is 3 months and 17 days.

As per the case papers of Sant Baba Nidhan Singhji Memorial Hopital, the LA was admitted from 29.11.2004 to 03.12.2004 and was diagnosed for COPD with Bilateral Pulmonary Koch and Respiratory failure. As per Certificate of Hospital Treatment - Claim Form B-1 signed by Dr. Purushottam R. Daa, MBBS, MD, Nanded, dated 12.12.2006, the LA was admitted on 29.11.2006 at Sant Baba Nidhan Singhji Memorial Hospital, Nanded, the LA was admitted with complaint of cough, breathlessness since 2 years and the diagnosis given is old c/o Pulmonary Koch with COPD and Bronchitis and the patient was referred to Lotus Hospital, Nanded for respiratory failure. Duration of health complaint is given as since 2 years. As per Certificate of Hospital Treatment, the LA was admitted on 04.12.2006 at Lotus Hospital, Nanded, the diagnoses given is COPD with Pulmonary Koch with exacerbation with Addison's crisis. He was discharged from the hospital and expired at home on the same day. It is very clear that the deceased was hospitalized before revival of the policy and taken treatment for TB from Sudareeth Rastriya Khayarogh Niyantran Karyakrama, Nanded. As per the Treatment Card No.629/05 from Sudareeth Rastriya Khayarogh Niyantran Karyakrama, Nanded,

Shri Anandrao Pawde had taken treatment for TB during the period December, 2005 to June 2006

In the circumstance, this Forum has no valid reason to interfere with the decision of L.I.C to repudiate the claim. However, looking to the socio-economic condition of the claimant, Rs.5,000/- as ex-gratia to be paid to the claimant under the Policy.

Mumbai Ombudsman Centre
Case No. : LI-515 of 2007-2008
Shri Deorao Tikaram Mohankar
Vs
Life Insurance Corporation of India

Award Dated : 17.03.2008

Shri Deorao Tikaram Mohankar and his second wife, Nirubai, had taken a Joint Life (Table 89) Policy from the Life Insurance Corporation of India, Nagpur Division, through proposal form dated 30.10.2004 for Sum Assured of Rs.50,000. Unfortunately, Smt. Nirubai expired on 19.9.2006 due to “drowning”. When Shri Mohankar, husband and joint Life Assured under the policy, preferred a claim under the above said policy to the Insurer, the Life Insurance Corporation of India repudiated the claim vide letter dated 30.3.2007 stating that the deceased life assured had withheld vital material information regarding her health at the time of effecting the assurance

LIC of India stated they had indisputable proof to show that she was pregnant at the time of signing the proposal as well as the personal statement regarding health. The Insurer stated that as the deceased Life Assured had made deliberate mis-statements and withheld material information regarding her health, they had repudiated the claim. Not satisfied with the said decision, Shri Mohankar approached the Ombudsman.

A hearing was held on 4.3.08. However, the complainant did not turn up.

Ms S T Bhattacharjee, Manager(Claims) represented the Life Insurance Corporation of India and submitted the DLA was pregnant at the time of proposal as proved by the fact that she had a daughter aged 1 ½ years when she died on 19.9.2006. Moreover, Clause 4b was applicable in the case. In view of this, the claim was repudiated.

From all the records and documents, some relevant conclusions could be drawn. It is quite clear that the deceased Life Assured was pregnant at the time of signing the proposal dated 30.10.04 and the personal statement of health dated 20.12.2004. The birth certificate of her daughter is proof enough of the same. This fact was not disclosed at the time of filling up the proposal or the personal statement of health, which was signed about two months after the date of the proposal Under the circumstances, the Life Insurance Corporation of India’s decision was upheld.

Mumbai Ombudsman Centre
Case No. : LI-479 of 2007-2008
Shri Shankar Singh Thakur
Vs
Life Insurance Corporation of India

Award Dated : 17.03.2008

Shri Shankarsingh Thakur approached the Insurance Ombudsman through his letter dated 19.11.2007 for justice against the decision of LIC to repudiate his claim for policy moneys in respect of policy no.972856844 on the life of his late son Shri Mansingh S.Thakur. Shri Mansingh had taken the policy from LIC of India, Gondia

Branch under Nagpur D.O. for Rs.40,000/- under Plan 175 for term 20years. The policy commenced from 25.10.2001.

LIC stated that they held indisputable proof to show that the Life Assured was suffering from Pulmonary Tuberculosis at the time of submission of proposal for Insurance on his own life and also the LA was intermittently on sick leave for the treatment of Pulmonary Tuberculosis in the months of August-2001, September-2001 and October-2001. Aggrieved, the complainant approached the Ombudsman for which a hearing was held on 4.3.08. Shri. Shankar Singh Thakur informed that his son had suffered from T.B. earlier, but was cured. If the earlier problem was not mentioned, it was the omission on the part of the agent. Ms. S. T. Bhattacharjee, Manager (Claims) represented Life Insurance Corporation of India and in view of non-disclosure, the claim was repudiated.

All the documents on record supported the Company's contention. Hence, the Insurer's decision to repudiate the claim on the ground of making deliberate misstatements and withholding material information was upheld.

Mumbai Ombudsman Centre
Case No. : LI – 476 (2007-2008)
Smt. Prashansha P.Wankar
Vs
Life Insurance Corporation of India

Award Dated : 17.03.2008

Shri Premak Tukaram Wankar had taken Life Insurance Policy Nos. 973457844 & 973546104 from Life Insurance Corporation of India, Nagpur D.O. for sum assured Rs.50,000/- & Rs.1 lac with date of commencement 26.09.2006 and 28.03.2006 respectively.

Shri Premak Tukaram Wankar expired on 27.12.2006 due to Cardiac Arrest and Acute Myocardial Infarction. When the claim was preferred by his wife Smt. Prashansha P. Wankar, Life Insurance Corporation of India repudiated the claim on account of the deceased having withheld correct information regarding his health at the time of effecting the assurance. LIC stated that they hold indisputable proof to show that about 1 year before he proposed for the above policies, the Life Assured was suffering from Systemic Hypertension for which he consulted medical men and had taken treatment from Hospital.

The documents were examined at this Forum. As per the Medical Attendant's Certificate (Claim Form B) dated 15.01.2007 issued by Dr. A.R. Nanhe, the probable cause of death might be due to cardiac arrest due to acute myocardial infarction and the other disease/illness preceded or co-existed was hypertension. The same doctor who is also attached to Gramin Rugnalaya, Gondpimpri, in the Special Query Forum dated 23.02.2007 has mentioned that Shri Premak Tukaram Wankar was k/c "HT with IHD" and he was the deceased's usual medical attendant since one year and treated for "HT". In a separate certificate dated 16.03.2007, Dr. Nanhe has stated "This is to certify that the deceased Mr. Premak Tukaram Wankar of age 36 years R/o Gondpimpri had come for treatment for viral fever, infective hepatitis and hypertension and infective diarrhea since one year. He has been taken treatment since last one year". The diagnosis arrived at the hospital was "IHD with HT" when he was admitted to hospital on 27.12.2006, as per Claim Form B (Certificate of Hospital Treatment) dated 15.01.2007 issued by Dr. Nanhe of Gramin Rugnalaya, Gondpimpri. Another Special Query Form was completed by Dr. U.S. Wasnik on 28.03.2007 wherein he has stated 'One year before Mr. Premak Tukaram Wankar took treatment for systemic hypertension at my OPD'.

It is clear from the above medical records that the deceased life assured was suffering from Systemic Hypertension and was under treatment for the same from medical men at the time of proposing for the above policies. Although the complainant has stated that he was alright after taking treatment for 3-4 days, the doctors who treated him have stated that he was under treatment since a year. It may be noted that he was diagnosed with IHD with HT on hospitalization and it is proved in medical science that hypertension is a risk factor for persons suffering from IHD.

In the circumstance, this Forum has no valid reason to interfere with the decision of L.I.C to repudiate the claim.

Mumbai Ombudsman Centre
Case No. : LI - 511 (2007-2008)
Smt. Kirti Ajay Deshmukh
Vs
Life Insurance Corporation of India

Award Dated : 31.03.2008

Shri Ajay Vishwanath Deshmukh had taken a Life Insurance Policy Nos. 821605163 & 821606631 from LIC of India for sum assured Rs.1.00 lac each. The date of commencement was from 11.03.2004 and 28.07.2005 respectively

Shri Ajay Deshmukh expired on 24.10.2005 due to Pulmonary Edema with Cardiogenic Shock with Hyperthyrodises with Ischemic heart disease. When the claim was preferred by his wife Smt. Kirti Ajay Deshmukh, LIC repudiated the claim on account of the deceased having withheld correct information regarding his health at the time of effecting the assurance as they held indisputable proof to show that about five years before the date of proposal for the above policies, the Life Assured was suffering from Hyperthyrodism and also the Life Assured had a history of breathlessness thyrocare which he consulted medical men and taken treatment for the same.

As per the Medical Attendant's Certificate (claim form B) dated 09.12.2005 completed by Dr. Rajendra H. Phirke, Shri Ajay Vishwanath Deshmukh expired on 24.10.2005. The primary cause of death was Pulmonary Edema with Cardiogenic Shock and secondary cause was Hyperthyrodises with Ischemic Heart Disease. As to the questions – How long had he been suffering from this disease before his death, the answer was "one day". To the question – what other disease or illness preceded or coexisted – Hyperthyrodises. Date when first observed – since last 5 years and taking treatment from Dr. Manoj Patil, Nagpur. Dr. Sawadatkar, Buldhana also treated him during last illness. There is a death certificate dated 27.10.2005 on record issued by Dr. Rajendra Phirke wherein he has mentioned cause of death as "Hyperthyroidism with Ischeamic Heart Disease with Pulmonary Edema with Cardiogenic Shock". The repudiation of the claim was on the ground that the Life Assured was suffering from Hyperthyrodises for the last 5 years based on the prescription dated 26.01.2004 of Dr. Manoj P. Patil and the medical attendant's certificate issued by Dr. Rajendra Phirke. LIC has produced a copy of the prescription dated 26.01.2004 from Patil Nursing Home wherein Thyroid Profile was prescribed and also medicines were prescribed. The claimant was asked to submit copy of the Thyroid profile, but she has not submitted the same.

It is evident that the deceased life assured was suffering from Hyperthyrodises and taken treatment for the same from medical men. He did not disclose this fact and suppressed this material information and made misstatement regarding his health at the time of proposal. In view of this, LIC cannot be faulted for repudiating the death

claim for deliberate misstatements and suppression of material facts by the life assured. Hence the decision of LIC does not warrant any interference from this Forum.