

2. Maturity Claim Policy

**Bhopal Ombudsman Centre
Case No. LI-21-184/02-03/JBL
Shri Ajay Kumar Chadha
Vs.**

Life Insurance Corporation of India

Award Dated 12.2.2004

Brief Background :

Shri Ajay Kumar Chadha had taken a life insurance policy from LIC of Indai, Divisional Office, Jabalpur (Branch Office-I, Jabalpur) bearing no. 370949259 under Table & Term 111-30 (Thirty year Bima Kiran Policy without profit and with Accident Benefit) for a Sum Assured of Rs.3 lacs with risk commencing from 5.11.1996. He met with an accident on 17.6.2000 and treatment continued till 19.3.02. Complainant lodged claim with the Respondent for Permanent Disability available as per the Policy Condition under the subject policy. The Respondent denied the Permanent Disability Claim stating that (a) the disability of the Complainant was 50% and not 100% i.e. Total and Permanent as mentioned in Policy Condition and (2) Disability Claim was not preferred within a period of 180 days. In the complaint, the Complainant stated that his treatment continued upto 19.3.02 and as such the Disability Certificate could not be obtained. He also stated that he had tried his best to get Disability Certificate from the Hospital Authorities, but was told that certificate would be issued after the treatment was over. Being dissatisfied and agonized with the decision of the Respondent, the Complainant approached this office.

FINDINGS

On fair reading of the policy Condition, it is observed that the disability must be the result of accident and must be total and permanent with regard to earning or obtaining any wages, compensation or profit.

The copy of document i.e. O.P.D. Registration issued by Jabalpur Hospital & Research Centre, Jabalpur shows that the Complainant has been suffering from 'Osteomyelitis'. In the OXFORD IBH New Medical Dictionary Sixth Report 2001 - 'Osteomyelitis' is described as under :

'Inflammation of bone and marrow due to a pyogenic infection

.....The condition is treated by bed rest and systemic antibiotic therapy...."

As per questionnaire in Form no. 5280 completed by Hospital Authorities of Jabalpur Hospital & Research Centre Pvt. Ltd., Jabalpur (MP), dated 23.10.02, even though the percentage of the disability was 60%, but answer to the Question no. V(ii) and V(ii) (a), the above hospital authorities had given that "Still disabled" and "Yes he is unable to do his normal activities.." The said document also shows that in the query no. V(i)(d) i.e. the time required for him to recover fully from the disability.." it was mentioned as "can not say".

It is concluded that the Complainant suffered accidental injuries resulting in total disability which incapacitated him from earning and doing any work in view of the disease i.e. Osteomyelitis from

which he had been suffering which requires bed rest and regular consumption of antibiotics. As stated above, the Complainant appeared personally during the hearing but he was wheel-chair bound and had to be lifted physically by others to climb stairs. His condition was pitiable. Looking to the physical condition of the Complainant and after perusing the record and hearing the oral submissions, it may be construed that the Complainant had total physical disability with regard to earning or obtaining wages, compensation or profit in terms of policy condition, even though his legs were not yet amputated. From the proposal form, it is observed that the Complainant's profession was business. Looking to the present condition of the Complainant, it can safely be said that he is unable to engage any physical activities, not to speak of any gainful activities. The medical certificates also corroborate the same. So for all practical purposes he is incapacitated from any physical and gainful activities and his is a case of total disablement for any gainful employment in the present physical state.

Coming to the late intimation by the Complainant to the Respondent about the disability, there is a provision in the Claims Manual of the Respondent for condonation of delay in the intimation. The present case merits for condonation.

Held that the Respondent's refusal of the subject claim for Total Permanent Disability is not sustainable. The Respondent is, therefore, directed to honour their liability for the Total Permanent Disability Benefit to the Complainant under the relevant Policy.

Delhi Ombudsman Centre

Case No. LI/AJ/1015

Shri Than Singh

Vs.

Life Insurance Corporation of India

Award Dated 10.2.04

Fact

This case was heard on 9.2.04. The complainant, Shri Than Singh, failed to turn up. LIC was represented by Shri Gopal Swarup Dangara, Administrative Officer (Claims), Ajmer. The grievance of the complainant is that the 2nd instalment of survival benefit amounting to Rs. 7,500/- due to the complainant under Policy No. 192027047 has not been paid to him. The 2nd instalment of survival benefit fell due on 14.10.1999. According to the representative of LIC, a cheque for the amount of survival benefit had been sent to the complainant in the year 2000. The cheque seems to have gone astray. The complainant, in all probability, did not receive it because the cheque was never encashed. A second cheque was sent later on to the complainant which also seems to have met with the same fate. Then, a third cheque was sent on 28.10.03 for the sum of Rs.7,277/-. The said amount was arrived at by LIC after deducting a sum of Rs.223/- (which according to LIC was one month's premium which had not been remitted to LIC by the complainant's employer). While there was no acknowledgment from the complainant of the cheque sent on 28.10.03, LIC has found out that the said cheque was encashed by the complainant on 18.11.03. No penal interest, however, has been paid by LIC. The assumption made by LIC that one month's premium had not been remitted was found to be wrong. The complainant proved to the satisfaction of LIC that all the monthly instalments of premium deducted from his salary had been duly remitted to LIC. LIC, therefore, decided to refund the sum of Rs.223/- to the complainant. This decision seem to have been taken even before the third cheque for the 2nd

instalment of survival benefit was sent to the complainant. Also, there is no proof of the fact that the cheque for Rs.223/- has really reached the complainant.

It was held by the Hon'ble Insurance Ombudsman that :

- (1) Life Insurance Corporation of India shall pay penal interest to the complainant, on the sum of Rs.7,500/- (being the 2nd instalment of survival benefit in this case) for the period from 14.10.1999 to 28.10.03; and
- 2) LIC shall ascertain whether on e month's premium amounting to Rs.223/- which was refunded to the complainant, has indeed reached him. LIC should immediately communicate with the complainant and find out whether he has received the cheque for Rs.223/- and obtain a proper acknowledgments from him.

Guwhati Ombudsman Centre
Case No. L/LIC/24/30/03-04/Ghy
Shri Sarat Ch. Bhattacharjee
Vs.

Life Insurance Corporation of India

Award Dated 15.10.2003

Policy No. 33997524,33997099,33987652

The complainant was for delay in settlement of matured policy as well as for refund of excess premium of Rs.461/-. 1st two policies matured on 28.3.03. The complainant submitted related policies in original / certificate as well as discharge voucher etc. duly filled in. In respect of 3rd policy, it matured on 28.3.02 and the payment of which was received on 12.7.02. The opposite party sent demand list collection premium against this matured policy from UCO Bank, Tezpur and the complainant had faced financial loss and hardship. The complainant thus demanded penal interest on matured policy. Evidence discussed - the complainant is entitled for the refund of that amount along with penal interest @ 9% p.a. from the date of realization of excess premium till final refund is made.

Guwhati Ombudsman Centre
Case No. L/LIC/24/51/03-04/Ghy & L/LIC/24/58/03-04/Ghy.
Shri Bajarang Lal Agarwala &
Shri Jagasish Prasad Agarwala
Vs.

Life Insurance Corporation of India

Award Dated 22.12.2003

In both the cases opposite party & subject matter of the grievance are same. The complainants purchased the policies Nos. 59917677&59917384 from the opposite party and paid the premium regularly. Both the policies are progressive protection with profits (table - 97). The policy matured for payment on 4.3.03, but the discharge voucher not yet issued. Evidence discussed-the complainants paid the periodic enhanced premium as per policy condition which had been stipulated in the progressive protection policy with profits table 79. The opposite party has a right to demand interest for the last payment as per enhanced rate. The complainant stated that they are ready to pay the balance amount which they did not pay in time. However the complainants are entitled for interest @ 9% from the date of maturity of both the policies. The opposite party is directed to pay the matured amount after deducting the balance amount of premium with interest @ 6% which shall be paid within 1 month from the date of receipt of consent letter from the complainants.

Kolkata Ombudsman Centre
Case No. 737/3/L/2002-03
Shri Rohit Kumar Khaitan
Vs.

Life Insurance Corporation of India

Award Dated 24.11.2003

Nature of complaint : The complaint relates to non-receipt of survival benefit and non-issue of duplicate policy bond.

Facts / Submission : The complainant in his letter dated 27.10.02 to LIC stated that the policy bond under policy No. 411163698 was sent to CBO 2 of LIC for registration of assignment in favour of Uco Bank, Dum Dum Branch. The said certificate was lost in transit as it was found on an enquiry into the above office who stated that as the assignee's address was not available and the certificate was sent to LA's address of communication on 17.8.2000 under cover of a registered letter. Meanwhile, the survival benefit of Rs.5,000/- became due on 18.12.01. In the absence of the policy bond the LA could not collect the overdue SB. He requested the Insurer to issue a duplicate policy certificate and asked for relevant forms being advised by the Assignment Section. The duplicate policy issue section asked for despatch particulars and the Despatch Section in their turn gave the Speed Post No., date etc. When all this information was gathered, duplicate policy issue section declined to issue the policy on the ground of invalidity of the application. The complainant raised the question that more than one year had elapsed to explain the procedure for issuance of duplicate policy. The SB cheque could have been sent either to his address of communication or to the assignee whose address was provided to the Insurer in a letter dated 27.10.02. Hence, the complainant demanded interest for delayed settlement of his claim. On receipt of complaint dated 24.2.03, the Insurer issued the requisite forms for issuing duplicate policy bond under cover of their letter dated 3.3.03.

Held : Considering the facts and circumstances, LIC, CBO 2, was directed to issue duplicate policy bond immediately provided the documents submitted by the complainant were found in order. As regards claim for interest for delayed payment of SB, it was that the insured had moved from one Branch to another to follow up his matter - from Assignment Section to Duplicate Section to Despatch Section and back to Duplicate Section only to be enlightened about the procedure for getting a duplicate policy bond. All these were avoidable.

LIC was directed to pay interest at the prevailing rate for the delayed payment of SB from January, 2003 till date along with issue of duplicate policy within 15 days from the date of receipt of consent letter from the LA.