

OFFICE OF OMBUDSMAN, AHMEDABAD

Case No. 21-001-0788-12

Smt. Anjana B. Vaidya V/s. Life Insurance Corporation of India

Award dated 29th June 2012

Fact: Short payment of Surrender Value under Jeevan Dhara Plan

Complainant received annuity on maturity amounting to Rs.2,08,919/- instead of Rs.2,16,318/-. Respondent issued letter to indicate her preference with regard to commutation, pension payment option and mode of pension payment, but complainant preferred to surrender the policy instead of submitting option letter for pension, which was considered by the Respondent and Surrender value paid as per terms and conditions of the policy. The payment accepted by the complainant so there is no ground for interfere the Respondent.

Thus Complaint closed without any relief to the complainant.

BHUBANESWAR

BHUBANESWAR OMBUDSMAN CENTRE

COMPLAINT NO- 21-001-1406 MATURITY

Sri Nagendra Benudhar Rout Vs. L.I.C. of India, Kendrapara BO

Award Dated 30th April, 2012

FACT :- This is a complaint filed for payment of the amount less than what was projected as notional cash value on the New Jeevan Dhara Policy taken by him from the Insurer.

It is stated by the Complainant that while serving in Ahmedabad he had taken two New Jeevan Dhara annuity policies on the lives of himself and his wife both commencing from 14.05.2001 with 10 year term through O.P.'s Dehgam Branch. The notional cash option(NCO) value was noted as Rs.2,00,000/- on each policy and the policies allowed payment of either NCO value or regular annuity as per the option of the Annuity-holder. The date of vesting of the policy was 14.05.2011. But, before the date of vesting as he was to return to his native place in Odisha, he applied for the transfer of both the policies from Dehgam Branch to Kendrapara Branch of the O.P. Though his policy was transferred to Kendrapara Branch, his wife's policy remained with Dehgam Branch. Before the date of vesting, his wife received papers from the O.P. Dehgam Branch to exercise her option on mode of payment of the policy benefit. Upon his wife opting for NCO, she was issued with the cheque for Rs.2,00,000/- by the servicing office. But, as he did not receive any such similar papers from the Kendrapara Branch of the O.P in respect of his own policy, he met the functionaries of the Branch who told him that he should come 15 days before the date of vesting to exercise the option. Accordingly, he signed the Forms as were supplied to him and submitted the same. As his address was not changed in the policy document, he came to receive the cheque from the Branch Office where he was issued with the cheque for Rs.1,65,516/- instead of for Rs.2,00,000/-. Since the amount allowed to him was less by around Rs.35, 000/-from what was notified in the policy towards NCO and what was paid to his wife on the identical policy, raising his grievance against such less payment, he returned the cheque on 23.05.2011 along with a representation to the O.P.. When in spite of several approaches he did not get the differential matured amount, he has to file the Complaint seeking relief as aforesaid with interest for the period of delay.

In the counter, the O.P. has stated that the policy taken by the Claimant matured on 15.05.2011. Under the policy, the Proposer had the option to receive cash value or the annuity and that as per clause 4 of the policy condition, such option to receive cash payment equal to notional cash value in lieu of payment of annuity has to be exercised at least six months prior to and not earlier than 12 months before the date of vesting. Since the date of vesting was 15.05.2011, the option was required to be exercised between 16.05.2010 and 15.11.2010. But, the Complainant did not exercise the option during the above period though he was quite aware of the relevant policy stipulation

which had been followed in respect of his wife's policy. It is further stated by the O.P. that there was no obligation cast on the O.P. to ask the Policy-holder on exercise option by him. It is further stated that on 13.01.2011 the Complainant came to its Kendrapara Branch and enquired about the Surrender Value on his policy and in his letter dated 04.05.2011 which was received by the Branch on 09.05.2011, he applied for 'Surrender' of his Policy mentioning the urgent need of money by him for his daughter's marriage. For the purpose of surrender, he submitted the policy and signed on the Discharge Voucher also. While submitting the papers for the Surrender value, he desired to receive the cheque by hand to avoid postal delay. On 18.05.2011 he collected the cheque for Rs.1,65,516/- signing on the Peon Book in acknowledgement of receipt of the cheque by him. But, after a gap of five days as an after-thought he returned the cheque and asked for payment of NCO of Rs.2, 00,000/- It is stated by the O.P. that the amount paid was correctly determined and that the difference in the amount occurred due to the fact that the wife of the Complainant exercised the option to receive the NCO value whereas the Complainant requested to take the 'Surrender Value' before the date of vesting. The O.P. denies the allegation of the Complainant that its Branch misguided the Complainant. It also contends that there was no negligence on the part of the O.P. to deal with the Claim matter of the Complainant. With the above contention it asks for closing of the case.

At hearing, the Complainant and the O.P.'s representative reiterated the facts as stated in the complaint and the counter.

AWARD :- Hon'ble Ombudsman observed that as per the terms of the policy, there inhered a vested right with the Annuitant-Complainant to exercise his option to get NCO amounting to Rs.2,00,000/- on his policy. But the amount paid to him on the policy by the O.P. is Rs.1,65,516/-. It has been already noticed that the O.P. did not issue the notice to the Complainant to enable him to exercise the option. As explained by the O.P., above amount has been paid on the basis of the application of the Complainant dated 04.05.2011 which was received by its Branch on 09.05.2011. The Annuity-holder made the application to get Surrender Value of the Policy mentioning the ground that he was in urgent need of money for his daughter's marriage. Accepting the date of receipt of the application for surrender as stated by the O.P. by then hardly 5 days were left for the date of vesting. It appears that the cheque for the payment of the amount of Rs.1,65,516/- was drawn up on 13.05.2011 i.e., 3 days after the stated date of receipt of the application. The counter would show that the cheque was made over to the Complainant on 18.05.2011. It would bear repetition that on 15.05.2011, the National Cash Value due was Rs.2,00,000/-. If the need was that urgent, no person with normal intelligence would wait to receive the amount late while losing substantial amount by asking for the amount a couple of days before the date of vesting. It is not made clear if the servicing office made the complainant conscious of the substantial loss to be suffered by him by allowing payment of the amount just a couple of days before the date of vesting. It was therefore unfair on the part of the O.P. to effect payment of less than the NCO.

Hence Hon'ble Ombudsman directed the O.P. to treat the application as the option of the Annuitant to get NCO and to pay the Complainant the balance amount of Rs.34,484/-.

BHUBANESWAR OMBUDSMAN CENTRE

COMPLAINT NO- 21-001-1411 MATURITY

Sri Usha Ranjan Das Vs. L.I.C. of India, Panposh BO

Award Dated 18th June, 2012

FACT :- The grievance of the Complainant is against deduction of Rs.1,08,337/- from the maturity value of his Convertible Whole Life policy by the Opposite Party-Insurer.

It is stated by the Complainant that he had taken a Convertible Whole Life Assurance Policy with Profit commencing from 28.11.1985 from the O.P. His policy matured on 28.11.2008 and the O.P. paid him by cheque Rs.34,493/- after making a deduction of Rs.1,08,337/- from the gross amount payable to him without giving details for making such huge deductions. The calculation sheet given to him subsequently reflected some deduction details in respect of a policy converted to Endowment policy after 5 years from the date of its commencement. It is stated by the Complainant that he did not make any request for conversion of his policy to Endowment policy. But, by manipulation of record deductions were made from the maturity amount by the O.P.. Being aggrieved he filed this complaint.

In the counter, it is stated by the O.P. that the Complainant took Convertible Whole Life policy without Profit from it on 28.11.1985 under Table Term 27-23 for the Sum assured of Rs.50,000/-. As per the terms of the policy the premium was payable till the completion of age of 70 years by the policy holder and maturity amount is payable on attainment of the age of 80 years by him. The policy conditions further provided that at the written request of the policy holder made at the end of 5 years from the date of commencement of the policy, the convertible whole life policy would be converted to Endowment assurance policy with or without profit with consequential increase in the premium amount as applicable to the plan. It is stated that though the policyholder did not make any written request for conversion, yet by inadvertent mistake which might be due to wrong booking of the claim in the computer software, the claim was settled treating the policy to be one converted to Endowment Assurance policy with consequential release of the maturity amount of Rs.34,493/- to the policy holder who encashed the amount on 30.05.2009. It is stated that after the mistake was known, for rectification of the same, it wrote a letter to the policy holder to return the cheque amount which was sent to him. On the above letter the policy holder sought certain information which was supplied to him. It is now waiting for the response from the policyholder and as soon as the same is received, necessary rectification in the policy master would be made.

At hearing, the Complainant was not present citing health reasons. The O.P.'s representative reiterated the facts as stated in the counter.

AWARD :- Hon'ble Ombudsman observed that the policy conditions stipulate that on the written request of the proposer made at the end of 5 years from the date of commencement of the policy before payment of the premium falling due immediately thereafter, the Corporation will convert the policy to an Endowment Assurance policy with or without Profit. Admittedly payment has been effected to the Complainant treating the policy to be one converted into Endowment policy. Fairly enough, the O.P. in its SCN has admitted that the conversion has been made by mistake without there being a request and for rectification of the mistake it has requested the Complainant to refund the amount. The Complainant has confirmed receipt of the amount and it is stated at the hearing that the cheque amount has not been refunded by the policyholder. The Complainant has not attended the hearing. Thus the contention of the O.P. that the amount that was wrongly paid to the complainant has not come to its hand for making necessary correction in its record goes undisputed.

Hence. Hon'ble Ombudsman directed to treat the policy taken by the Complainant as a Convertible Whole Life Policy wherein no request has been made by the policy holder for conversion to Endowment, on refund of the amount of Rs.34,493/- paid to him by it and to allow all the consequential benefits allowable under such policy.

BHUBANESWAR OMBUDSMAN CENTRE
COMPLAINT NO- 24-001-1448 MATURITY
Sri L.N.Das Vs. L.I.C. of India, Aska BO

Award Dated 14th May, 2012

FACT :- This is a Complaint filed for delay in settlement of Survival Benefits & also Maturity Benefit.

The Complainant submitted that he had taken a 20-year Money Back Policy commencing from 28.08.1991 for S.A of Rs.25,000/- under GSSS mode. He paid all the premiums on his policy which matured on 28.08.2011. As per the policy, he was to get the S.B. @ 20% of the S.A every 5 years before maturity and on maturity, the balance S.A with bonus. But, he did not get either the S.B amounts or the maturity value in time. It is further stated by him that before the date of maturity, the O.P. with malafide intention asked him to submit the Original Policy for cancellation. Sensing foul play he sought information under RTI Act to know the benefits available under his policy. But, the information received was totally vague. On 15.08.2011 he requested the O.P. for payment of all the benefits with compound interest for the delay enclosing Discharge Voucher. Since there was no response, he has to file this Complaint seeking direction to the O.P. to pay him all his SB amounts and Maturity amount with interest @ 21% for the period of delay. Additionally, he has prayed for Rs.50, 000/- as compensation.

The O.P. in its counter states that its available records confirm that the SB amount of Rs.5,000/- due on August, 2006 was paid to the Complainant through cheque dated 25.08.2006 and the cheque was encashed on 05.09.2006. With regard to SB amounts due in 1996 and 2001, it is stated that old records are not available for ascertaining their payment. However, as a special case it has decided to pay these SB amounts with penal interest @ 8% per annum amounting to Rs.6,269/- and Rs.4,269/- respectively and so also the Maturity value of Rs.28,545/- with penal interest thereon from 28.08.2011 to 30.04.2012 amounting to Rs1,535/-. It has sent a letter containing all above facts to the Complainant on 02.05.2012 requesting him to resubmit the Discharge Voucher, Original Policy Bond, NEFT mandate Form and a cancelled blank cheque etc. for disbursement of the above amounts and on receipt of the above documents it would make the payment.

At hearing, O.P.'s representative submitted that the total claim has been settled at Rs.50,618/- after deducting Rs.300/- towards two gap premiums and the policy holder has been requested to complete the formalities for payment of the settled amount to him. The Complainant did not attend the hearing.

AWARD :- Hon'ble Ombudsman observed that as per materials placed by the O.P. which the complainant has not come forward to dispute, the S.B due for 08/2006 has been paid to him in time. In respect of the other two S.Bs, the O.P. has accepted its liability to pay the same with penal interest from the dates due. It appears that letter has been sent to the Complainant for fulfillment of the formalities for payment of the settled amounts to him. In view of acceptance of its liability by the O.P., the Complainant is entitled to get payment of Rs.50,618/- on his policy towards two pending S.Bs and Maturity Claim.

Hence, Hon'ble Ombudsman directed the O.P. to make immediate payment of Rs.50,618/- to the Complainant towards two S.Bs and Maturity Claim on the policy taken by the Complainant upon filing of the Discharge Voucher, Original Policy Bond and other documents as asked for by the O.P. in the letter dated 30.04.2012.

BHUBANESWAR OMBUDSMAN CENTRE

COMPLAINT NO- 24-001-1459 MATURITY

Sri Sibasankar Rout Vs. L.I.C. of India, OGSSS Dept., Cuttack

Award Dated 31st August, 2012

FACT :- This is Complaint filed for refund of the amount wrongly reduced from the maturity claim on one policy and payment of 1st Survival Benefit under another. The contention of the Complainant is that he had taken two policies of insurance-one Endowment policy commencing from 28.07.1997 and another Money Back policy commencing from 07.11.2001 O.P, with both under SSS mode. The 1st policy matured on 28.07.2007 and after 5 months he received the claim cheque with the forwarding letter which reflected deduction of Rs.5,655/- under the head "Other Deduction III" without any

further details. Since all premiums had been deducted from his salary, he furnished details of deductions to the O.P. but without any response. In respect of his 2nd policy payment of 1st Survival Benefit amounting to Rs.12,000/- was due on 07.11.2005. After expiry of the above date when he did not receive the payment or any intimation, he contacted the O.P. and submitted all requirements on 17.02.2006. Since there was no response from the O.P. and as he was in urgent need of money for his mother's treatment, he submitted the policy bond requesting refund of his deposited amount. Despite several representations made to the O.P. there has been no result.

In the Counter, it is stated by the O.P. that in respect of the 1st policy premium remained unpaid from 05/2005 with gaps also for the earlier period from 07/2003 to 01/2004. The maturity date being 28.07.2007, in total there remained 32 gaps. Accordingly, from the full maturity amount, unpaid premiums of Rs.4,320/- with bonus thereon for the delayed period amounting to Rs.1,335/- was recovered. As regards 1st SB on the other policy, it is stated by the O.P. that the policy lapsed due to non-payment of premiums for the policy from 05/2005 onwards and the 1st SB due on 07.11.2005 became not payable. The Policy-Holder applied for surrender of the policy on 31.07.2006. The surrender value could not be paid then. It paid Rs.15,923/- towards surrender value on 06.02.2012. It is stated that this amount is more than the amount of S.V as on 31.07.2006 taken together with penal interest @ 8% till 06.02.2012 which is Rs.15,846/-. Pleading that there no discrepancy in payment on either of the two policies, it requests for closure of the complaint.

The Complainant did not attend the hearing. The O.P.'s representative fully supported all facts as stated in the SCN and submitted that no further benefit is thus payable to the Complainant on his above two policies.

AWARD :- As indicated above, the Complainant has not come forward to raise any dispute on the facts. In the above premises, the Complainant is not entitled to any further relief under his two above policies.

Hence, Hon'ble Ombudsman dismissed the complaint being devoid of any merit.

OFFICE OF THE INSURANCE OMBUDSMAN, CHENNAI
COMPLAINT No. IO(CHN)/24.06.2247/2012.13

Sri.V.Raghunathan Vs.. L.I.C. of India- Thanjavur
AWARD No. IO(CHN)/L-027 Dated 25.07..2012

Fact:

The complainant on various dates, has sent e-mails regarding delayed settlement of Maturity claim along with interest upto date of settlement from the due date of Maturity. Actually, this is a convertible whole life policy without profit, converted in to an Endowment Plan w.e.f. 20.10.1990 for a period of 17 years with profits. As such the Policy should have "Matured on 20.10.2002 "itself. Due to non updation of Masters properly, the complainant's Monthly (SSS) premium were recovered upto 05/2008.(FUP: 06/2008). The Maturity claim intimation was sent on 20.06.2008 by the B.O. to the Policy Holder along with the discharge form for Rs. 54780.00, which was followed up with a "Reminder letter dated 22/07/2008". The Policy Holder has called on the B.O. on 25/07/2008 as per the remarks found in the Maturity claim reminder letter dated 22/07/2008.

Only on 27/02/2009, the Policy Holder had written a letter to LIC/Central Office, Mumbai, asking for clarification on "Interest for delayed settlement of Claims". The Insurer as per their "Corporate Guidelines" has offered to pay 8% (Simple interest) Penal interest upto the "DATE OF INTIMATION" for the Maturity amount and 8 % (Compounding Hly) interest for the "EXCESS PREMIUM" collected after the date of Maturity. The Policy Holder vide several letters and e-mails, insisted that L.I.C. should pay the Penal Interest as applicable in Banks and the No. of days of delay to be reckoned upto date of payment and not upto date of intimation. The Insurer had made several correspondences and made personal visits to his residence and explained to him the rationale behind interest calculation for the delay. But it seems the Policy Holder is not convinced. He is yet to submit the discharge form and the policy bond for settlement of Maturity Claim. As such, the Maturity claim has not been settled so far. The above referred Policy is a "Convertible Whole life Policy without profit, converted after 5 years of commencement into an "Endowment Plan – with Profit" for a term of 17 years. As such, the Date of Maturity is 20.10.2002, which has been noted clearly in the Policy document as endorsement. The Mode of payment is through "Salary Savings Scheme" and the premiums were recovered from the salary and remitted by the Employer upto 06/2008. The policy holder is also having equal responsibilities to stop recovery of his insurance premium amount beyond the maturity date from his salary. The life assured has not submitted the Discharge form & policy document for cancellation.

As such, the Insurer cannot be faulted for non-compliance of the requirements by the life insured (claiming interest upto the date of settlement). Quoting different interest rates of RBI/SBI, asking for the same rates from L.I.C. is not tenable under the law, as there are different interest rates offered by different commercial banks (which are governed by RBI rules). L.I.C. is not governed by RBI rules and they are governed by IRDA Regulations. The Penal Interest works out to Rs. 24833.60 @ 8% from the Date of Maturity to Date of intimation, which is reasonable (6 % + 2 %).and as per the provisions of IRDA. L.I.C., has offered to pay interest @ 8 % compounding Half-yearly towards "Excess premium" collected, deviating from their normal procedure, as a special case. The interest works out to Rs. 3484.60.

The Life assured has not accepted the offer of the Insurer and also not returned the discharge voucher with Policy Document for the Insurer to settle the amount. It appears that the life assured has not taken

any action in advising his employer to stop deducting the monthly premium from his salary account after maturity and has also not taken up with the Insurer for the maturity claim amount. The Insurer on noticing the maturity of the policy after nearly 5 ½ years has offered to pay the amount with interest. Life assured has chosen not to accept the amount and was insisting for higher interest as per RBI guidelines. Life assured must appreciate that LIC is not governed by the rate of interest as per RBI guidelines and are governed by IRDA Regulations. Hence the Insurer is justified in settling the maturity amount and the excess premium received by them with interest upto June 2008, as explained in their letter dated 26/03/2009 addressed to the Insured. The Life Assured is not justified in demanding interest upto the date of payment since he has not returned the discharge voucher and also was continuously corresponding with L.I.C. On the other hand, it was observed that the Insurer has not only sent detailed reply about the working but have also sent their Officials to the residence of the Life assured to explain in person. This clearly shows that Insurer has taken all possible steps in settling the amount with interest as per their guidelines.

The complaint is DISMISSED.

OFFICE OF THE INSURANCE OMBUDSMAN, CHENNAI

COMPLAINT No. IO(CHN)/24.005.2173/2012.13

Sri.Sethurathinam Iyer Vs.. HDFC Life Ins. Co. Ltd.

AWARD No. IO(CHN)/L-033 Dated 07.08.2012

Fact:
The complainant Sri. S.Sethurathinam Iyer had taken a Money Back Policy for a Sum Assured of Rs.100000 under Yly mode of payment with D.O.C. as 25.03.2002. Instead of settling the Maturity claim due on 25.03.2012 (as per the copy of Policy document sent by the complainant), the Insurer had sent an "Intimation regarding 'Paid-up' policy" on 01/05/2012, informing him the Policy has become a Paid-up one for a Reduced Sum Assured of Rs.66667/- due to non payment of the Yly due 25.03.2012 and asking him to pay the 25.03.2012 due with interest totaling Rs. 13687/-. The Policy Holder vide several e-mails, insisted that the Insurer should pay the Maturity amount due as on 25.03.2012 as noted in the policy. But evoked no response. Hearing was held on 17.07.2012. During the hearing the complainant was ABSENT. The representative of the Insurer submitted that the life assured S.Sethurathinam Iyer was issued with Money Back policy for sum assured Rs.1 lac on 25.03.2002 under yearly premium of Rs.13562/-. As per the scanned copy of the proposal in the system, the term was ticked as 15 years whereas the same was inadvertently recorded in the schedule as 10 years. Lot of communication was initiated in this regard and the company agreed to pay the maturity benefit with interest rates offered by PSU Banks on fixed deposits. But since the complainant demanded huge compensations, the negotiations did not materialize. When the Forum asked for a copy of the offer letter, he replied that the offer was made orally and there was nothing in writing. To a query as to what was offered, he replied that the offer was for an amount of Rs.71951/- payable as on the date of maturity i.e. on 25.03.12. The Forum questioned as to how the maturity benefit was reduced to Rs.71951/-,he replied that there was a withdrawal of Rs.30,000/- as survival benefit after expiry of 5 years. The Forum further observed that as per the copy of the policy schedule submitted by the insured, the maturity date was 25.03.2012, money back of Rs.40,000/- becomes payable after 5 years and another Rs.60,000/- after 10 years, how then the company paid Rs. 30,000/- as money back. The representative contended that as

per the record available in the system the term of policy is 15 years and accordingly SB was settled, though he could not submit any record as evidence to that effect.

The Forum observed that :

(a) the dispute was with regard to the term of the policy, the proposal form which is the basis of contract was not submitted and in the absence of the proposal form, the insurer's contentions could not be accepted,

(b) the Insurer could not produce any document substantiating their stand of offering to the policyholder the maturity amount with interest, as contended by the representative before the forum,

(c) the Insurer could not explain as to whether the premium of Rs.13,652/- is charged for term 10 years or 15 years,

(d) Again, no satisfactory explanation was given as to why money back of Rs.30,000/- was settled instead of Rs.40,000/- and how the company is going to deal with the balance Rs.10,000/-.

From the records submitted by both the parties, it is observed that the Insurer has not checked up their records properly and replied to the Insured for various e-mails and letters sent by him requesting for payment of maturity amount. During the hearing the Insurer could not produce proposal form and subsequently sent a copy to us. From the copy of the proposal it is observed that the Insured has opted for 15 years term with yearly premium of Rs. 11396/-, whereas the policy was issued for a period of 10 years with Yearly premium of Rs. 13652/-. Subsequently also as per the statement furnished by the Insured, he has paid annual premium of Rs.13104/- and it is surprising to note that the Insurer has not noticed the difference in either the period of Insurance or the premium amount all these 10 years. The Insured has sent a mail dated 27/02/2012 informing that the Policy would be maturing for payment on 25.03.2012 and even at that time without verifying the records properly, HDFC has replied vide Mail dated 16.03.2012 that the policy matures only on 25.03.2017. Having issued the policy for 10 years with date of maturity clearly mentioned as 25.03.2012, we fail to understand as to how they have mentioned maturity date as 25.03.2017 and on top of it, the Insurer has mentioned in their mail dated 17.03.2012 that if the renewal premium was not paid, the Policy would attain "Paid-up Status".

All the above clearly indicate the casual manner in which the entire issue was handled by the Insurer and in that process the Policy Holder being a senior citizen has undergone unnecessary mental stress.

Even during the hearing also the representative has not produced copy of proposal, policy copy and the copy of offer settlement and for payment of only Rs.30000/- as against Rs.40000/- towards Money back payment after 5 years to be paid on 25.03.2007.

On the basis of above observation, Insurer is not justified in not settling the Maturity amount on 25.03.2012 to the Policy Holder.

Award:

Hence, the Insurer is directed to settle the following amounts in favour of the Policy Holder:

- 1) Balance Maturity amount of Rs.60,000/- plus Bonus due on the policy with interest as per IRDA Guidelines from 25.03.2012 till date of payment.
- 2) Difference of Rs.10,000/- not paid on 25.03.2007 with interest as per IRDA Guidelines from 25.03.2007 till the date of payment.
- 3) Rs.5000/- as compensation for the mental agony suffered by the Policy Holder.

The Insurer is also advised to send a copy of the settlement advice for our reference and records.

The complaint is ALLOWED.

OFFICE OF OMBUDSMAN, DELHI

Case No.LI/423/DO-I/11
In the matter of Sh. Ramhit Bhardwaj

Vs
Life Insurance Corporation of India Ltd.

AWARD dated 05.06.2012:- Non Receipt of Maturity Claim

1. This is a complaint filed by Sh. Ramhit Bhardwaj (herein after referred to as the complainant) against the decision of Life Insurance Corporation of India Ltd. (herein after referred to as respondent Insurance Company) relating non receipt of maturity claim.
2. Complainant stated that his policy bearing no. 112951247 matured on 28.12.2010 but he had not so far received the maturity claim. He has approached the office of Insurance Company many a times but he had not been responded by the officers of the company. As a matter of fact he was informed by someone that somebody else had taken the amount which was intended to be paid to him. He submitted that the fact remains that he did not receive the maturity value of the policy so far and has come to this forum with request to direct the insurance company to pay him the maturity value of the policy. During the course of hearing also he pleaded the same thing that though his policy stood matured but he had not been paid the claim by the insurance company.
3. Representative of the company stated that cheque of the maturity amount was sent to the policy holder at the address given in the discharge form. However, representative of the company assured this office that payment would be made to the complainant within 20 days. Company had already taken up the matter. Company had wrote a letter to the Manager, ING Vysya Bank Ltd. wherein it has been mentioned that though the cheque was issued in favor of Ram Hit Bhardwaj but the same was encashed in the account of Sh. Ram III T Bhardwaj.
4. I have considered the submissions of the complainant as well as of the representative of the company. After due consideration of the matter, I hold that actual claimant i.e. the complainant did not receive the maturity value of the policy so far. Therefore, Insurance Company is under obligation to pay the maturity value of the policy to the correct policy holder. Insurance Company also knows that the amount of the policy though sent through cheque but such cheque was encashed

by any other person. Company is to take up the matter separately for recovering the amount from the person who had wrongly taken it.

However, actual policy holder needs to be paid his due as per policy. Accordingly an Award is passed with the direction to the Insurance Company to make the payment of the maturity value of the policy bearing no. 112951247 to the complainant along with the penal interest at the rate of 11.05% from the date of maturity to the actual date of payment.

5. The Award shall be implemented within 30 days of receipt of the same. The compliance of the same shall be intimated to my office for information and record.
6. Copies of the Award to both the parties.

GUWAHATI OMBUDSMAN CENTRE
Complaint No. 23/010/08/L/12-13/Ghy

Mrs.Santosh Devi Agarwala

- Vs -

Reliance Life Insurance Co Ltd.

Date of Order : 27.07.2012

Complainant : The Complainant stated that she procured Child Plan Policy No. 10479776 from Reliance Life Insurance Company with the date of commencement on 28.01.2007 for a Sum Assured of Rs. 1.00 lakh for five years term. Accordingly, she paid premium Rs.1,36,125.00 for full terms. After maturity the company has paid maturity amount to the tune of Rs.1,13,800.00. But policy holder is not happy because she had paid premium Rs. 1,36,125.00 for 5 years. But company has paid only Rs.1,13,800.00 thereby paying less amount of Rs.22,325.00. Being aggrieved, she has lodged the complaint.

Insurer : Self contained note has been received. The insurer informs that policy holder Smt .Santosh Devi Agarwala availed a Reliance Child Plan on 29.1.2007 with a yearly premium of Rs27225.00 for 5 years for a sum assured of Rs.100,000/-..She has signed the proposal and has accepted the policy document also where all key benefits are clearly written. As per key features of policy;

- (1) Guaranteed fixed benefit of 25% of sum assured every year as lump sum benefit during the last four policy anniversaries.
- (2) Accumulated bonus/maturity benefit payable at the end of the policy term, are payable to the policy holder and accordingly payment has been made to Smt.Santosh Devi Agarwala to the tune of Rs.1,13,800.00. So maturity amount has been paid to the complainant as per policy condition.

Decision : I have carefully gone through the entire documents available on record as well as the statement of the parties. It is apparent from the copy of policy document that Mrs. Santosh Devi Agarwala obtained "Reliance – Child Plan" bearing Policy No. 10479776 with the date of commencement on 28.01.2007 for a Sum Assured of Rs.1,00,000/- with an annual premium of Rs.27,225.00 for 05 years term. The said policy attained maturity on 28.01.2012. Accordingly, the Insured has settled the maturity claim as per terms and conditions of the policy. According to the Complainant, she paid Rs.1,36,125.00 as premium in five years. But, she received only Rs.1,13,800/- on maturity which means she received less amount than what she received. Speaking for the Insurer, Mr. Satyajit Biswas, representative of the Insurer, stated that they paid Rs.1,13,800/- as maturity value to the Insured and they have settled the claim as per terms and conditions of the policy. Hence, there was no deficiency from their said.

It is an admitted fact that whenever any contract is made between Insurance Company and the policy holder, a proposal is to be signed by the policy holder giving all information and after acceptance of the proposal a policy document is dispatched by the Insurer along with detail benefits of the policy. If there is any disagreement on the part of the policy holder, he may cancel the policy within 15 days from the date of receipt of the policy document. Moreover in some plans total premium becomes more than the sum assured because of risk factor and for other reasons. In this case policy holder has accepted the policy and at the time of maturity the Insurance company has made the payment in accordance with the terms of the Reliance Child Plan. Therefore, the complaint made by Smt.Santosh Devi Agarwala is not based on facts and Insurance company has rightly made the payment of maturity claim. Finding no ground to interfere with the decision of the Insurer, the complaint is treated as closed.

**OFFICE OF THE INSURANCE OMBUDSMAN,
4, C.R. AVENUE, KOLKATA – 700 072**

RECOMMENDATION IN THE MATTER OF

Complaint No. : 914/24/001/L/11/2011-12

Nature of Complaint : Delay in settlement of maturity claim

Category under RPG Rules, 1998. : 12 (1) (e)

Policy No. : 30300143

Name & Address of complainant : Shri Nemai Chandra Pramanick,
Vill. & P.O. Salanpur,
District: Burdwan,
Pin: 713 357.

Name & Address of Insurer. : Life Insurance Corporation of India,
Hazaribag D.O., Jeevan Prakash,
Holy Cross Road, Julu Park,
Hazaribag – 825 301,
Jharkhand.

Date of Order : 30th April, 2012

RECOMMENDATION

Facts and Submissions

1. Complainant

The complainant stated in his letter dated 04.08.2011 that he is the Life Assured (LA) of the policy bearing no.30300143 purchased on 22nd October, 1973 from the above insurer under 'Endowment' plan for sum assured of Rs.5,000/- with quarterly premium of Rs.42.50 for a term of 30 years. He used to pay his premium through his agent. The agent did not hand over the premium receipts to him except 2 receipts for the dues of 22nd April, 1974 and 22nd July, 1974 (2nd and 3rd quarterly premiums). He paid his premiums up

to 1980 and thereafter, discontinued payment of premiums under the policy. The policy matured on 22nd October, 2003. Accordingly, he requested the insurer for payment of paid-up maturity value in respect of the policy. Since no positive response was received from the insurer, inspite of his several correspondences with them, he approached this Forum seeking justice and submitted 'P' Forms giving his unconditional and irrevocable consent for the Hon'ble Insurance Ombudsman to act as a mediator between the insurer and the complainant for resolution of the complaint.

2. Insurer

The insurer has mentioned in their written submission dated 16th April, 2012 that the complainant had submitted a copy of the policy bond and premium receipts for the dues of April, 1974 and July, 1974 and has written that he had given premiums to his agent till 1980. However, no receipts or any other proof have been submitted by the complainant. As per the information received from the procuring branch of the policy and subsequent searching of their available resources, they could not trace out any record in respect of the policy. Still they are in the process of searching to get necessary information from the procuring division (Patna) as also any further information received from the complainant. In view of the above, they have requested this Forum for granting them one month time to sort out the problem.

3. Hearing:

Both the parties were called for a personal hearing on 27.04.2012. The complainant attended and explained the ground of his complaint. He said that he had given cash to the agent for payment of premium but he never enquired about the receipts for the same as he had full faith in the Agent. He stopped paying further premium as he was transferred out of Hazaribagh. He expressed his inability to produce any supporting document to show the payment of last premium.

The representative of the insurance company explained the reasons for non-settlement of the claim and stated that they are unable to settle the claim in the absence

of the proof of premium from the complainant. They requested further time of one month to settle the matter.

4. Decision

We have heard both the parties and examined the documentary evidence given to this forum. The complainant has approached this forum with allegation against the agent to whom he had given cash for 24 premiums. He has admitted in his complaint that he is not aware whether all the premiums till 1980 were paid in time. He has stated that he has been paying premium through the agent and claimed to have paid 24 premiums upto 1980, but it is surprising that he never tried to obtain the premium receipts from the agent. The insurance company is also unable to settle the claim as the matter is very old and the records for the relevant period are not traceable. They have requested for further time of one month to settle the case.

Under the circumstances, we direct the company to complete their search of the documents and take a decision based on their findings within 30 days from the date of receipt of this order. They should also communicate their decision to this Forum. The complainant may revert to us, if he is not satisfied with the decision of the insurer. The complaint is accordingly disposed off.
