Miscellaneous

Ahmedabad Ombudsman Centre
Case No. 25.001.0262
Mr Hiren Shah
Vs
Life Insurance Corporation of India

Award Dated 8.4.2005

Cancellation of Life Insurance Policy during the cooling off period. The Complainant had applied for a Policy for Sum Assured of Rs. 5/- lacs He was granted Sum of Rs. 4.65 lacs. When the Complainant objected to it, his Policy was cancelled and after recovery of Cooling off charges, Medical fees and stamp fee, the balance moneys were refunded back to the Complainant. It was observed that since the policy document was never issued by the Respondent, the same cannot be cancelled off during the cooling off period and the recovery of cooling charges and stamp duty was not tenable. The Respondent was directed to refund the initial deposit less the medical fees.

Ahmedabad Ombudsman Centre
Case No. 24.001.0299
Mr Madhusudan R. Shah
Vs
Life Insurance Corporation of India

Award Dated 23.6.2005

Payment of Difference of Pension under Varishta Bima Pension Yojana Policy : The complainant had on 16.10.2003 deposited the premium for the aforesaid policy. The Respondent made the Pension payments from 8.1.2004 since the requirements like Age Proof etc. were received only on 7.1.2004. As per the Corporate directives of the Respondent Corporation, all Varishta Bima Pension Yojana Policy are to be completed under Green Channel only. The Procedure of Green Channel envisaged that the Agent will submit the completed Proposal Form to the Branch and the premium will be accepted at the Cash Counter only after underwriting the Proposal. Since in the instant case, The Respondent violated its own Corporate Directives by accepting the proposal deposit, the Respondent was directed to release proportionate Pension from 16.10.2003 to 7.1.2004.

Ahmedabad Ombudsman Centre
Case No. 22.001.0046
Mr Kirit R. Gandhi
Vs
Life Insurance Corporation of India

Award Dated 30.6.2005

Refusal to waive Interest on Premiums paid. The Complainant was paying the Life Insurance Premiums at the rate printed in the Policy and as demamded from him. A mistake was found from the records and he was asked to pay the difference of premium and interest thereon. While the difference of premiums were paid, the Complainant

contested the justification of demanding interest. The Corporate Directives issued in 1980 amply clarifies that in all such cases of mistakes, irrespective of the period for which the Policy might have run, only difference of premium is to be recovered from the policyholder and no interest is to be charged. Thus the Respondent was directed not to demand interest from the Complainant.

Ahmedabad Ombudsman Centre
Case No. 22.001.0185
Mr Niraj H. Desai
Vs
Life Insurance Corporation of India

Award Dated 5.7.2005

After taking a Life Insurance Policy, the Complainant subsequently sought to cancel the Policy under Provisions of IRDA (Protection of policy Holders interest) Regulations 2002 which the Respondent did not allow. According to this Regulations, the Insured is entitled to review the terms and conditions of the Policy and where the Insured disagrees to any of those terms and conditions, he has the option to return the Policy stating the reason for his objections When a Policy is so returned, the Insurer is to make refund of Premium paid subject to deductions laid down in the Regulations under reference. In the subject case the Complainant wanted to return the Policy because of proposal reasons such as 'Father having heart problem' and 'will not be able to keep the Policy in force'. The said IRDA Regulation provide for return of Policy only if the terms and conditions of the Policies are disagreed. So the Complaint to return the Policy and get refund of Premium, could not succeed.

Chandigarh Ombudsman Centre
Case No. LIC / 012 / Karnal / Ambala Cantt / 25 / 06
Shri Ved Prakash Goel
Vs
Life Insurance Corporation of India

Award Dated 20.5.2005

FACTS : Ved Prakash Goel took a money back policy for sum assured of Rs. 25,000 in the year 1987. As per the terms of the policy he was to be paid 20% of SA as survival benefit every five years. While he received cheque for SB due in 2002, the policy bond submitted by him along with the discharge form was not returned. Since the policy was due to mature in May 2007 he corresponded with BO and DO for return of policy bond, but to no avail. Accordingly, he lodged a complaint in this office on 07.04.05.

FINDINGS : The Sr. DM, Karnal to whom the complaint was referred informed that BO, Ambala Cantt has dispatched the policy bond to the complainant through speed post.

DECISION : Held that there has been serious deficiency in service for which the complainant had to undergo unwarranted harassment, for no fault of his for almost three years. The insurer failed in response to various communications from the insurer and only after a complaint was filed in this office that duplicate policy bond was issued. The insurer was advised to look into the matter for appropriate corrective action.

Chandigarh Ombudsman Centre
Case No. SBI Life / 322 / Mumbai / Jalandhar / 22 / 05
Smt. Mohinder Kaur

Vs

SBI Life Insurance Co. Ltd.

Award Dated 14.7.2005

FACTS : Smt Mohinder Kaur took a money back policy from SBI Life from BO Jalandhar for sum assured of Rs. One lakh. She deposited Rs. 11,449/- as proposal deposit on 4.5.03. As she did not receive the policy bond, she took up the matter with Mumbai office. She was asked to furnish some information, which she sent on 26.9.04, but the policy bond was still not received. Feeling aggrieved she filed a complaint with this office.

FINDINGS : The insurer when asked to submit full facts of the case informed that the matter was still under investigation and efforts were being made to resolve it. The complainant during personal hearing on 6.7.05 informed that after lapse of eight months she had not received the policy bond nor proper receipt for the proposal deposit of Rs. 11449/- was issued to her. The basic purpose of purchase of policy to avail income tax benefit was forfeited. After the receipt of complaint three reminders were issued to the insurer to furnish comments. Every time the stock reply received was that the matter was under investigation. The attitude of insurer towards the insured was found to be totally apathetic and indifferent. The insurer, regrettably, was equally non-responsive to this office.

DECISION : Held that failure to issue the policy bond after two years and two months since date of proposal was a gross deficiency in service. Ordered that proposal deposit be refunded within 15 days with interest @ 7% from the date of deposit to date of order.

Chandigarh Ombudsman Centre

Case No. LIC / 002 / Jalandhar / Faridkot / 24 / 06

Shri Pawan Kumar

Vs

Life Insurance Corporation of India

Award Dated 20.7.2005

FACTS : Pawan Kumar had taken an Asha Deep policy bearing no. 131333844 on 18.09.2000 for SA of Rs. 3 lacs from BO Faridkot. He develped chest pain and consulted Dr. Raman Chawla of Oxford Hospital, Jalandhar. He underwent angiography and was advised to undergo bypass surgery or angioplasty. He underwent angioplasty on 08.11.04 and was discharged on 11.11.04. The claim lodged by him was repudiated. When he did not hear either from the BO or DO, he lodged a complaint with this office pointing out that the claim was unjustifiably repudiated on the plea that angioplasty was not covered under the policy.

FINDINGS : It was noted that the insurer had informed the complainant vide letter dated 15.4.05 that the angiography and angioplasty were not covered under the policy and nothing was payable to him. During hearing, the representative of insurer reiterated that as per terms and conditions of the policy claim was not tenable as it specifically excludes claims in respect of angioplasty under clause 11(b)(i) and covers only four major diseases viz open heart-bypass surgery, renal failure, paralytic stroke, cancer (malignant). Further complainant's letter dated 08.04.05 was replied on 15.04.05 informing him that angiography and angioplasty were not covered under the policy and nothing was payable. The complainant contended that whether it is angioplasty or bypass, both are treatments for heart ailment. Besides, the insurer had taken unduly long time to repudiate the claim and the repudiation letter was not

received by him. He also protested that why he was asked to furnish information for settlement of claim knowing fully that it was not payable.

DECISION : Held that the claim for angioplasty or bypass surgery are specifically excluded as per condition 11(b)(i) of the policy, which forms part of contract. The insured is bound by these terms. Hence the decision of the insurer was in order. Also held that failure on the part of insurer to respond promptly to various communications sent by the complainant and misguiding him by asking for information in some forms which were not required under the claim settlement procedure and also giving wrong address on letters addressed to him constituted deficiency in service resulting in unwarranted harassment, inconvenience and tension. Ordered that insured be paid on ex-gratia basis Rs. 2,500 as a token compensation for the same.

Chandigarh Ombudsman Centre
Case No. LIC / 30 / Chandigarh / Chandigarh - I / 24 / 06
Shri Harbhajan Singh Padam
Vs
Life Insurance Corporation of India

Award Dated 17.8.2005

FACTS : Padam Manjeet Singh took an Asha Deep-II policy bearing No. 161727608 from BO Chandigarh-I for SA of Rs. 2 lacs on 01.04.1998. He suffered from renal failure in December 1998 and underwent kidney transplant. He lodged the claim after being discharged from hospital on 6.4.2004. He was, however, informed vide letter dated 20.5.99 that the claim was not admissible as renal failure had occurred within one year from the commencement of policy. Later he suffered from jaundice in 2003 which caused recurrence of renal failure and was put on haemodialysis. He lodged the claim on 06.04.2004 with requisite documents. After six months, he was informed that the Competent Authority has decided to convert the said policy into an endowment policy since inception, as renal failure had occurred during the first year. Aggrieved by the decision, his father Shri Harbhajan Singh filed a complaint on 25.04.2005. His grievance is that his son should have been informed at the time first claim was filed so that instead of paying higher premium for 6 ½ years, he may have discontinued the policy in 1999 itself as the policy did not serve the purpose for which it was taken. The insurer failed to inform about the condition regarding conversion of policy into an endowment policy in time.

FINDINGS : The insurer contended that the claim benefit was not admissible as per policy condition 11(a) since contingency occurred during the lien period of one year from the date of commencement of policy and decision to this effect was conveyed to the life assured vide letter dated 20.5.99. In the meantime the case file was misplaced. When the subsequent claim arose, the old claim history was not known. Duplicate set of papers was obtained from the insured and file was reconstructed. After considering the earlier claim history, the subsequent claim was rejected being not admissible as per conditions 11(b)(ii) which stipulates that any claim in respect of chronic, irreversible and end stage of renal failure was not payable. Failure to convert the Asha Deep-II policy into an endowment policy soon after the first claim under Asha Deep-II Policy arose was regretted, which is a serious lapse.

DECISION : Held that complainant should have been informed in time about the conversion of policy into an endowment policy. After repudiation of first claim the life assured kept on paying the premium for specific risk coverage under the policy which LIC authorities are not able to own up. Ordered that the complainant be offered refund of excess premium with interest @ 9% for the period it was kept by LIC, and in case

this is not acceptable to him, alternately he should be given an option to have the entire premium paid after 1999 refunded, with interest @ 9% after cancelling the policy.

Chandigarh Ombudsman Centre
Case No. LIC / 431 / Chandigarh / Mohali / 25 / 05
Shri Dharam Deep Singh
Vs
Life Insurance Corporation of India

Award Dated 12.4.2005

FACTS : Dharam Deep Singh purchased a policy bearing No. 162515859 with DOC 25.4.03 from BO Mohali, but he did not get the policy bond for almost two years. Despite several visits to the Branch Office, he did not get any positive response and was finally told that the policy was given to the agent for being handed over to him. He was further told that he could complain about non-receipt of policy bond to any one. He filed a complaint in this office feeling disturbed by this unpleasant response.

FINDINGS : Sr. Divisional Manager, Chandigarh to whom the complaint was referred informed vide letter dated 30.3.05 that the original policy bond was delivered to the concerned agent for onward delivery to the policyholder, but he failed to do so. A duplicate policy bond prepared at the Corporation's cost was delivered to the complainant on 11.3.05.

DECISION : Held that as the grievance was redressed, no further action was called for. However, the agent held the policyholder for ransom for about two years. The branch officials also displayed indifferent attitude for resolving his genuine problem. The insurer was asked to fix responsibility and ensure accountability so that instances of such serious deficiency in service do not recur.

Chandigarh Ombudsman Centre
Case No. LIC / 020 / DOcell Jammu / Sambha / 22 / 06
Shri Sudeep Kumar Nath
Vs
Life Insurance Corporation of India

Award Dated 29.9.2005

FACTS : Shri Sudeep Kumar Nath had purchased a policy bearing no. 491225053 from BO Samba under Srinagar Division with DOC 28.03.2002. He deposited premium instalment due on 21.09.2004 with BO Mandore. When he visited BO Samba to deposit next instalment due Dec 2004, it was not accepted on the ground that the previous instalment paid in September 2004 was not adjusted. He showed the receipt issued by BO Mandore to this effect, but to no avail. He was, therefore, made to re-deposit the September'04 instalment with interest along with premium due in Dec'04.

FINDINGS : The matter was taken up with Sr. Divisional Manager, Srinagar on 18.04.2005. In response, Marketing Manager, DO Cell Jammu confirmed vide letter dated 19.9.05 that the excess premium has been refunded to the life assured on 17.09.2005.

DECISION : Held that the complainant was put to unnecessary harassment and inconvenience due to deficiency in service by the insured. Instead of seeking confirmation from BO Mandore regarding payment of premium as the receipt issued by that office was shown by the complainant, he was asked to deposit the instalment

again, and that too with late fee. Ordered that late fee be refunded together with interest @ 9% for the period the amount was retained by the branch office.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.004.2557 / 1.3.05
Shri H. Indhar
Vs
ICICI Prudential Life Insurance Co. Ltd.

Award Dated 15.4.2005

Shri Indhar took a policy on his life with ICICI prudential Life Ins. Co. Ltd. The sum assured was Rs. 3 lakhs with disability benefit for Rs. 2 lakhs. The life assured met with an accident. The life assured was hospitalised and lost 85 % of his leg due to injury. The life assured was fitted with a bionic leg and joined his duties. The claim for disability benefit was denied by the Insurer since the disability was not total and did not disable him from following occupation / profession falling with the definition of policy conditions. On appeal, the Chairman of the Insurer also upheld the decision and hence the present complaint.

Records perused and hearing was held. The representative of the complainant reiterated his stand for settlement of disability benefit, taking objection to the very policy conditions that the accident should have resulted in loss of 2 limbs. The representative of the Insurer contended that disability benefit was a restricted cover which was offered at cheap rate. Though the disablement was permanent the same was not total and hence the disability benefit could not be considered. A perusal of the policy conditions on disability benefit revealed that the person should have suffered loss of 2 limbs or sight in both eyes or loss of one limb and loss of 1 eye. It was held that the extent of disability suffered by the life assured did not qualify the life assured to receive disability benefit, in terms of the policy conditions.

The complaint is rejected.

Chennai Ombudsman Centre
Case No. IO (CHN) / 23.04.2012 / 2005 - 06
Shri T. P. Jegathjothi
Vs
Life Insurance Corporation of India

Award Dated 22.6.2005

Shri T. P. Jegathjothi of Madurai took a Jeevan Asha Policy with Virudhnagar Branch of Madurai Division for a sum of Rs. 1,00,000/- on 20.4.97. He kept the policy in force by continued payment of premiums. He underwent a heart surgery (Coronary Artery Bypass Surgery) on 9.5.2004. He claimed 50 % of sum assured under the policy for the major surgery undergone by him as per the policy conditions. But his request for the benefit under the policy was denied to him by the insurer claiming that the said surgery undergone by him was not covered by the policy.

The Jeevan Asha policy, as issued in this case, covers normal risk and maturity as in the case of any other Endowment policy and also allows payment of certain specific amounts (percentage of sum assured) in the event of the policyholder undergoing any of the major/minor surgeries outlined in the policy conditions. This apart, the policy also allows 2 % of the sum assured evere second year starting after three years of policy commencement. The surgery undergone by the assured pertained to cardiovascular system and the policy condition (11b) stipulates that if the policyholder

undergoes i) Initial insertion of permanent pacemaker for the heart or ii) Major surgery on the Aorta (excluding Aortic Valve Surgery), he will be entitled to get 50 % of the sum assured towards the hospitalization expenses. The Insurers' contention was that Coronary Artery Bypass Surgery was not the one which is envisaged in the policy conditions and hence the benefit is not payable. The policyholder contended that as per his doctors the surgery underwent by him was a major heart surgery covered by the policy conditions. The insurers, in the process, collected the expert opinion of their Medical Referee, who opined that Coronary Artery Bypass Surgery does not fall in the category of any of the surgeries envisaged in the policy conditions.

This forum, by way of further clarification, took the expert opinion one of the leading Cardiologists of this city and he opined that Coronary Artery Bypass Surgery is not either insertion of pacemaker or major surgery on the Aorta. Based on this expert medical opinion, this forum came to the conclusion that the surgery undergone by the policyholder in this case is not the one covered by the policy conditions under the policy taken by him and as such held that the claimed benefit is not payable to him as per the policy conditions. However, he is eligible for the survival benefit payment @ 2 % once every two years after the first three years, which fell due in the years 2000, 2002 and 2004. This amount, the insurers have already offered to pay and the forum directed them to pay it expeditiusly with interest as per their rules.

As such, the complaint claiming the 50 % benefit for major surgeries under the policy conditions is disallowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.1.2147 / 2005 - 06
Shri R. Mayavan
Vs
Life Insurance Corporation of India

Award Dated 2.8.2005

Shri R. Mayavan complained to this forum that the death claim under the policy on the life of his wife Late M. Kalyani, was repudiated by the Insurer on the plea that the life assured had made deliberate misstatements and withheld material information regarding her correct age at the time of effecting insurance.

The life assured had taken a New Janaraksha policy for Rs. 25,000/- for 20 years commencing from 27.3.1999. She was reportedly murdered on 31.8.2002. The complainant, the nominee under the policy, was refused the claim amount on the grounds of suppression of material fact by deliberately misstating her age under the policy.

A personal hearing was arranged on 15.7.2005. The complainant informed that the agent visited their village and filled up the proposal form, as they were illiterate. He also added that in villages the village Administrative officers only confirm the ages at the time of enumeration of voters' list or family card. He was illiterate and was working as only a coolie. The representative of the insurer contended that the life assured had understated her age by at least ten years. In support he produced the evidence of the family card of the Tamilnadu civil Supplies Department, voters' enumeration list, copies of the proposals of the sons of the deceased where in her age was mentioned as 50 years in 1999 and also the claim Investigation Report of the Insurer's official. The insurer also informed that had the correct age been disclosed the proposal would not have been considered under non-medical and a medical examination would have been insisted and thus a fair opportunity to assess the risk properly was denied.

From the evidences submitted it was clear that there was some discrepancy regarding the age of the life assured as given in the proposal. However it could not be said with any certainty the exact difference in age as the age proofs produced were all non-standard ones. If the special features of the plan of assurance were considered, the insurer does not insist on the standard age proof for considering a proposal of insurance under this plan, taking into account the practical situation of non-availability of standard age proofs in rural areas. Hence denying a claim under the pretext of understatement of age, there again relying on non-standard age proofs as evidences defies logic and does not stand the test of reasonableness. The best course open to the insurer would be to collect the extra premium that may arise due to the reasonable difference in age and allow the claim subject to the recovery of such difference.

The complaint was allowed.

Chennai Ombudsman Centre
Case No. IO (CHN) / 21.02.2150 / 2005 - 06
Shri Jayanth C. Shah
Vs
Life Insurance Corporation of India

Award Dated 29.8.2005

Shri Jayanth C. Shah complained to this Forum regarding non-settlement of claim for medical treatment under 'Asha Deep policy' taken by him on 6.8.1999. He underwent Coronary Angiogram on 5.4.2004 and Pericardial Patch Closure of ASD on 5.5.2004. The Insurer denied the claim on the plea that the said surgery was not covered by the policy.

A hearing was held on 17.8.2005 and both the parties to the dispute were present and all the documents were perused. The complainant contended that he underwent open-heart surgery involving huge expenditure and needed sympathetic consideration. The Insurer argued that the policy covered only Bypass Surgeries on occluded Coronary Arteries and all other heart surgeries were excluded. And the assured had undergone Pericardial patch Closure of ASD that was not covered by the policy under Benefit B. The medical opinion obtained from their medical referee was placed before the Forum. It was clear that the assured had not undergone the Bypass Grafting of Coronary Arteries to restore blood supply to heart as envisaged in the policy conditions.

The Ombudsman observed that there was no need to intervene with decision of the Insurer to repudiate the claim.

The complaint was dismissed.

Delhi Ombudsman Centre
Case No. LI / JP / 210
Shri S. C. Gupta
Vs
Life Insurance Corporation of India

Award Dated 10.5.2005

FACTS OF THE CASE

The grievance of the complainant is that he has not been paid the accident benefit under policy No. 191130822 and Policy No. 193096554 taken in the name of his wife, Smt. Shakuntala Gupta. According to the complainant, Smt. Shakumtala Gupta died on 17.6.2000 as a result of a fall from the roof. LIC has repudiated the claim for accident benefit on the ground that the complainant has failed to prove that his wife died as a result of an accident.

Observation of Hon'ble Insurance Ombudsman

After careful consideration of the facts of the case, Hon'ble Insurance Ombudsman is of the view that the ground taken by LIC for repudiating the claim of the complainant is valid. The circumstances in which Smt. Shakuntala Gupta fell from the roof are not very clear. The fact that she fell from the roof may not be doubted but how it all happened is not very clear. The complainant seems to have called the surveyor of a general insurance company to take some photographs of his wife after the fall. This is very strange behaviour on the part of the complainant. When an accident like this occurs, the immediate thing to do is to attend to the victim and not to call a photographer to take photographs. This raises grave doubts about the accident itself. It also points to ulterior motives.

In short, the complainant has failed to prove beyond doubt that his late wife, Smt. Shakuntala Gupta, died as a result of an accident.

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

Delhi Ombudsman Centre
Case No. LI / DL - III / 172
Shri Virender Kumar Gupta
Vs
Life Insurance Corporation of India

Award Dated 13.5.2005

FACTS OF THE CASE

The claim of the complainant is in respect of his hospitalization in Escorts Heart Institute and Research Centre from 4.3.2003 to 16.3.2003 for undergoing open heart by - pass surgery. The complainant is claiming Benefit (B) under each one of the Asha Deep policies taken by him.

The claim of the complainant has been repudiated by LIC. LIC's letter of repudiation dated 4.11.2004 addressed to the complainant is reported below :-

"With reference to your claim under the above mentioned Policy we have to inform you that Benefit B is hereby denied under the above policies due to concealment of material facts about your previous illness before taking the policies. As per our investigation into the claim, we have indisputable evidence to prove that your illness was a known case of hypertension and you were suffering from Angina Pectoris prior to taking Insurance. Also you were under regular treatment from Escorts Hospital for the above diseases prior to taking Insurance.

Therefore, it is evident that these material facts were deliberately concealed to obtain insurance under Asha Deep plan only, consequently the claim under Benefit B is not payable to you".

Observations of Hon'ble Insurance Ombudsman

It seems to Hon'ble Insurance Ombudsman that there is no substance in the ground taken by LIC to repudiate the claim of the complainant. The main ground for repudiation is that there has been a violation of the duty of disclosure on the part of the complainant. According to LIC, the complainant had suppressed material facts concerning his health at the time of purchasing the policies.

But then LIC is not calling in question the policies themselves. The ground taken by LIC may be a valid ground for calling in question the policies themselves. But it is not a valid ground for denying Benefit (B) under each one of the policies. In so far as Benefit (B) is concerned, the complainant has fulfilled all the conditions stipulated in

conditions No. 11 (a), No. 11(b) and No. 11 (c) of the policy bond. Hon'ble Insurance Ombudsman does not see how LIC can escape liability in the circumstances.

All the five policies have run for more than two years. The oldest has run for more than nine years. The latest policy has run for more than eight years. According to the provisions of the first part of Section 45 of the Insurance Act, 1938, the policy cannot be called in question now. They can be called in question according to the provisions of the second part of Section 45 of the Insurance 1938 only if LIC can prove that facts which were material were not disclosed at the time of purchasing the policies, that these material facts were fraudulently suppressed and that the complainant had made false statements knowing them to be false.

Hon'ble Insurance Ombudsman does not think that LIC is in a position to prove fraud in this case. At the time of purchasing the policies, the complainant had been asked to submit a number of special medical reports including ECG. The medical reports did not contain anything adverse. In particular, they did not point to the existence of any heart ailment. Presumably, the complainant was fit to be insured under Asha Deep policy.

The only piece of evidence which LIC has at its disposal is a cardiac clinic record dated 30.4.1997 obtained from Escorts Heart Institute and Research Centre. This is an unsigned document which only says that the complainant had presented himself with the following complaints : (1) Angina on exertion Class II for 10 years and (2) TMT (+ve) in October, 1993. Hon'ble Insurance Ombudsman does not know how much reliance can be placed on this evidence. It is not corroborated by any other evidence. At the time of the hearing, the complainant denied that he had any problem with regard to his heart prior to the year 1997.

Fraud is hateful and cannot be presumed. It must be proved in a court of law. On the basis of the aforsaid cardiac clinic record dated 30.4.1997, Hon'ble Insurance Ombudsman does not think, LIC can prove fraud in this case.

In any case, as observed already, LIC has not called in question the policies themselves. LIC has only repudiated the claim for Benefit (B) under the policies. Again, as observed already, the ground taken by LIC for denying Benefit (B) under the policies is not a valid ground at all. As long as the policies are not called in question, LIC cannot deny Benefit (B) under the policies to the complainant because the complainant has fulfilled all the conditions stipulated in the policy bonds for availing of Benefit (B) under the policies.

In the result, therefore, Hon'ble Insurance Ombudsman passed the Award that Life Insurance Corporation of India shall extend to Shri Virender Kumar Gupta in respect of his hospitalization from 4.3.2003 to 16.3.2003 in Escorts Heart Institute and Research Centre for undergoing open heart - pass surgery, Benefit (B) under the policies. Benefit (B) shall be given under each one of the five Asha Deep policies taken by him to the extent stipulated in the policy bond and after due scrutiny of bills.

The Award shall be implemented immediately.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0014 / 2005 - 06
Shri P. Bathi Reddy
Vs
Life Insurance Corporation of India

Award Dated 30.8.2005

FACTS OF THE CASE

One Shri P. Bathi Reddy, S/o Shri P. Sidda Reddy, working as Chariman, TUDA and a resident of Tirupati in Chittoor District took an Asha Deep life insurance policy No. 651383040 from City Brnch - II of LIC, under Nellore Division. As per the terms and conditions governing this policy, it covered Sickness Benefits for four major diseases Cancer, Paralytic Stroke Renal Failure and Coronary Artery Diseases, where By-pass surgery has been actually done. The life assured underwent Coronary Angiography on 27.11.2003 and ASD Closure on 28.11.2003 at Vijaya Heart Foundation - Vijaya Hospital, Chennnai. It was reported in the discharge summary of the hospital that the life assured had Pericardial Patch Closure of Atrial Septal Defect and was performed Median Sternotomy. The life assured submitted all the necessary documents which confirmed the surgery underwent by him to LIC and claimed the sickness benefits payable under the policy. But LIC repudiated / rejected the sickness benefits claimed by the life assured, as the said operation was not covered under the Asha Deep Sickness Benefits. According to LIC, only Coronary Artery Bypass Grafting Surgery was covered under the policy.

The life assured went to Vijaya Heart Foundation - Vijaya Hospital, Chennai. According to Emergency Certificate dated 6.12.2003 issued by the hospital the life assured was admitted in the hospital on 27.11.2003 an emergency basis with chest pain and Artial Septal Defect > 2 : 1 left to right shunt. He underwent **Coronary Angiography** on 27.11.2003 and **ASD Closure** on 28.11.2003". As per the Cardiac Surgery Service - Operation Notes, the diagnosis arrived by them was **"Congenital Acyanotic Heart Disease; Large Ostium Secundum Atrial Septal Defect (L-R Shunt)" - Operation - Pericardial Patch Closure of Atrial Septal Defect.**

Further, according to the policy conditions, **only Coronary Artery By - pass Grafting is covered under the policy.** The insurer also obtained medical opinion from their Divisional Medical Refree who also opined that the operation the life assured had at Vijaya Hospital, Chennai was not covered for sickness benefits under the policy.

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

The complaint is, therefore, not allowed.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0187 / 2005 - 06
Shri B. K. Sangana Gowda
Vs
Life Insurance Corporation of India

Award Dated 20.9.2005

FACTS OF THE CASE

One Shri B. K. Sangana Gowda, working as peon in a B-School and a resident of Davangere in Karnataka, took an Asha Deep life insurance policy No. 623382811 on **28.02.2003** from City Branch - I, Davangere of LIC, under Udupi Division. As per the terms and conditions governing this policy, it covered Sickness Benefits for four major diseases Cancer, Paralytic Stroke Renal Failure and Coronary Artery Diseases, where By-pass surgery has been actually done. Further, as per condition 11 (b) of the policy. "Benefit (B) of the Policy Schedule is not applicable it any of the contingencies mentioned in Para 11 (b) occurs (i) at any time on or after the date on which the risk under this policy is commenced but before the expiry of one year reckoned from the date of this Policy or (ii) one year from the date of revival". The life assured had severe

aortic stenosis (calcitic, bicuspid), moderate aortic regurgitation, and mild pulmonary arterial hypertension and underwent surgery - Ross Procedure on **17.2.2004.** The life assured submitted all the necessary documents which confirmed the surgery underwent by him to LIC and claimed the sickness benefits payable under the policy. But LIC repudiated/rejected the sickness benefits claimed by the life assured, invoking clause 11 (b) of the policy, as the life assured underwent the said operation **within one year of the policy.**

In the instant case, the policy was taken on **28.2.2003** and had surgery on **17.2.2004,** as confirmed by hospital reports. Thus the surgery was performed to the life assured **within one year from the date of the policy.** Hence the life assured was not eligible for sickness benefits, in view of the relevant policy condition referred above.

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

The complaint is, therefore, not allowed.

Kochi Ombudsman Centre
Case No. IO / KCH / LI / 21.001.160 / 2005 - 06
Smt. Thankamani
Vs
Life Insurance Corporation of India

Award Dated 3.5.2005

The complaint under Rule No. 12(1)(b) read with Rule 13 of the RPG Rules, 1998 arises out of the order of repudiation of a claim in respect of policy Nos 45402468 & 771986231. The life assured was reportedly missing since 1993 and the insurer had agreed for settling the claim admitting paid up value under policy No. 45402468. On receipt of the necessary papers from the complainant the insurer is ready to settle the calim. In respect of the other policy, the life assured had not remitted any premium. The complainant also admits that no payment was effected towards the policy after missing of the life assured i.e. after March 1993. The complainant is not entitled for the full sum assured under either of the policies, as the policies were already lapsed by the end of 1993 and the complainant is not entitled for any ex-gratia, as she is appointed in Govt Service under the scheme for compassionate employment. However, under Pol. No. 45402468, the paid up value was offered by the insurer on completion of the formalities for the same and this Forum directed the insurer to settle the said paid-up value within 15 days.

Kochi Ombudsman Centre
Case No. IO / KCH / LI / 21.001.313 / 2005 - 06
Shri C. R. Roy
Vs
Life Insurance Corporation of India

Award Dated 4.5.2005

The complaint under Rule No. 12(1)(b) read with Rule 13 of the RPG Rules, 1998 arises due to lapsation and non-payment of premium under policy nos. 391721972, 391852325, 391853917 & 391904568. The complainant is an ex-agent of LIC. The premiums for these policies were recovered from his monthly commission. On receipt of intimation from the Branch Office, since the agent's commission was not sufficient to

meet the policy premium, the complainant had approached the Branch Office, in March 2004 for remittance of premium due; but the BO refused to accept the premium since the policies were already lapsed with more than 7 gaps, so the complainant should comply with the revival requirements. The complainant states that the policies were not lapsed and the policies were still in force as per the status report he had secured from the respondent, so he is not bound to give health declaration. In this context the insurer clarifies that usually the status of the policies are shown as in force even though the policies may become lapsed, the inforce status is giving only for the administrative purpose of the LIC. So, due to default in payment of premium for more than 7 gaps in all the four policies, the policies cannot be revived without a health declaration. On the basis of the above, this Forum directed the complainant that the policies will be revived on payment of the defaulted premium+interest at appropriate rate from the date of lapse of each policy till date of payment that too on production of health declaration.

Kochi Ombudsman Centre
Case No. IO / KCH / LI / 21.001.10 / 2005 - 06
Shri P. P. Justin
Vs
Life Insurance Corporation of India

Award Dated 26.5.2005

The complaint under Rule 12 (1)(b) read with Rule 13 of the RPG Rules, 1998 related to repudiation of a permanent & total disability claim by the LIC under Pol. No. 392710275 held by the complainant. It was alleged that the complainant fell into a quarry near his house while carrying a log of wood and that he sustained crush injury and abrasions besides losing his left index finger. The complaiant's version was that he fell into the quarry 10 feet down and he became unconscrious instantaneously. The complainant had, however, intimated the LIC about the alleged accident much more than 180 days prescribed under the policy for the purpose. It was also alleged that the complainant had impaired vision and hearing problems. However, the doctor had certified only 30 % disability and the injuries described in the medical records were not convincing enought to sustain a claim of total and permanent disability. The insurer's version was that the circumstances of the accident as described by the complainant were not consistent and the disability was also neither total nor permanent in order to make the complainant incapable of any work. At the personal hearing, it was observed that the complainant had lost his left index finger and that the hearing ability and vision were somewhat impaird. He looked agile in every other respect and he was able to answer all the questions put forth during the personal hearing. About the eye-sight he had some problem of distant vision. In any case there was nothing to substaintiate a claim for total and permanent disability and hence repudiation of the claim by the insurer was upheld. The complaint was dismissed.

Kochi Ombudsman Centre
Case No. IO / KCH / LI / 21.001.26 / 2005 - 06
Smt. Kaliamma
Vs
Life Insurance Corporation of India

Award Dated 21.6.2005

The complaint under Rule No. 12(1)(b) read with Rule 13 of the RPG Rules 1998 arose out of rejection of Disasbility benefit under two life insurance policies (1) 391932457 and (2) 391858443 held by the husband of the claimant. Reportedly, the life assured had a fall in the bathroom on 7.9.2003 and consequent to that he had developed the disablement over his body. The policies were under the SSS of the insurer with M/s. Tata Tea and the complainant and her husband are workers of the Tea Estate eligible for ESI benefits. On verification of the claim form for disability benefit, the insurer found out that the life insured was diagnosed to be suffering from Tuberculosis spine T3 and T4 and Paraplegia and the disability was not due to the alleged fall. The medical records procured by the insurer from the Kottayam Medical College proved that the life assured was suffering from T. B. and Paraplegia. Both the policies are by now lapsed and although the complainant came from very poor conditions, the claim for disability benefit could not be allowed as the disablement was not due to the alleged fall, but a matter of systemic disease. In these premises, the action of the insurer was upheld and the complaint was dismissed.

Kochi Ombudsman Centre
Case No. IO / KCH / LI / .21.002.061 / 2005 - 06
Smt. Mariamma P. Abraham
Vs
SBI Life Insurance Co. Ltd.

Award Dated 25.8.2005

The complaint under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998 relates to rejection of Personal accident Bancassurance claim by the respondent. The complainant's husband had a Cash Credit account with SBT, Kottarakkara and through them he had proposed for an accident insurance. However, even as the first premium was paid and during the pendency of the proposal for medical examination, the insured met with an accident and died. Since the insurance contract was not concluded, the claim was rejected. As per the records, the insured was asked two or three times by the respondent to undergo medical examination, which he had not done. Under these circumstances, as on the date of accidental death, there was no concluded contract of insurance and hence the claim was rightly rejected by the respondent. There being no merit in the case, the complaint was dismissed.

Mumbai Ombudsman Centre
Case No. IO / MUM / A / 047 / 2005 - 06
Shri Jaideep Andrew Noronha
Vs
Life Insurance Corporation of India

Award Dated 31.5.2005

Shri Jaideep Andrew Noronha approached the Office of the Insurance Ombudsman with a complaint dated 29.12.2004 against the Life Insurance Corporation of India, MDO III and the facts of the case are as follows.

Shri Jaideep A. Noronha an employee with M/s Teekay Shipping Bahamas had taken a New Jeevan Shree Policy No. 892503293 from Branch 91V of Life Insurance Corporation of India, Mumbai Division - III for a Sum Assured of Rs. 20,00,000/- with Accident benefit. The date of commencement under the policy was 27.3.2003. The proposal for the above policy was accepted with occupation extra @ 2.00 % Sum Assured, as the proposer was engaged in a hazardous occupation Consent for charging occupation extra was taken from the proposer. At the time of taking the policy Shri

Noronha was advised by the Development Officer and the Agent that he had to pay an addiional premium amount of Rs. 2/- per thousand as an occupational extra charges due to the nature of his duty to which he agreed. But when Shri Noronha received the LIC policy he was surprised to see an endorsement on the policy which stated “Double Accident benefit including Extended Permanent Disability shall not be applicable if the death of the life assured shall take place as a result of Accident while the life assured is engaged in the hazardous occupation”. The proposal was completed subject to clause 85 and NRS. However, consent for the same was obtained.

As per the underwriting rules of Life Insurance Corporation of India, under all endowment type of plans, proposals on the lives of proposers employed on Cargo Vessels carrying oil, gas or any other inflammable articles, cable pipe laying vessels, factory ships and oilrig barges would be accepted with occupational extra of Rs. 2.00 per thousand sum assured per annum in view of the hazard involved in the occupation.

The life assured is engaged in a hazardous occupation and as per rules LIC of India has rightly imposed clause 85 which excludes - Double Accident Benefit including Extended Permanent Disability Benefit in case of death or disability of the life assured as a result of accident while the life assured is engaged in the hazardous occupation. There appears to be a misunderstanding of the exact terms of coverage under endorsement 85 under the Policy vis-a vis the extra charge of Rs. 2 per thousand for which Life Assured’s consent was obtained. Rs. 2 extra charges is for the extra hazard which the Life Assured carried on his life due to occupational hazard and exposure. The very acceptance of his life insurance was subject to this additional payment over and above the usual level premium as or term and plan chosen. In the event of unfortunate death due to accident whilst the Life Assured would be engaged in hazardous occupation, the double accident benefit with extended Permanent Disability benefit would not be available which as per the provisions of the Endorsement are in order.

In view of the facts and circumstances of the case there is no good ground for me to interfere with the decision taken by LIC to endorse the policy document with clause 85 as per their underwriting policy and practice.

Mumbai Ombudsman Centre
Case No. IO / MUM / A / 048 / 2005 - 06
Shri Mehmood Abdulkader Aga
Vs
ICICI Prudential Life Insurance Co. Ltd.

Award Dated 31.5.2005

Shri Mehmood Abdulkader Aga and Smt. Safia M. Aga taken two separate Life Time Policy from ICICI Prudential Life Insurance Company Limited in February, 2004 for a Sum Assured of Rs. 5,00,000/- each with a premium of Rs. 25,000/- each to be paid annually. They had taken the policy based on the advice of the agent who had assured them that their money would grow three times within a span of six months. But when they received the original policy by the end of February, 2004 they were shocked to see the terms and conditions stated on the face of the policy. They did not agree to the clause 3.2 and 5.7 of the policy and hence immediately contracted the nearest branch Office for cancellation of the policy. Inspite of several visits and reminders when they did not receive any favourable response they filed a complaint before the Insurance Ombudsman for refund of premiums under two policies bearing No. 00721780 and

00721781 respectively and also asked for a compensation of Rs. 50,000/- alongwith 18 % interest. After perusal of the records parties to the dispute were called for hearing.

The records produced to this Forum have been scrutinized. It is observed that the insureds were well aware of the Free Look Period in which they had an option to return the policies within 15 days of receipt if the terms and conditions therein were not agreeable to them Instead of sending any written request within the Free Look Period for cancellation or modification of the policies, the reportedly contacted Ghatkopar Branch of the Insurance Company and oral requests were made. The Company received an official letter from the Insured for cancellation of policies and refund of the premium amount only in the month of November, 2004 i.e. after nine months of issue of policies. Secondly, the prospectus contains short details only and before finally investing in the schemes full details of practical application and workability of the scheme should have been discussed.

Considering the above facts the Complaint of Shri Mehmood AK Aga and Safia M. Aga for cancellation of the policies and refund of the premium to them are not sustainable.

Mumbai Ombudsman Centre
Case No. IO / Mum / A / 073 / 2005 - 06
Shri Suresh Gauryaji Nandgaonkar,
Vs
Life Insurance Corporation of India

Award Dated 21.6.2005

Shri Suresh Gauryaji Nadgaonkar, took a Jeevan Shree Policy for a Sum Assured of Rs. 5 lakhs from LIC of India with effect from 1.4.1997 for a term of 15 years. The renewal premiums were paid by Shri Nandgaonkar to the LIC Agent, for payment of his premium under the policy regularly till 31.3.2002. However, not receiving the original policy document, he enquired with his Agent a number of times and finally when he approached LIC Branch he was shocked to find that the policy instalments due from 1998 were not paid for more than 5 years and hence the policy stands lapsed and cannot be revived and LIC was not on risk in respect of the Policy.

Thereafter, Shri Nandgaonkar vide letter of LIC Vigilance Dept., Central Office informed that he had paid a total amount of Rs. 1,15,289.50 in respect of his policy No. 920725044 and gave details of the amount, cheque and the dates of renewals premiums by him. LIC Branch sent a revival quotation to Shri Nandgaonkar asking him to pay an amount of Rs. 1,87,908/- towards premium due from April 1998 to October 2004 with an interest @ 12 % upto 1.1.2005 amounting to Rs. 1,02,618/- and undergo a special medical for acceptance.

Not Satisfied with the the decision of the Company, he approached the Ombudsman on 5.5.2005 seeking intervention in the matter of revival of his policy. In his complaint he stated that the LIC Agent alongwith Development Officer fraudulently erased the policy No. 920725044 and that a false bank account was opened in his name by the Development Officer and Agent. The cheques given by him to the Agent towards premium payment under his policy No. 920725044 were deposited fraudulently in the false account. He stated that no legal action was taken by LIC on the Development Officer and Agent although he had submitted his complaint to the Grievance Dept. of LIC.

The Agent had never been authorized by LIC to collect and remit renewal premium under the said policy. They are yet to lay hands on some old records to consider wheather any action against the concerned agent or development officer could be

taken within the framework of LIC of India (Agents) Rules 1972 and LIC of India (Staff) Regulations 1960. Strictly speaking this claim does not come within the ambit of the provisions of Rule 12 of RPG Rule, 1998 and therefore, should not have been entertained at all. Moreover, the allegations are having full dimension of fraudulence and misappropriation by some persons or agencies who are not the parties directly to the contract of insurance or the complaint lodged with this form except through reference made by the Insured. It is also noted that LIC has instituted thorough investigation into the whole affair to unearth the truth and the same is still on and incomplete. However, it is quite a serious matter and a shameful commentary on the working of the Marketing Dept. of LIC and LIC's overall lack of control. It calls for sterner action after responsiblity is appropriately fixed on different persons as per their respective role. LIC should also ensure that the Insured gets the best deal as he seems to have been caught in the web. LIC is directed to act fast, complete their investigation into the matter to determine the task ahead. If the charges levied by the Insured are proved and found tenable, these would call for a re-look into the system of acceptance of premium, corresponding booking and administering the same. The complaint is hereby reverted back to LIC and closed at this forum.

Mumbai Ombudsman Centre
Case No. IO / Mum / A / 087 / 2005 - 06
Dr. Suryakant Arjun Waingankar
Vs
Life Insurance Corporation of India

Award Dated 29.6.2005

Smt. Suvarna S. Waingankar took life insurance no.s 921492110/111 for Rs. 50,000/- each under P/T 89-15 and 125-20 through proposal dated 30.10.2001 with effect from 1.11.2001 from CBO-933 under Thane D. O. of Life Insurance Corporation of India Smt. Suvarna had a fall in bathroom in March, 2002 and she took treatment from various hospitals but not getting any improvement in the condition she was admitted in Sir Hurkisondas Nurrotumdas Hospital under the care of Dr. U. S. Vengasarkar, Neurosurgeon and was diagnosed as Dorsal Canal Stenosis and underwent surgery. Post operation Smt. Suvarna lost power in both limbs and she was not able to walk even with support. Dr. Suryakant Arjun Waingankar, nominee under both the above policies preferred a claim for disability benefit to LIC of India. The subsequent developments leading to surgery and the disability as reported by the complainant has been scrutinized in relation to the documents obtained by LIC and the Divisional Medical Referee opined that the "LA has permanent deformity due to spinal cord stenosis appearently not improved even after laminectomy. It is also possible that LA had a fall as she is unable to walk The fall has not resulted in the deformity." Therefore the competent authority including the Zonal Office of LIC have decided to reject the claim for disability benefit under the policy.

The x-ray from x-ray & Pathological Centre gave the conclusion, "Spondyloarthroiss of mid dorsal and lumber spine". The detailed comment about dorsal spine mentioned "Intervertebral disc spaces are diminished between D6 - D7, D7 - D8, D8 - D9". Various examinations were made at Ashwini back Institute in July, 2002 is a sharp pointer to back ailments as also the investigations done at the Jupiter Scan Centre, MRI of whole spine dated 24.6.2002 revealed the following :

1. "Significant cord compression at D10-11 and D11-12 level due to the large calcified/ossified ligaweutun flavum causing cord edema/ischemia from D7 downwards.

2. Ligamentum flavum calcification particularly in the right side is seen at D7 and D8 level with hard disc / bony osteophytes at D6-7 level.
3. The cervical spine showed ossified posterior longitudinal complex seen from C2 level down till C5-C6 causing minimal indentation of the cord parenchyma without any abnormal signal within it".

Thereafter the complications continued for which a number of tests were conducted and the Insured was admitted in Shri Hurkisondas Nurrotumdas Hospital in Mumbai. As the MRI spine was conducted a number of times the diagnosis was clear in the admission note itself "Spinal Canal stenosis". Subsequent examination revealed that it was a case of surgery and laminectomy was done on 13.7.2002. Dr. Vengsarkar's comments on the note sheet dated 9.5.2003 would be important to consider "old c/o Dorsal Canal Stenosis D10-11 & D11-12 Cx spine extensive ossification of PLL - D11 + D12 laminectomy + resection of ossified lig flavum done on 13.7.2002." The Doctor elsewhere had made a comment "Pt. Has not made any recovery in motor or sphincter symptom. Her power in lower limbs remains Gr. III at hips and knees and Gr. 0 at the ankles. This prevents her from any commutation".

Based on the facts and circumstances and the documents produced, the claim of Dr. Suryakant A. Waingankar in respect of his wife Smt. Suvarna Waingankar under Policy No. 921492110 for disability benefit is not sustainable. The other complaint regarding Policy No. 921492111 is not entertainable as it was issued without accident benefit.

The case is disposed of accordingly.