

Miscellaneous

Ahmedabad Ombudsman Centre

Case No. 21-001-0355

Mr. A P Patel

Vs

Life Insurance Corporation of India

Award Dated : 9.10.2007

Repudiation of Permanent Disability claim under a Life Policy-The Complainant slipped on the Railway Platform while boarding a train. His right leg and half of his left hand's palm were amputated along with 4th and 5th fingers. Since the disability did not fulfil the degree of amputation required as per the Policy conditions, the decision of the Respondent not to pay the Permanent Disability Claim was upheld.

Ahmedabad Ombudsman Centre

Case No. 21-002-0245

Ms. G H Taniya

Vs

SBI Life Insurance Co. Ltd.

Award Dated : 25.01.2008

Repudiation of Death Claim. The Insured, a member of the Respondent's Group Insurance Policy died within 45 days from the date of commencement of risk. Claim was repudiated since the policy excluded risk coverage within 45 days of commencement of the cover. Since the provisions of the Policy being absolutely clear, the decision of the Respondent to repudiate the Claim was upheld.

Ahmedabad Ombudsman Centre

Case No. 21-001-0303

Ms. P A Shah

Vs

Life Insurance Corporation of India

Award Dated : 6.02.2008

Repudiation of DAB Claim under Life Policy: The Assured died in an accident 4 yrs 9 months after the commencement of the New Jeevan Shree Policy. The policy was for a term of 5 years with premiums payable for 3 years. DAB was refused since as per the policy condition, DAB is not admissible if the Assured dies in an accident after the premium paying period of the policy is over. However, it was observed that under New Jeevan Shree Policy, the extra premium for DAB coverage for the full term is charged within the premium paying term itself. Hence a reference was made to the Corporate Office of the Insurer who have now clarified that DAB coverage continues for the full policy term under New Jeevan Shree Policy. As such the Respondent was directed to pay the DAB Claim with interest for the delay.

Ahmedabad Ombudsman Centre

Case No. 25-001-0188

Mr. N P Parmar

Vs

Life Insurance Corporation of India

Award Dated : 15.02.2008

Non receipt of Policy Bond: The Complainant took a Life Insurance policy on 15-9-2006. Despite several letters and complaints, the Policy Document was not sent to him. During the course of hearing, the Respondent informed that the Policy Document was dispatched by Speed Post and the same had not been returned back undelivered. During the course of Hearing, the Respondent agreed to send a Duplicate Policy Document.

Ahmedabad Ombudsman Centre

Case No. 21-001-0280

Mr. F M Bahauddin

Vs

Life Insurance Corporation of India

Award Dated : 25.02.2008

Repudiation of Claim under Life Insurance Policy: While proposing for Insurance, the Assured had not disclosed the fact of his having taken treatment for Enlargement of Heart and for enlargement of prostate with prostatitis only 2 months prior to his filling the proposal form. The Insured died due to Heart Attack within 3 months of taking the policy. Because of this non-disclosure the Respondent was denied the opportunity to carry out further investigations to evaluate the risk. Hence, the Respondent has rightly repudiated the Claim. However, it was observed that a Single Premium had been paid to the Respondent and the policy was taken more in the nature of an investment rather than for risk purposes. To forfeit the entire premium would be quite harsh. Hence it was decided that a sum equal to the entire first premium paid be paid to the Complainant on an ex-gratia basis in full and final settlement of the Claim.

Ahmedabad Ombudsman Centre

Case No. 21-001-0305

Mr. G L Shah

Vs

Life Insurance Corporation of India

Award Dated : 26.02.2008

Repudiation of Claim under Life Insurance Policy: While proposing for Insurance, the Assured had not disclosed the fact of her having undertaken treatment for Menorrhagia prior to her filling the proposal form. Claim was repudiated within 2 years of effecting the Policy. Thus the Insured cannot benefit from the ennobling provisions of Sec. 45 of the Insurance Act. As is well known, Menorrhagia occurs late in life and the Insurer needs to rule out the chances of cancer of uterus and call for further Special medical examinations for the same. This non-disclosure denied the Respondent for the opportunity to carry out further investigations to evaluate the risk. As such, the decision of the Respondent to repudiate the Claim was upheld.

Ahmedabad Ombudsman Centre

Case No. 21-001-0389

Mr. A S Patel

Vs

Life Insurance Corporation of India

Award Dated: 29-2-2008

The Respondent presented to this Forum a copy of the notice of Hon'ble Consumer Dispute Redressal Forum showing that the Complainant has also approached the CDRF on the same subject matter. As per RPG Rules Sec. 13(3) (c), such a Complaint cannot be further processed by this Forum.

Ahmedabad Ombudsman Centre

Case No. 21-001-0285

Ms. B N Dave

Vs

Life Insurance Corporation of India

Award Dated : 29-2-2008

Repudiation of DAB Claim under life Policy:: The Assured while crossing the road was knocked down by an unknown scooterist. He sustained head injury. Since the accused was not identified, a formal police complaint was not filed. The Assured was admitted into hospital. ECG and MRI were done but the Assured died on the same day. The Doctors certified the cause as DM+Shock+ Convulsion. The Claim was repudiated since the cause of death as mentioned by the Hospital does not relate to the injuries sustained in the Accident. However, Convulsion is one of the symptom following a serious head injury. The Hospital had certified Convulsion to be amongst the reasons to be the cause of death. So the Respondent's stand that death was not caused due to an Accident is not correct. The injuries had been sustained as a result of the Accident. As such, the Respondent was directed to pay the DAB Claim.

Ahmedabad Ombudsman Centre

Case No. 21-001-0234

Ms. R S Trivedi

Vs

Life Insurance Corporation of India

Award Dated: 29.02.2008

Mistakes in issue of Bal Vidya Policy: The Assured born on 6-12-1997 was insured under the Respondent's Bal Vidya Plan with date of commencement of 6-4-2002. There were certain typing mistakes in the policy document in the dates of payment of Survival Benefits at 1%, 2% and 4%. As per the policy conditions 1% of the benefit is payable from 2 years after commencement of the policy to the age upto 9 years, 2% from age 10 to 17 and 4% from age 18 to 23 (Age is to be reckoned as age last birthday as on the policy anniversary immediately preceding the due date of payment). Accordingly, the Respondent sent a revised letter to the Assured stating that 1% SA is payable from 6-4-2007 to 6-4-2008, 2% SA from 6-5-2008 to 6-4-2015 and at 4% from 6-5-2015 to 6-5-2020. The calculations were checked vis-à-vis the original product circular and pamphlets. The Complainant desired payment as mentioned in the policy. However the National Commission too has observed that 'parties to the agreement are not entitled to get benefits of apparent mistakes'. In the result the Complainant was not found entitled for any further relief.

Ahmedabad Ombudsman Centre

Case No. 21-001-0234

Ms. B P Shah

Vs

Life Insurance Corporation of India

Award Dated : 29.02.2008

Repudiation of DAB claim under Life Policy: On hearing the news of communal disturbances, the Assured was returning back home when he was stabbed to death. Claim for DAB was disallowed citing the exclusion of death due to riots. The complainant submitted that the Insured had no role in the riots. He was an innocent passer-by mercilessly stabbed to death. The charge sheet filed by the Police authorities against the accused also noted that the Assured was an innocent victim. The Respondent's Claim Manual too requires prudent approach by the Competent Authorities while dealing with the innocent victims who had not played any role/provoked the death. Thus, the decision to repudiate was not taken up after studying the whole case. As such, the Respondent was directed to pay the DAB Claim.

Ahmedabad Ombudsman Centre

Case No. 21-001-0264

Mr. R P Pithadia

Vs

Life Insurance Corporation of India

Award Dated : 29.02.2008

Delay in payment of annuity: Due to non-receipt of a formal letter and guidance from the Respondent, a proper decision could not be reached unto resulting into delay in settlement of annuity for which, the Respondent was directed to pay interest at 8% for the delay.

Ahmedabad Ombudsman Centre

Case No. 24-001-0356

Ms. S R Dave

Vs

Life Insurance Corporation of India

Award Dated : 14.03.2008

Delay in payment of Annuity: The Complainant intimated the change of address to the servicing office. Despite that, the cheque for payment of annuity did not reach him at his new address. After several follow-up, a fresh payment was done. In view of this the Respondent was directed to pay interest at 8% for the delayed period.

Ahmedabad Ombudsman Centre

Case No. 21-007-0170

Smt. P M Vasdevani

Vs

Max New York Life Insurance Co. Ltd.

Award Dated : 17.03.2008

The Respondent had received three proposals for insurance along with deposit amount from the same family. Two proposals were completed. In the meanwhile the Complainant's husband on whose life the third proposal was done, died. The Proposal Deposit of this case was refunded back with a letter citing that the refund has been done at the request of the Proposer. It seems that this is a case of unconcluded contract. The Complainant vehemently refused that her husband had ever written a letter requesting for cancellation of the proposal and demanded for a copy of the same. The Respondent was directed to send the copy of the letter.

Ahmedabad Ombudsman Centre

Case No. 22-009-0332

Mr. A A Shah
Vs
Bajaj Allianz Life Insurance Co. Ltd.

Award Dated : 21.03.2008

Units not credited properly under Unit Linked Insurance Policy: The Complainant paid the First premium and had on 16-8-2007 submitted the Proposal Papers for a Unit Linked Insurance Policy. However there was a requirement for Address Proof and Income Tax Returns which were submitted only on 15-10-2007 and the Policy was issued with date of commencement of 15-10-2007. These requirements cannot be overlooked looking into the various norms to be taken care of while adjudging acceptability of the risk by the Insurer. As such, no relief was granted to the Complainant

Ahmedabad Ombudsman Centre
Case No. 21-001-0282
Mr. K J Mistry
Vs
Life Insurance Corporation of India

Award Dated : 25.03.2008

Repudiation of PDB claim under life policy. The Assured, a Carpenter by profession suffered electric burn injury on the right hand. He took treatment and his burn wounds have healed. Claim for PDB was repudiated. A closer look at the papers on record showed that the treating Doctor has mentioned that depending upon operation performed, the Assured may recover fully from the disability. Thus, the disability suffered by the Assured is not permanent disability. As such, the decision of the Respondent to repudiate the Claim was upheld.

Ahmedabad Ombudsman Centre
Case No. 21-002-0284
Mr. R S Shah
Vs
SBI Life Insurance Co. Ltd.

Award Dated : 31.03.2008

Repudiation of Permanent Disability claim under a Life Policy-The Complainant slipped on the Railway Platform while boarding a train. His left leg was amputated. Since the disability did not fulfil the degree of amputation required as per the Policy conditions, the decision of the Respondent not to pay the Permanent Disability Claim was upheld.

Bhopal Ombudsman Centre
Case No.: LI-130-25/06-7/IND
Smt. Yasoda Bai
Vs
Life Insurance Corporation of India

Award Dated : 08.10.2007

Smt. Yasoda Bai, Resident of Villegge – Nahargarh Tah. – Sitamau Distt. – Mandsaur [hereinafter called Complainant] has taken LIC'S Future Plus life insurance policy number 342797473 from LIC of India, DO: Indore, Branch Office: Mandsaur [hereinafter called Respondent]. The complainant had noticed in his policy bond that the detail of sum assured was mentioned incorrect. The amount of Rs.20000/- was deducted from the death claim payment on 30-03-2005 towards the proposal deposit for future plus

plan but policy was issued for the sum assured of Rs. 10000/- only. The complainant has complained that the Respondent has not taken any care to correct the same in spite of several visits and correspondences. The Complainant stated that neither she has received the policy bond nor received official receipt for the balance amount of Rs. 10000/- or any satisfactory reply till the date of complaint. Aggrieved from action of the Respondent, the complainant has lodged a complaint with this Office seeking directions to Respondent to issue the policy bond from same date or refund of amount along with interest thereon.

Observations of Ombudsman :

There is no dispute that the Respondent issued LIC'S Future Plus plan under table/term 172-10 Policy No. 342797473 to the Complainant on 30-03-2005. The complainant informed that the amount of Rs.20000/- was deducted from the payment of death claim on 30-03-2005 but the policy bond in question was issued for sum assured of Rs. 10000/-only instead of Rs. 20000/-. The complainant has further informed that the Respondent has not given any response to rectify the same in spite of several visits and correspondences.

During hearing the Respondent has replied that the wrong adjustment of proposal deposit amount of Rs. 10000/- was done instead of Rs. 20000/- due to an oversight. The Respondent has stated that the policy bond for sum assured of Rs.20000/- will be issued with the original date of policy.

In view of the above the Respondent is directed to issue the policy bond for sum assured of Rs.20000/- with the same date of policy within 15 days from the receipt of this order.

**Bhopal Ombudsman Centre
Case No.: LI-135-24/06-07/IND
Smt. Archana Rathore
Vs**

Life Insurance Corporation of India

Award Dated : 10.10.2007

Smt. Archana Rathore, resident of Ujjain [hereinafter called Complainant] took LIC'S Jeevan Plus life insurance policy number 344510378 under table/term 173-59 on 26-06-2006 from LIC of India, DO: Indore, BO-1, Dewas [hereinafter called Respondent]. The policy was taken on single premium basis of Rs.50000/- under the option of Growth Fund. The Complainant has applied for partial refund of amount in April 2007 due to urgent need of money. But it has come in to the notice that the policy has been changed in to bond Fund option without her consent. The Respondent has paid her the surrender value payment of Rs. 47800/- as per the bond Fund option which caused her a lot of loss as compared to the amount payable under growth fund option. The same was brought to the knowledge of the Respondent vide her letter dated 10-05-2007 with request to pay the amount as per growth fund option. The complainant has complained that she had never opt for the bond Fund option and it is also clearly mentioned on the policy bond that the fund selected as "Growth Fund". But the Respondent did not bother to rectify the same in spite of several visits and correspondence by the complainant. Aggrieved from the act of not responding the matter, the complainant has lodged a complaint with this Office seeking directions to Respondent to make the payment of withdrawal as per the growth fund option.

Observations of Ombudsman :

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

There is no dispute that the Respondent issued LIC'S Jeevan Plus Policy No. 344510378 to the Complainant on 26-06-2006. During hearing the complainant informed that the policy was taken under growth fund option but the surrender value amount was paid as per bond fund option where as she had never given any application to change the option. Hence she was at loss while surrendering the policy.

During hearing, the Respondent contended that the policy was issued under growth fund but the same was switched over to bond fund option due to downwards trend of market NAV during that period.

During the course of hearing, the Respondent could not produce any document to show that the fund was changed as per request of the policy holder. It is observed from the records that the Respondent has not obtained the application for changing the option of fund from the complainant hence the contention of the Respondent that the fund was switched over as per application submitted by the Development Officer on behalf of the policy holder is not tenable. Hence the decision of the Respondent to make the payment of surrender value as per bond fund option is not just and fair

In view of the above the Respondent is directed to settle the surrender value payable as on original date of application as per Growth Fund Option within 15 days from the receipt of this order.

Bhopal Ombudsman Centre
Case No.: LI-289-21/09-07/JBP
Smt. Krishna Devi Chamdiya(M) and
Smt. Urmila Devi Chamdiya
Vs
Life Insurance Corporation of India

Award Dated : 31.12.2007

Smt. Krishna Devi Chamdiya (Mother)and Smt. Urmila Devi Chamdiya (w), resident of Satna (M.P.) [hereinafter called Complainant] is the mother and wife respectively of late Shri Pankaj Mishra, Deceased Life Assured [in short DLA]. The DLA took two life insurance policies number 29142575 and 376446073 under table /Term 14-40and 149-20 for sum assured of Rs. 100000/-each from LIC of India, DO: Satna, BO-1, Satna [hereinafter called Respondent]. The Policy commenced on 01-10-80 and 28-01-2006. The DLA died on 07-04-2006 and cause of death is shock due to sudden cardiac arrest. The death claim was preferred by Complainant with the Respondent where the basic sum assured has been paid by the Respondent but denied to pay accident benefit claim which was repudiated by the Respondent on the ground that the cause of death is due to cardio respiratory arrest and repudiate the accident benefit claim. Aggrieved from the repudiation action of Respondent for accident benefit claim, the Complainant has lodged a complaint with this Office seeking directions to Respondent to settle the accident benefit claim amount.

The Respondent vide its self-contained note dated 01-11-2007 replied that the since the cause of death was sudden cardiac arrest and not the accident, hence the basic sum assured under the policies paid.

Observations of Ombudsman :

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

There is no dispute that the Policy No. 29142575 and 376446073 were issued to DLA by the Respondent on 01-10-80 and 28-01-2006 respectively and death of DLA occurred on 07-04-2006.

During hearing, the complainant informed that the DLA was not suffering with any diseases and was quite normal in health. He was going to his shop near P.W.D. Office from his residence at about 9.30 a.m. and accident took place at 10.15 a.m., vehicle No. MP 19 G/ 9081 dashed him, he fell down on the road then immediately he was taken to the District hospital Satna where he was declared as dead. The death was due to accident which is confirmed from all the documents such as Panchnama, FIR, PMR etc. Moreover the DLA was in good health then how it is possible that the cause of death is due to heart attack. The Complainant stated that the reason for not allowing the accident benefit claim is not correct. The cause of death is shock due to sudden cardiac arrest is also not acceptable, as in case of any such incident shock will be there. The Complainant further added that there are some outside injuries on the body of DLA on eye, nose lips and knee and below stomach with small amount of bleeding around it.

The Respondent contended that the DLA fell down first and death took place by shock due to sudden cardiac arrest and not due injury itself. As per policy condition 10(b): "To pay an additional sum equal to the sum assured under the policy, if the life assured sustain any bodily injury resulting solely & directly from the accident caused by outward, violent and visible means and such injury shall within 180 days of its occurrence solely directly and independently of all other causes result in the death of life assured. Further, the respondent could not give any satisfactory reply to the question "How you can say that the vehicle has dashed to DLA after fall down on road?"

It is also observed from the records that there are sufficient evidences that accident has taken place and outside injuries on body was also found during postmortem such as abrasion over rt. Side of face below eye, abrasion over tips of nose, right side upper lip below nose and over right knee.

It is also seen from the post mortem reports the cause of death is due to shock probable sudden cardiac arrest and not exactly due to cardiac arrest only.

Thus there is no concrete reason found to repudiate the accident benefit claim hence the ground taken for repudiation is not tenable.

In view of the circumstances stated above, I am of the considered opinion that the decision taken by the Respondent to repudiate the accident benefit claim is not just and fair. Hence, the Respondent is directed to pay the accident benefit claim amount under Policy No. 29142575 and 376446073 within 15 days of receipt of this order failing which the Respondent shall be liable to pay further interest at the rate of 6 % per annum from the date of this Order till the date of actual payment.

**Bhopal Ombudsman Centre
Case No.: 145-22/06-07/PUNE**

Smt. Alleyamma Samuel

Vs

Bajaj Allianz Life Insurance Co.Ltd.

Award Dated : 31.12.2007

Smt. Alleyamma Samuel, resident of Bhopal (M.P.) [hereinafter called Complainant] proposed for insurance policy by paying an amount of Rs. 6250/- (Rs. Six thousand two hundred fifty only) vide cheque no. 027752 drawn Bhopal co-operative Central

Bank Ltd on 30-08-2006 to M/s Bajaj Allianz Life Insurance Co. Ltd (hereinafter called Respondent). The Complainant has stated that the assurance was given to handover the policy bond within a week but she has not received the policy bond so far in spite of several follow up with the Respondent then she has applied for refund of proposal deposit amount on 18-10-2006 but no response was given by the Respondent. As such she has neither received the policy bond nor the proposal deposit amount till the date of the complaint. Aggrieved from the delay in issuance of the policy bond and not refunding proposal deposit amount by the respondent, the Complainant has approached to this forum seeking direction to the Respondent to issue Policy Bond or refund of proposal deposit amount.

The Respondent vide their letter dated 24-09-2007 stated that they have verified the matter and inform that the policy bond was dispatched to the mailing address of the policy holder and also confirm that the same was not received back as undelivered. Further, the Respondent stated that as a special case they have issued the duplicate policy bond, which has been dispatched to the mailing address of the policy holder on 21-09-2007 vide Overnite Courier number 547016217 with request to pay the renewal premium to enjoy the benefit of the policy. Accordingly the Respondent is not able to cancel the policy after one year.

Observations of Ombudsman :

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

There is no dispute that the proposal deposit amount of Rs. 6250/- (Rs. Six thousand two hundred fifty only) was deposited vide cheque no. 027752 drawn on Bhopal co-operative Central Bank Ltd on 30-08-2006 and the Policy No. 27222306 was issued to DLA by the Respondent.

During hearing the Complainant contended that the assurance was given to handover the policy bond within a week from the date of deposit of premium but they have not given the same in time. Hence applied for refund of premium on 18-10-2006 but no response was given by the Respondent. Meanwhile they have sent an envelop stating that it is pertaining to bajaj vehicle but on opening it was found as a policy bond. The Complainant further stated that now she do not want policy bond but required the refund of premium amount.

During the hearing the Respondent stated that the policy was issued on 28-09-2006 and the same was already sent by them on her mailing addressed which was also not received back as undelivered. However, as special cases they have issued the duplicate policy bond, which has been again dispatched to the mailing address of the policy holder on 21-09-2007 vide Overnite Courier number 547016217 with request to pay the renewal premium to enjoy the benefit of the policy. Accordingly the Respondent is not able to cancel the policy after one year.

It is observed from the records that the policy bond was issued by the Respondent on 28-09-2006 and was sent on mailing addressed of the policy holder which has not returned as undelivered. Similarly the Respondent again issued a duplicate policy as a special case and sent to the mailing address of the Complainant on 21-09-2007 through Overnite Courier number 547016217. Hence, it is also clear that policy was issued by the Respondent and sent twice to the policy holder on her mailing address. During hearing the Complainant also stated that the policy bond was received by her assuming the papers of bajaj vehicle. As such the contention of the Complainant that no response was given is not tenable. It is also seen from the records that the notice dated 12-12-02007 of this hearing was sent to the complainant. It was refused to receive the same by her and notice was returned as undelivered.

In view of the above, it stands that the Respondent has issued the duplicate policy bond as special case and sent to the Policy holder on her mailing address is just and fair. Hence, the complaint is dismissed without any other relief.

Bhopal Ombudsman Centre
Case No.: ML-213-23/08-07/BGR
Shri Saiyed Abdul Kabir
Vs

Metlife India Insurance Co. Pvt. Ltd.

Award Dated : 31.12.2007

Shri Saiyed Abdul Kabir, resident of Bhopal (M.P.) [hereinafter called Complainant] has taken insurance policy bearing no. 1200600163117 under Plan Met Smart–Option A for term 37 years, Face Value of Rs. 400000/- with premium mode yearly @ 36292/-, effective date from 07th February 2006 through M/s Metlife India Insurance Co. Pvt. Ltd (hereinafter called Respondent). The Complainant has stated that he has requested to pay the second year premium amount due on 07-02-2007 from the withdrawal fund on 04-03-2007 but the Respondent has informed me about the lapsed status of my policy advising me to reinstate the same, instead of depositing the premium through withdrawal fund vide their letter dated 31-03-2007. Further, the complainant added that he has received the letter of insurance co. dated 30-05-2007 on 08-07-2007. Then he replied that he has already informed the insurance company to pay 2nd year premium from his withdrawal fund. Further the Insurance Co. has written to him a letter dated 22-08-2007 through which they informed him that partial withdrawal has been exercised on 14-02-2007. Since, A/C Value on 14-02-2007 is Rs. 112564=70 and Available withdrawal amount become Rs.76272=70 but your request was for Rs 80,000=00, hence could not process. Now they are ready to reinstate the policy waiving the reinstatement charges as a special case. The Complainant stated that there was not any proper response from the insurance company in spite of my several communication and follow up with them.

Aggrieved from the delay in resolving the grievances, the Complainant has approached to this forum seeking a direction to the Respondent to settle the issue of reinstatement of policy through withdrawal fund amount.

The Respondent vide their letter dated 28-08-2007 stated that they are collecting the facts of the matter and requested for further time to file their response. Further, the Respondent have intimated vide their letter dated 16-10-2007 that they have reinstated the policy after adjusting the renewal premium from policy's fund account. The Respondent further stated that as on 3rd October, 2007 after deduction of his renewal premium, an amount of Rs.136705=63 was available in withdrawal fund account under the policy and the Complainant is entitled to withdraw from his fund account.

Observations of Ombudsman :

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

There is no dispute that the Policy No. 1200600163117 was issued to the Complainant on 7th February, 2006 under plan Met Smart–Option A.

During hearing the complainant contended that the 2nd year premium was due on 07-02-2007 and he has applied for the amount of Rs. 80000=00 from his withdrawal fund with request to deposit the 2nd year premium from withdrawal fund. But the Respondent has rejected his request taking plea that the available withdrawal amount become Rs. 76272=70 on 14-02-2007 and your request was for Rs 80,000=00, hence could not

process. The Complainant informed that the policy was under Unit Link Plan; his request for withdrawal was received by them on 08-02-2007 but they process on 14-02-2007 when NAV was less than the NAV of dated 08-02-2007 and rejected his request. Accordingly they informed him about the lapsed status of his policy. There after they have reinstated his policy waiving the reinstatement charges. He further stated that the insurance company has never given any proper response towards his grievances. Any how now they have reinstated the policy. The Complainant added during the hearing that he desired that a written letter of apology must be given by the insurance co. Secondly, the assurance from insurance company that such things will not happen in future and the withdrawal fund amount should also be payable as it were available as on 08-02-2007.

During hearing the Respondent stated that the partial withdrawal has been exercised on 14-02-2007. Since, A/C Value on 14-02-2007 is Rs. 112564=70 and Available withdrawal amount become Rs. 76272=70.

But your request was for Rs 80,000=00, hence could not process. At present they have reinstated his policy from withdrawal fund. The Respondent further stated that as on 3rd October, 2007 after deduction of his renewal premium, an amount of Rs. 136705=63 was available in withdrawal fund account under the policy and the Complainant is entitled to withdraw from his fund account. In reply to the question about apology letter the Respondent informed that it was already sent by them on 15-10-2007 the copy of the same was submitted during hearing. The Respondent agreed with the grievances of the Complainant and assured him to resolve accordingly.

It is observed from the records that when the request letter for withdrawal of fund was received on 08-02-2007 then the question of processing on 14-02-2007 and rejecting the withdrawal amount and not depositing the premium for due 02/2007 is not fair and justified. However, the respondent has now reinstated the policy waiving the reinstatement charges. In view of the above, the Respondent is directed to settle the grievances of the Complainant as agreed by the Respondent during the course of hearing.

Bhopal Ombudsman Centre
Case No.: BA-228-22/09-07/PUNE
Shri Harshendra Kumar Trivedi
Vs
Bajaj Allianz Life Insurance Co.Ltd.

Award Dated : 11.02.2008

Shri Harshendra Kumar Trivedi, Resident of Ratlam [hereinafter called Complainant] took a Unit Gain Super insurance policy No.19865414 with commencing date from 28-03-2006 for sum assured of Rs. 125000 with yearly mode of premium @ Rs.25000/- from Bajaj Allianz Life Insurance Co.Ltd, BO Ratlam, HO Pune [hereinafter called Respondent]. The complainant has complained that he has paid the yearly premium due 03/2007 vide cheque No. 210004 dated 08-03-2007 for Rs. 25000/- which was encashed on 12-03-2007 from my bank account. But the Respondent did not take care to adjust the same towards renewal premium due for 03/2007 and sent me a lapse notice for the same and not ratify the same in spite of several correspondences till the date of complaint. The Complainant added that the amount of renewal premium for due 03/2007 was adjusted on 19-07-2007 when NAV increased too much due to which I suffered loss in units. Further they have not supplied me the income tax certificate for the year 2006-2007. Aggrieved from the non responsive act of the Respondent, the

complainant has lodged a complaint with this Office seeking directions to Respondent to rectify the same and issue of income tax certificate for the year 2006-07.

The Respondent vide its self-contained note dated 11th December, 2007 replied our Office that they have verified the matter and stated that there was a delay in utilization of renewal premium. Now they have compensated the loss of units incurred by policyholder in the above-mentioned policy and submitted the copy of Fund Statement for confirmation of unit infusion. The Details are as below.

Balance Plus Fund - 8.4226 Units on 10-12-2007

Equity Plus Fund – 145.0573 Units on 30-10-2007

Observations of Ombudsman :

I have gone through the materials on records and submissions made during the hearing and my observations are summarize as follows: There is no dispute that the Respondent issued a Unit Gain Supper insurance policy No.19865414 to the Complainant on 28-03-2006.

During hearing the complainant has informed that he has paid yearly renewal premium due 03/2007 through cheque No. 210004 dated 08-03-2007 for Rs 25000/- which was debited on 12-03-2007. But the Respondent has not adjusted in my policy account and sends me a lapse notice. Moreover, they have not supplied me the information of Unit allocation and not issue me the premium paid certificate for income tax purpose for the year 2006-2007. The Insurance Company has not given any response to my grievances in spite of my several correspondences and visit to their office.

Order No- BPL/BA/07-08/029

Case No.: BA-228-22/09-07/PUNE

The Respondent contends that the adjustment of premium was delayed due to some technical reason. Now they have compensated the loss of units incurred by policyholder in the above-mentioned policy and hand over the copy of Fund Statement for confirmation of unit infusion to the Complainant. The Details are as below.

Balance Plus Fund - 8.4226 Units on 10-12-2007

Equity Plus Fund – 145.0573 Units on 30-10-2007

During hearing the Respondent has informed that the premium paid certificate for the year 2006-2007 will be issued by them within two days.

It is observed from the records that the Respondent has received the cheque for renewal premium due 03/2007 on 08-03-2007 and the same was debited on 12-03-2007. Accordingly the Respondent has to allot the units from the restropective date. It is also seen that as regards the compensation of units carried out the corrections on 11-12-2007 but not informed to the Complainant regarding allocation of additional units after correction. However the Respondent has handed over the fund statement to the Complainant during the hearing and informed that the premium paid certificate for the year 2006-2007 will be issued by them within two days. In view of the above the Respondent is directed to issue premium paid certificate for the year 2006-2007 within 15 days from the receipt of this order.

**Bhopal Ombudsman Centre
Case No.: LI-149-20/06-07/IND
Shri Devendra Pal Singh**

Vs

Life Insurance Corporation of India

Award Dated : 25.02.2008

Shri Devendra Pal Singh, Resident of Indore (hereinafter called Complainant) took a life insurance policy numbered 120584037 under Table/Term: 14/20 for a Sum Assured of 5,00,000/- under yearly Mode of premium @ Rs. 24114=00 on 28.10.1995 from LIC of India, DO: Indore, DBO Indore (hereinafter called Respondent). The Complainant has stated that he has paid all the premiums up to yly due 10/2000 and next unpaid premium was due on 28/10/2001 which he could not deposit and policy got in lapsed status. Then he has contacted with the DBO Indore Respondent's office on 18-10-2006 to know the arrears of premium amounts and other requirements to revive the policy, accordingly he has deposited the amount of Rs.55949/-vide cheque no. 806918 dated 26-10-2006 for which policy deposit receipt was issued by the office. But DBO Indore has refunded this amount on 18-11-2006 stating the reason as outstanding interest on policy loan has not been paid on time, hence policy can not be revived now.

The complainant has complained that when he has requested to allow revival of his policy under loan cum revival scheme and accordingly deposit the required amount as told by the Respondent's official along with Medical Examination Report dated 26-10-2006 and Declaration of Good Health dated 26-10-2006 before the expiry of 5 years from the first Unpaid premium due 28-10-2001 then how the Respondent has refunded the amount of policy deposit and the revival was denied. Aggrieved from the decision of the Respondent, the Complainant has lodged a complaint with this Office seeking directions to allow for revival of policy.

The Respondent vide its self-contained note dt. 23.08.2007 replied that policy loan was granted to policy holder on 23-08-2001. The Loan interest on policy has not been paid since inception of loan. The Premium on policy has also not paid since due 10/2001. As a period of 5 years has elapse, policy is not eligible for Revival. Please refer foreclosure notice dated 16-08-2004 and subsequent letter dated 28-01-2005.

Observations of Ombudsman :

I have gone through the materials on record and submissions made during the hearing and summarise my observations as follows: There is no dispute that the Policy No. 120584037 was issued to the Complainant by Respondent on 28-10-1995 under Table/Term: 14/20. From the documents and records, it is observed that last Premium yly due 10/2000 was paid by the Complainant as such the Policy lapsed w.e.f. First Unpaid Premium due on 28/10/2001.

During hearing the Complainant informed that the he has contacted with Respondent's office to know the details of requirements to be submitted for revival of the policy on 18-10-2006 (wherever 10 days were left to complete the five years from the first unpaid premium due 28/10/2001, thereafter the revival is not permissible as per term and condition of the policy). He has deposited the required balance amount of Rs. 55949/- against loan cum revival scheme as told by the competent authority of Respondent's official along with Medical Examination Report dated 26-10-2006 and Declaration of Good Health dated 26-10-2006 before the expiry of 5 years from the first Unpaid premium due 28-10-2001 but the Respondent has refunded the amount of policy deposit in stead of reviving the policy for no fault on my part.

During hearing the Respondent has stated that the premium paid history of the policy shows that the premiums paid by LA through the cheques were dishonored and then these dues were adjusted through policy loan. The Respondent further informed that the policy loan was raised under the policy as on 23-08-2001, the policy loan interest on policy loan was not paid by LA since inception of loan; the premium on policy has also not been paid since 10/2001. The notice for foreclosure action was sent to LA on 16-08-2004 and sent subsequent letter on 28-01-2005. Then ultimately foreclosure action was taken by Respondent on 26-02-2005. Thereafter, on request of LA to re-

instate the policy from surrender to loan first and then to revive under loan cum revival scheme, it was decided to reinstate the policy subject to repayment of outstanding interest on policy loan accrued along with out standing premiums and interest on o/s premiums accrued. The LA has paid the amount of Rs. 55949/- only towards difference of o/s premium and interest there on and not paid the amount of interest on policy loan. Hence, the revival under loan cum revival scheme could not be materialized and the amount of policy deposit was refunded to the Life Assured on 13-11-2006. Now, the period of 5 years has been elapsed, and policy is not eligible for revival.

It is observed from the records that the policy was lapsed since yly due 10/2001 and policy loan was taken on policy on 23-08-2001 there after neither the premiums were paid nor the interest on policy loan was paid by the LA. The Respondent has sent the notice for foreclosure action on 16-08-2004 and sent subsequent reminder letter on 28-01-2005 but the LA has not replied to their notice. Then ultimately the Respondent has taken foreclosure action (i.e. policy surrender to loan) on 26-02-2005. There after the LA has requested vide his letter dated 18-07-2005 for re- instatement of foreclosed policy and then revival of policy under loan cum revival scheme. It is also seen from the provisions of the Policy, that the reinstatement of foreclosed policy is permissible subject to payment of o/s loan interest on policy loan up to the date of reinstatement.

It is further observed that the LA has requested vide his letter dated 18-07-2005 that he is agree to pay o/s loan interest of Rs. 69124=00 on the said policy for reinstatement, whereas he has applied for loan cum revival of the policy and paid o/s balance of Rs. 55494=00 which was inadequate to proceed for revival.

In the instant case it is clear that the o/s interest on policy loan up to the date of reinstatement has not been paid by the LA where as the declaration was given by him on the application for re-instatement of policy dated 18-07-2005 that he is ready to pay the o/s loan interest on policy loan along with o/s premiums with interest for revival under revival cum loan scheme. As such the reinstatement of foreclosed policy could not be effected. Hence, accordingly the revival under loan cum revival scheme could not be done until and unless the policy got reinstated from the status of policies written off to policy loan and interest despite the balance amount of Rs 55494=00 for revival was paid.

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

Bhopal Ombudsman Centre
Case No.: BA-179-25/07-07/PUNE
Shri Rajiv Singhai
Vs
Bajaj Allianz Life Insurance Co.Ltd.

Award Dated : 27.02.2008

Shri Rajiv Singhai, Resident of Bhopal [hereinafter called Complainant] had paid Rs.15000/- towards a Capital Unit Gain insurance policy with commencing date from 30-03-2007 for sum assured of Rs. 7.5 lacs with single premium mode of Rs. 15000/- from Bajaj Allianz Life Insurance Co.Ltd, BO Bhopal, HO Pune [hereinafter called Respondent]. The complainant has complained that he has paid the single premium of Rs. 15000/- vide cheque No. 20313 dated 30-03-2007 for of Rs 10000/- and cheque No. 20315 dated 30-03-2007 for of Rs 5000/- for which receipt no.67975796 and 68304102 were issued. The premium was paid for the insurance cover of Rs. 7.5 lacs but the insurance company has issued me a policy no. 0046471397 with insurance cover of Rs. 5.00 lacs and premium amount of Rs. 10000/- only. But the Respondent

did not take any care to ratify the same on pointing out by me in spite of several correspondences till the date of complaint. The Complainant added that the he has been cheated by the insurance company and now being asked by them to write an application seeking refund of Rs. 5000/- or cancel the policy. He further stated that the Bhopal unit of the company has refunded him Rs. 5000/- vide their letter dated 19-05-2007 without any prior intimation. He has suffered a loss in tax benefit U/C 80C because of negligence on the part of company. Aggrieved from the non responsive act of the Respondent, the complainant has lodged a complaint with this Office seeking directions to Respondent to rectify the same and to issue of policy with premium of Rs.15000/- and insured sum of Rs.7.5 lacs w.e.f. 30-03-2007.

The Respondent vide its self-contained note dated 20th January, 2008 replied our Office that they have verified the matter and stated that there was a delay in refunding the excess amount of the policy. Now they have compensated the loss of interest incurred by policyholder in the above-mentioned policy. Now, they have refunded the amount of Rs. 250/- vide cheque No. 165597 dated 19-01-2008 towards the interest on delayed refund of excess premium.

Observations of Ombudsman :

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

There is no dispute that the Complainant has paid the amount of Rs. 10000/- and Rs. 5000/- towards proposal deposit vide cheque no. 20313 dated 30-03-2007 for of Rs 10000/- and cheque No. 20315 dated 30-03-2007 for of Rs 5000/-. But the Respondent has issued a Capital Unit Gain Insurance policy No. 0046471397 to the Complainant on 30-03-2007 for insurance coverage of Rs. 5.00lacs and premium amount Rs.10000/-.

During hearing the complainant has informed that he has deposited the amount of Rs. 15000/- towards the proposal deposit for the Capital Unit Gain policy for insured amount of Rs. 7.5 Lacs but the Respondent has issued me insurance policy on 13-04-2007 for insured amount of Rs.5 Lacs of prmium amount of Rs. 10000/- only. The Insurance Company has not given any response to my grievances in spite of my several correspondences and visit to their office. On pointing out by him they refunded the balance amount of Rs. 5000/- after two months stating the reason as excess of premium. He has suffered a loss in unit values, administrative charges if he takes another policy for 2.5 lacs, loss of insurance coverage and tax benefit U/C 80C because of negligence on the part of company.

The Respondent contends that the LA has submitted the proposal along with two cheques of premium amounting Rs.15000/-(Rs.10000/-andRs.5000/-) But the insurance coverage can be given to the LA for the sum assured of Rs.5.00 Lacs only with the underwriting point of view such as income criteria, medical ground, other aspect etc. Hence the policy for sum assured of Rs.5.00 lacs was issued. The balance amount of Rs.5000/- lying in policy deposit was refunded to the LA on 19-05-2007. The Respondent further informed that they have paid the interest on delayed refund of policy deposit amount of Rs.250/- vide cheque No. 165597 dated 19-01-2008.

On scrutiny, it is observed that the Complainant has paid the amount of Rs. 10000/- and Rs. 5000/- towards proposal deposit vide cheque no. 20313 dated 30-03-2007 for Rs 10000/- and cheque No. 20315 dated 30-03-2007 for Rs 5000/-. and the Respondent has issued a Capital Unit Gain Insurance policy No. 0046471397 keeping in view underwriting norms to the Complainant on 30-03-2007 for insurance coverage of Rs. 5.00 lacs with premium Rs.10000/-. The balance amount of Rs. 5000/- was lying unadjusted with Respondent.

It is observed from the records that the Respondent has refunded the amount of Rs. 5000/- to the LA on 19-05-2007 and the interest for delayed refund of policy deposit was also paid vide cheque No. 165597 dated 19-01-2008. It is clear from the records that the Respondent has compensated the loss of interest amount for the period for which the amount was kept by them in refunding the unadjusted policy deposit amount. In view of the above, the decision taken by the Respondent is just and fair hence does not require any interference. Hence the Complaint is dismissed without any relief.

Bhopal Ombudsman Centre
Case No.: ICICI-389-24/12-07/MUM
Dr.D.L.Sharma

Vs

ICICI Prudential Life Insurance Co. Ltd.

Award Dated : 29.02.2008

Dr.D.L.Sharma, resident of Indore, M.P. [hereinafter called Complainant] has paid single premium of Rs. 2.25 lacs for a life insurance policy numbered 02800889 with ICICI Prudential Life Insurance Co. Ltd., Mumbai [hereinafter called Respondent] taken on 11.05.2006. The complainant has complained that the policy bond was received by him on 16-04-2007 and simultaneously it was returned on 27-04-2007 with a request for cancellation of policy and refund of my premium as the said policy was issued under yearly mode of payment instead of single premium. But the ICICI Prudential co. was insisting for 2.25 lacs deposit as second yearly premium. There after looking to my several representation and copies to IRDA, Insurance Ombudsman, the Respondent has given him one part payment of Rs. 1.94 lacs instead of Rs. 2.25 lacs (Amount Rs. 31000/- less). Aggrieved from the act of the Respondent, the complainant has lodged a complaint with this Office seeking directions to Respondent to refund the balance amount of the premium paid Rs. 31000/- + one year interest @18% p.a. and legal expences incurred.

The Respondent vide its letter dt. 10-01-2008 replied that the complainant had opted for Life Time policy for sum assured of Rs.2.25 lacs choosen yearly frequency for paying premium @ Rs.2.25 lacs. In the proposal form the Communication address was selected as his Official address. The policy No. 002800889 was issued on 11-05-2006 under non medical category at standared rate of premium. The policy document was delivered at Complainant's office address on 15-05-2006 through Airway Bill no. 32239555692. (a copy of confirmation received from the courier company is attached – Exhibit "B"). It is pertinent to bring to the notice of the Hon"ble Ombudsman that the Complainant had retained the policy document without raising any objections to the same. Further, the Respondent stated that in the month of January 2007 approximately after 7 months of receipt of policy document the Complainant has approached the Respondent stating that he has not received the Policy Document. Then the duplicate policy bond was printed and sent to the Complainant's office address on 24-04-2007. Then the Complainant wrote to the Respondent stating that policy is not as per his requirements and same should be cancelled and his premium to be returned. As per clause 3.2 of the policy documents no benefit becomes payable under the policy unless the LA has paid premiums for 3 full policy years. In the instant case the Complainant had paid premiums only for one policy year and hence no benefit became payable under the policy. Though there was no contractual obligation to cancel the policy after the free look period is over, the Respondent as a special case cancelled the policy and paid the amount of Rs. 1,94,334.46 on May 5, 2007, after receiving the consent of the Complainant agreeing to the values of units. Hence, the said policy is already cancelled and no further amount becomes payable there under. The Respondent stated

that the value of units was encashed by the Complainant in May 2007 and the Complainant has approached the Hon'ble Ombudsman in December, 2007.

Observations of Ombudsman :

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

There is no dispute that the Policy No. 00280889 under Life Time Policy for sum assured of Rs. 2.25 lacs was issued on 11-05-2006 to policy holder by the Respondent. During hearing the Complainant stated that the Representative of the company has told me to invest this amount in this policy showing so many benefits under the plan and obtain my signature on blank proposal form and taken the cheque for premium of Rs. 2.25 lacs as a single premium with assurance to provide me the copy of proposal form and policy bond but he has not supplied me neither the copy of proposal form nor the policy bond. On enquiry, it is come to my knowledge that the policy has been completed in the yearly mode of payment in stead of single premium. Then the matter was brought to the knowledge of company but the Insurance Company told that you have signed the proposal as such they have cheated me and not given any response to my grievances in spite of my several correspondences and visit to their office. Later on after approaching to the IRDA, Insurance Ombudsman they have refunded me one part payment of Rs. 1.94 lacs instead of Rs. 2.25 lacs (Amount Rs. 31000/- less). The Complainant has demanded to refund the balance amount of the premium paid Rs. 31000/- + one year interest @18% p.a. and legal expenses incurred.

During hearing, the Respondent stated that the policy bond was already sent to the Complainant on his office address mentioned in the proposal form which was delivered on 15-05-2006. However on receipt of his complaint they have issued the duplicate copy of policy bond on 24-04-2007. The respondent has informed that they have cancelled the policy as a special case and paid the unit value of Rs. 194334.46 on May 04 2007 on receipt of the confirmation from the Complainant. The policy was cancelled after duly receiving the consent of the Complainant agreeing to the values of units. Hence, the said policy is already cancelled and no further amount becomes payable there under.

It is observed from records that the policy bond sent to the Complainant by the Respondent on 15-05-2006. But no evidence was produced of delivered the policy document to the Complainant. The policy document sent and delivered to the party on 24-04-2007 does not bear the stamp of "Duplicate policy". In reply to the question that whether they are having any other evidence to prove that the closed envelop delivered on 15-05-2006 was having the policy bond, such as copy of dispatched register or any other equivalent records of their office through which the contents of documents in envelop were given for dispatch, the respondent could not give any satisfactory answer. Hence the contention of the Respondent that the policy could not be cancelled under cooling off period merely on the ground that they have sent the policy bond to the complainant is not tenable. On scrutiny, It is also observed that the Respondent has paid the payment of unit values of policy as on 04-05-2007 as a special case.

In view of the foregoing facts and circumstances, it stands that the Respondent's decision of not considering the case under cooling off period is not just and proper.

Hence, the Respondent is directed to pay the amount as per the benefit of Cooling off period as per rules within 15 days of receipt of this Order after deducting the amount of Rs.1,94,334=46 already paid to the Complainant.

Shri Bharat Purswani
Vs
Bajaj Allianz Life Insurance Co. Ltd.

Award Dated : 20.03.2008

Shri Bharat Purswani, resident of Bhopal (M.P.) is a existing customer of CITIBANK Bhopal [hereinafter called Complainant] has taken a policy No. 001124238 under "Dream Plan" for the yearly premium of Rs. 1.00 Lac per year for the term of 20 yrs from M/s Bajaj Allianz Life Insurance Co. Ltd (hereinafter called Respondent). The Complainant has stated that the policy was sold to him by telling wrong information such as (i) No administrative charges (ii) Free from any kind of known and unknown charges (iii) 100% amount will be allocated to the policy and will get growth on 100% of the amount invested from First year to end like mutual fund, which were not found correct after receipt of policy bond. Therefore he has requested to refund the premium amount of Rs. 1.00 lac along with interest thereon on 26-12-2007 but the Respondent has not refunded the same till the date of the complaint in spite of several follow up with the Respondent. As such he has not received the premium deposit amount. The Complainant stated that he has got the policy document very late where free look period was about to over. It was informed to the Respondent but they have not taken any remedial action in the matters. Aggrieved from the delay in refunding the premium deposit amount by the respondent, the Complainant has approached this forum seeking direction to the Respondent to refund of premium deposit amount.

The Respondent vide their letter dated 21-12-2007 and 28-01-2008 stated that (a) Plan details were captured as per application form signed by the proposer (b) Free look period was provided wherein he gets an opportunity to review his policy contract. As such the Respondent is unable to consider his request for cancellation of policy and refund of money. Accordingly the Respondent is not able to cancel the policy and refund the premium amount after free look period is over.

Observations of Ombudsman :

I have gone through the materials on records and submissions made during hearing and summaries my observations as follows: There is no dispute that the policy No. 001124238 under " Dream Plan" was issued to the Complainant on 19-07-2007 by the Respondent.

During the hearing the Complainant contended that the policy was sold to him by telling wrong information about the policy which came to his knowledge after receipt of policy bond. The policy bond was also sent very late where the free look period was about to over. There after he has requested for cancellation of policy and refund of premium amount paid by him.

During the hearing the Respondent stated that the policy was issued on 17-07-2007 and the same was already sent by them on his mailing addressed which was received by the Complainant on 25-07-2007. The Complainant has signed the sales illustration paper, each and every thing was told to him by the Ins. Co. and proposal form was signed by him only. The policy bond was received by him on 25-07-2007 where as he has applied for refund of premium on 10-12-2007. He was given an opportunity of free look period for 15 days after date of receipt of policy bond but he did not utilize the same. Hence now the cancellation and refund of money is not possible.

It is observed from the records that the policy bond was issued by the Respondent on 17-07-2007 and was sent on mailing addressed of the policy holder which was received

by him on 25-07-2007 where as he has applied for cancellation and refund of premium on 10-12-2007, the free look period is 15 days from the date of receipt of policy bond hence the contention of the Complainant that the policy bond received by him very late where the free look period was about to get over, is not tenable.

It is also seen from the records that the Sale Illustration paper and proposal forms was signed by the Complainant himself hence the contention of the Complainant that the policy was sold to him with wrong information is not tenable. It is clear from the records that the application of cancellation of policy and refund of premium paid was submitted after the free look period was over hence there is no fault on the part of the Respondent. In view of the above, it stands that the decision of the Respondent not to cancellation of policy is just and fair. Hence, the complaint is dismissed without any other relief.

**Bhopal Ombudsman Centre
Case No.: LI-357-24/11-07/GWL**

Shri J.C.Katiyar

Vs

Life Insurance Corporation of India

Award Dated : 25.03.2008

Shri J.C.Katiyar, Resident of Gwalior (M.P.) [hereinafter called Complainant] has a life insurance policy No. 8707901 under plan "Convertible Whole life Assurance Policy with profit" from LIC of India, BO-3 Gwalior, DO Gwalior [hereinafter called Respondent]. The Policy commenced on 28-12-1961 under Table No. 28 for Sum Assured of 5000/- with Quarterly mode of payment @ Rs. 29=93. The mode of premium payment was changed to yly mode @ Rs. 116/- per year. The policy became due for maturity claim. The Complainant stated that as per the policy document all the premiums have been deposited within scheduled period but maturity claim is not being paid to him nor is being informed that when and how much amount will be paid to him as maturity claim. The Complainant added that he is about 71 years old suffering from diabetics and required the amount for medical treatment frequently. The complainant has complained that he has not received the maturity claim due in December 2005 under the policy 8707901 till the date of complaint. Aggrieved from the delay in payment of maturity claim, the complainant has lodged a complaint with this Office seeking directions to Respondent to settle the maturity claim amount against policy no. 8707901.

The Respondent vide their letter dated 14-12-2007 stated that as per the provision of the policy the maturity claim will be due on 28-12-2015 accordingly last premium to be paid will be due on 28-12-2014 considering the maturity age as 80 years. However subsequently the Respondent has informed to the Complainant vide their letter dated 18-08-2007 that no further premiums are required to be paid but the maturity amount will be paid on the death if earlier or on attaining the age 80 years.

Observations of Ombudsman :

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

There is no dispute that the Policy number 8707901 was issued to the Complainant on 28-12-1961 under plan of insurance table no. 28 "Convertible Whole life Assurance Policy with profit" by the Respondent."

During the hearing, the Complainant informed that he has claimed for the maturity claim due in the policy as the last date of premium payment is 28-09-2005 endorsed on policy bond. The Respondent has informed him to pay the further premium till the year

2014 and maturity payment will be paid in the year 2015 instead of making maturity claim. The Complainant further added that the Maturity claim under the policy should be paid up to the age of 65 years only so that the amount of money saved by him throughout the life for old age provision may be utilized for the same. He stated that now he is about 71 yrs. old and suffering from diabetics but the Respondent is denying for maturity claim payment. As such they have not paid the maturity claim so far in spite of his several correspondences and visits to the office of the respondent.

During hearing the Respondent stated that the policy was issued under table no. 28 i.e. "Convertible Whole life Assurance Policy with profit". It is a convertible whole life assurance with profit table no.28 where on the schedule of the policy it is clearly mentioned that "Event on the happening of which Sum Assured payable - On the death of Life Assured." The Respondent has further replied that an amendment in terms and conditions of above policy for the benefit of the policy holder has been done and accordingly the maturity date will be on attainment of 80 years of age by the life assured or on completion of 40 years from the date of commencement of the policy whichever is later.

It is observed from the records that the policy bond was issued on 29-04-1962 which was in possession of the policy holder since then and on the schedule of the policy bond it is clearly mentioned as "Event on the happening of which Sum Assured payable - On the death of Life Assured" and the last payment of premium date will be on attainment of 70 years of age by the life assured or on completion of 40 years from the date of commencement of the policy whichever is later.

It is further observed that the amendment was in forced for the benefit of the life assured of whole life policies which have not resulted into claim by death, the sum assured together with the bonuses if any will become payable on attainment of 80 years of age by the life assured or on completion of 40 years from the date of commencement of the policy whichever is later. The policy holder is free to opt the amendment if he needs accordingly otherwise the condition printed on schedules will be applicable. The Complainant was also informed correctly regarding last date of payment of premium vide their letter dated 18-08-2007, as no further premium is payable under the policy and the maturity date is 28-12-2015 is correct, hence no direction is required. On scrutiny, it is found that the complainant's dispute is regarding change in terms and conditions of policy regarding attainment of maturity payment in whole life policy is a policy matter which is out of jurisdiction of this forum.

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

Bhubneshwar Ombudsman Centre

Case No. 21-001-0223

Sri Bichitrananda Dash

Vs

Life Insurance Corporation of India

Award Dated : 15.01.2008

Sri Bichitrananda Dash, insured complainant had taken LIC policy bearing no. 76389764 for sum assured of Rs.40000/- under Table & Term 27-20 commencing from 28.2.1986. The policy was under salary saving scheme. The Insurer has paid Rs.65027/- as maturity value after deducting Rs.13013/-towards difference of premium

and interest after getting the written consent from the policyholder. The deduction of interest has been challenged by the policyholder in this forum.

The complaint was heard on 19.12.2007. The policy was issued "without profit" plan and after 5 years by paying extra premium the same could be converted to "with profit" plan. But the policy holder did not pay the enhanced premium i.e Rs.212.20 instead of Rs.160.30 from 5th year of policy anniversary till maturity. The policyholder had given consent that the maturity amount may be paid as with profit plan.

The Complainant had admitted that the enhanced premium was not paid. The Insurer has deducted the difference of premium with interest from maturity value. Since the policyholder did not pay the enhanced premium, the interest amounting Rs.8667.30 charged by the Insurer is justified and proper.

The complaint is dismissed.

Bhubneshwar Ombudsman Centre
Complaint No. 22-001-0144
Smt. Bishnupriya Satpathi
Vs
Life Insurance Corporation of India

Award Dated : 16.01.2008

Smt. Bishnupriya Satpathi, the insured complainant had taken a policy from LIC of India bearing no.584601184 for sum assured of Rs.100000/- under Table & Term with yearly mode of payment. As per provision of this policy, the policyholder paid premium in advance to avail rebate. But at the time of adjustment, the Insurer asked the policyholder to pay Rs.63/- to regularise the policy.

Being aggrieved on the decision of Insurer, the complainant approached this forum for redressal.

The Insurer pleaded that due to computer failure the premium can not be adjusted and admitted the no fault of complainant. The receipt of Rs.63/- is not justified. She is entitled to get back her amount.

The complaint is allowed and directed the Insurer to refund Rs. 63/- to the Complainant.

Bhubneshwar Ombudsman Centre
Case No. 21-001-0231
Sri Bijay Kumar Badu
Vs
Life Insurance Corporation of India

Award Dated : 07.02.2008

Sri Bijay Kumar Badu, the complainant had taken a Jeevan Asha II on 26.9.2003 bearing no.585247420 for sum assured of Rs. 100000/- from LIC of India Bhubaneswar Branch-I. The policy was accepted with extra load on premium by the Insurer for submission of leave availed and consultation with doctor. The policyholder undergone surgical operation of L₃ L₄ L₅ in the Kalinga Hospital and submitted the claim to the Insurer. But the claim was repudiated by the Insurer on the ground that the disease is not included as per policy condition no.11(b) and hence complained at this forum. During hearing on 19.12.2007 Hon'ble Ombudsman gone through the steps like clinical examination report, MRI and root canals in discharge certificate. He also gone through condition (b) and by taking medical opinion of DMR of the Insurer in to consideration

opined that repudiation decision is justified can not be faulted and dismissed the complaint.

Bhubneshwar Ombudsman Centre
Case No. 24-001-0430
Sri Kartik Chandra Sahoo
Vs
Life Insurance Corporation of India

Award Dated : 21.02.2008

The deceased life assured Baburam Sahoo had policy bearing no. 584296096. The deceased died on 28.03.2005 on road accident. The complainant submitted all claim papers with Insurer as nominee. The Insurer while processing, got a letter from Smt. Basanti Sahoo through her Advocate advising to pay the amount to her. So according to the Insurer unless it is decided as to who would get amount, it is not possible on their part to settle the claim. It is found that succession mis. Case no. 8/2006 is pending before the Court of Civil Judge (Senior Division), Balasore filed by Smt. Basanti Sahoo. The Insurer being one of the party. So it is held that unless the case is decided the amount can not be released. In the above circumstance, the insurer is directed to complete processing and investigation of the case and would pay the amount as per the order of the Court.

Bhubneshwar Ombudsman Centre
Case No. 22-001-0154
Sri Radha Raman Das
Vs
Life Insurance Corporation of India

Award Dated : 13.03.2008

Insured complainant obtained two Jeevan Plus ULIP Single Premium policies of Rs.1 lakh each from Khurda Branch of LIC of India by depositing the requisite premiums on 9.11.2005. Such single premium Unit Linked policies got unitized on 17.11.2005 whereas he received the policy copy from insurer wherein it is revealed his premium got unitized on 14.12.2005 i.e nearly about one month after deposit of premium. By the time of the unit value of the policy has been increased to Rs.10.40132 from Rs.10.00. As a result he has incurred a loss of Rs.3650.00. Being aggrieved the complainant moved this forum.

During hearing insurer stated that both the policies of the complainant have been surrendered and he has received the amount. Complainant did not turn up to present his views. Hon'ble Ombudsman upheld the decision of insurer as complainant failed to prove his submission.

Bhubneshwar Ombudsman Centre
Case No. 23-001-0006
Sri Prafulla Kumar Behera
Vs
Life Insurance Corporation of India

Award Dated : 25.03.2008

The Complainant had obtained two Bima Plus policies from Keonjhar Branch under yearly mode of payment of premium of Rs.5000/- each on 19.1.2005. The receipt was

duly granted by the Keonjhar Branch. Again he received a payment receipt from Divisional Office where it has been mentioned the premium was adjusted on 04.03.2006 i.e. after 13 months of payment made by the complainant. Complainant made correspondence with the insurer as he suffered a loss of 200 units due to delay in adjustment of premium by the insurer. Insurer sat over the matter. Being aggrieved the complainant moved this forum. Insurer in his self contained note stated that since complainant deposited the premium at Keonjhar Branch instead of Divisional Office so the delay occurred for the adjustment. During hearing insurer reiterated their stand taken in self contained note but the complainant did not turn up.

Hon'ble Ombudsman directed the insurer to pay Rs.3626.59 with an interest of 18% per annum from the date of deposit of premium i.e. 19.1.2005 as insurer signally failed to adjust the premium made by the complainant to their office.

Chandigarh Ombudsman Centre
Case No. : ICICI/281/Mumbai/Jalandhar/22/08
Rajesh Kumar Arya
vs
ICICI Prudential Life Insurance Co. Ltd.

Award Dated : 30.10.07

FACTS : The complainant, Sh. Rajesh Kumar Arya purchased a "Life Time" policy with annual premium of Rs.20,000/-. He was told that the policy being unit linked will fetch a good return. When he received the policy, he came to know that only Rs.16,000/- were invested. Hence he wanted the amount back but he was told that he cannot withdraw before 3 years. On completion of 3 years on 17.09.2007, he was informed that he will have to pay the balance two installments premium of Rs.40,000/-, then only he could withdraw the amount. He paid the amount but he was not satisfied with the number of units allotted as mortality charges and other charges were deducted from the premium and the investible amount was accordingly reduced. He could not understand why Rs. 9,000/- was deducted against Rs.2,300/-.

FINDINGS : During the course of hearing, the insurer clarified the position by stating that the deductions were made as per terms and conditions of the policy. The policy was lying in a lapsed condition since two premia were not paid. The policy was revived as per complainant's request. It was submitted that revival of the policy results in the novation of the contract, meaning thereby that the policyholder continues to enjoy the benefits of the contract, as it existed prior to the lapsation of the policy. Once the policy was revived to make it a continuous policy, critical illness benefits charges, accident benefit charges, mortality charges etc. were deducted. Moreover, the complainant had withdrawn Rs.40,000/- as partial withdrawal and had made switch over of funds from balance to protector after the complaint was registered in this forum, which shows that he has accepted the terms and conditions of the policy. The refund amount was not asked for during the free look period of 15 days.

DECISION : After hearing both the parties and going through the records, I am of the opinion that the action taken by the insurer in making deductions from the premium as per terms and conditions of the policy is in order. No further action is called for. The complaint is closed.

Chandigarh Ombudsman Centre
Case No. : LIC/308/Chandigarh/Unit-I, Chandigarh/21/08
Parkash Wati

Vs

Life Insurance Corporation of India

Award Dated : 19.11.07

FACTS : Smt. Parkash Wati, wife of deceased life assured Sh. Jeet Ram stated that her husband had purchased a Money Back policy with DOC 28.03.1987. He expired on 04.02.2006 at PGI, Chandigarh after an accidental fall in the bathroom on 31.01.2006. Basic death claim was settled by the company however, accident benefit was denied.

FINDINGS : The insurer clarified the position by stating that the policy had run for 18 years 10 months and 6 days from the date of commencement. Hence basic sum assured was paid. For A.B. claim, FIR/PIR/PMR was required. PMR was waived by the Competent Authority. But from DDR lodged by DLA's Son, it was clear that DLA was a patient of blood pressure. Also the hospital record stated that the DLA was a known case of hypertension, BP etc and nowhere was it stated that the death occurred due to a bodily injury either internal or external sustained by the DLA. He died due to IVHTN Sylvain Fissure Bleed. Since the cause of accident is a disease – HTN/ Blood pressure which is not covered under the DAB clause, DAB is not payable under the condition.

DECISION : Held that the contention of the insurer that death did not occur due to an accidental bodily injury was in order. Hence the repudiation of DAB claim by the insurer was justified and was upheld.

Chandigarh Ombudsman Centre

Case No. : ICICI/369/Mumbai/Panipat/22/08

Ramesh Kapur

Vs

ICICI Prudential Life Insurance Co. Ltd.

Award Dated : 22.01.08

FACTS : The complainant, Sh. Ramesh Kapur had purchased a unit linked policy to save his wife's income tax by paying annual premium of Rs.6,000/-. But the company issued him a Cash Back Scheme under half yearly mode without his knowledge. He wanted that the policy be a unit linked policy with annual premium, but the company was not settling his problem as the policy was in lapsed condition.

FINDINGS : The insurer stated that the proposal form submitted by the complainant clearly stated that he wanted a cash back policy with half yearly premium. It was submitted that if the mode of premium payment and the plan was not in accordance with what he had opted then he should have approached the insurer within the Free look period. It was found that the complainant had not received the policy document. He came to know about this only after receiving the premium notice. Regarding conversion of the plan, the insurer replied that it can be considered as a special case but the minimum amount due ie. Rs18000/- for a unit linked policy will have to be paid. But the complainant was not in a position to pay such a huge amount and requested that the policy be cancelled and the amount be refunded. The insurer agreed and replied that they would do it as a special case.

DECISION : The insurer's offer of cancelling the policy and refunding the amount was appreciated.

Chandigarh Ombudsman Centre

Case No. : ING VYSYA/378/Bangalore/Mohali/22/08

Kiran Sharma

Vs
ING Vysya Life Insurance Co. Ltd.

Award Dated : 22.01.08

FACTS : The complainant Smt. Kiran Sharma had insured her life for Sum Assured of Rs.97,000/- on 4.2.2004. She stated that after paying two half yearly premiums the policy had lapsed for which an application for revival was given by her after depositing an amount of Rs.13,436/- being the premia due. However, the revival was not effected due to medical reasons, without giving any specific cause. The unadjusted amount was also refunded. Since the policy was cancelled without her request, she wanted the refund of two premia paid in the year 2004 amounting to Rs.6211/- alongwith interest.

FINDINGS : The insurer stated that the policy had lapsed since the premia due in 2005 were not paid. Hence, at the time of revival, a fresh medical was done and the complainant was advised to resubmit the request after one year alongwith medical reports.

DECISION : The insurer had rejected the revival of the policy without giving any specific reasons for postponement of the revival thus it had erred in not getting the medical done at the start of the policy and hence the premium taken by them should be refunded alongwith interest. It was ordered that an amount of Rs.6211/- alongwith interest @ 8% per annum should be refunded.

Chandigarh Ombudsman Centre
Case No. : HDFC/414/Mumbai/Chandigarh/22/08
Saloni Chail
Vs

HDFC Standard Life Insurance Co. Ltd.

Order dated: 26.02.08

FACTS : Smt. Saloni Chail had purchased a ULIP policy by paying Rs.60,250/-. She was told that she could withdraw the amount after 3 years. But when she applied for partial withdrawal, the company informed her that it was a money back policy and the same could not be withdrawn.

FINDINGS : The initial proposal received was under HDFC Children Double Benefit Plan and not a ULIP policy. The policy was changed after one year with reduction of sum assured for which the premium was proportionately reduced to Rs. 5000/- which was paid by the complainant in March'07. She had also not received the original policy document. The hearing was deferred for want of facts. The insurer was advised to bring proposal form, proof of endorsement on policy bond for reduction of sum assured and premium and the proof of delivery of the policy bond. The complainant was advised to bring the relevant documents regarding the payment, from time to time, to the insurer. During the hearing, the insurer stated that they were of the view that the complaint of the complainant was not maintainable under Rule 13 (3) of RPG Rules 1998, since the complainant had not approached the insurer before lodging a complaint with the Ombudsman.

DECISION : The contention of the insurer that the complaint should not have been heard by this office under Rule 13 (3) is not in order as Rule 12(3) of RPG Rules states as "The ombudsman decision whether the complaint is fit and proper for being considered by it or not shall be final". Hence Rule 13 (3) should be read in conjunction with Rule 12(3) of RPG Rules, 1998. Since there was no proof of delivery of policy document to the complainant, the cause of action was still within the free look period. Hence on the ground that free look period was still operative, it was ordered that the

policy taken by the complainant in 2006 should be cancelled by the insurer and the amount of premium be refunded as per Rule 6 (2) of IRDA (Protection of Policyholders' Interests) Regulations 2002 subject to deduction of proportionate risk premium for the period on cover and other expenses incurred by the insurer.

Chandigarh ombudsman Centre
Case No. : Max N.Y./417/Gurgaon/Ropar/22/08
Rajinder Singh
Vs
Max New York Life Insurance Co. Ltd.

Award Dated : 26.02.08

FACTS : The complainant Sh.Rajinder Singh had purchased a single premium policy with the option of withdrawing the fund value after 3 years. After 3 years when he enquired about the fund value he was told that his policy was an annual premium policy for Rs.30000/- and had lapsed due to non-payment of premium. He was told that policy could be revived only if he paid annual premium for two years but he was not in a position to pay such a heavy premium and wanted the policy to be converted from annual premium to single premium mode.

FINDINGS : The insurer stated that no request for cancellation of the policy was received during the free look period. There was no product available with them for a single premium policy of less than Rs. 50,000/- and the policy could not be converted into single premium mode as the system would not accept the conversion as on date and it would have to be a new policy with a further lock-in-period of 3 years.

DECISION : Policy being a mis-sale it would be better if the policy could be issued afresh for Rs. 50,000/-. For this the complainant should deposit another Rs. 20,000/- in addition to premium paid in March'05 and should fill up a new proposal form since it would be a fresh policy. The insurer is advised to issue the new policy after duly explaining the highlights of the new product to the complainant. The policy should be issued within 15 days of receipt of premium amount and documents.

Chandigarh Ombudsman Centre
Case No. : LIC/456/Shimla/Una/24/08
Jagdish Chander Kaushal
Vs
Life Insurance Corporation of India

Award Dated : 26.03.08

FACTS : The complainant Shri Jagdish Chander Kaushal had applied for surrender of his policies as he is in urgent need of money but he had not received any amount despite of several requests to the insurer. He further stated that it is not mentioned in the policy conditions that policy cannot be surrendered before 15 years or it can be surrendered to meet medical expenses.

FINDINGS : The complainant had purchased a policy under Varishtha Pension Bima Yojana by depositing Rs. 2,55,815/- with DOC on 28.07.2003. As per the terms and conditions of the policy the exit option is allowed only after 15 years and only pension is payable on monthly basis. There was no provision payment of surrender value as per terms and conditions given the policy documents except on the death of the policy holder. This was later amended by the government of India by relaxing the terms and conditions of the policy to the extent that the policy could be surrendered on completion of 15 years of the policy period or on medical grounds either of the pensioner or the spouse.

DECISION : On perusal of the policy document it was found that there was no provision for lumpsum payment/surrender amount.Held that the stand taken by the insurer in not surrendering the policy is in order. However, the insurer was advised to circulate the relevant amendments issued by the government to their policy holders having this policy, in order to make them aware of the latest provisions available under this policy.

Chandigarh Ombudsman Centre
Case No. : LIC/448/Karnal/Sonepat/21/08
Shakuntla Rani
Vs
Life Insurance Corporation of India

Award Dated :27.03.08

FACTS : The complainant Smt. Shakuntla Rani wanted to surrender her two ULIP policies and invest Rs. 50,000/- in Market Plus plan and get the balance refunded under each policy. The above policies were wrongly surrendered as the lock-in period was of three years. Afterwards these policies were frozen. She further stated that lock-in period of 3 years did not imply freezing of the policies. As a result of this freeze, she would get Rs. 54,261/- whereas in case of normal maturity, she would get Rs. 80,000/- under each of her policies. In this way, she would suffer a loss of Rs. 51,478/- under both the policies.Hence, she approached this forum to get her full amount under her policies at the time of maturity.

FINDINGS : The insurer clarified the position by stating that the policies were purchased after June, 2006. The lock in period was for three years as per clause 10 of T&C of this policy. In this T&C, it was clearly mentioned that in case of surrender within three years the amount of NAV on the date of surrender would become payable after the maturity period of three years.

DECISION : Held that the contention of the insurer in freezing the fixed value on NAV on the date of surrender is justified as per T&C of the policy. The complainant was advised to bear with the decision of the insurer.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.08.2523 /2007-08
Sri S.Loganathan
Vs
Life Insurance Corporation of India

Award Dated : 26.02.2008

Sri S.Loganathan submitted a proposal for life insurance on 07.10.1993 to LIC of India, Vriddhachalam Branch and obtained an "Asha Deep" policy. The benefits of Asha Deep policy are – Sum Assured + Bonus on maturity/death and Benefit B. Sri S.Loganathan got admitted in JIPMER Hospital in June 2006 and was diagnosed to suffer from blocks in his blood vessel that would have to be set right with the help of surgery. Instead of undergoing the recommended surgery Sri S.Loganathan preferred treatment using alternative methods like Acupuncture and Ayurveda. He submitted the cost of these treatments with the Insurer as the amount of claim that he would be eligible under benefit B of Asha Deep policy. The Insurer rejected his claim as this benefit is payable only if Coronary Artery bypass grafting is done.

The complainant stated that he was diagnosed with Ischemic heart disease in Govt. Hospital, Pondicherry after which he was advised to go in for Treadmill Test and CAG so as to know the exact condition of the heart. He had undergone a Coronary

Angiogram on 23.6.2006 at JIPMER Hospital, Pondicherry which had revealed the Triple Vessel Disease. i.e. 70 - 90% blocks. Since he feared the operation because of its risk he thought he would have an alternative treatment and had undertaken an exhaustive enquiry about the ayurvedic science through various medical literatures and finally went in for acupuncture, ayurvedic capsules and chelation therapy alongside with allopathy. Earlier he had continuous pain but it started decreasing after the treatment. After that he had approached the cardiologist for a review and the doctor himself had expressed his satisfaction about the treatment and had advised him to continue the same and come to him only if he had any problem. When the Forum pointed out the policy conditions to become eligible for a particular Benefit, the complainant contended that his case too can be considered due to the advancement of medical industry. The representative of the Insurer informed the Forum that as the treatment taken by the assured did not qualify under the policy conditions, they had rejected his claim.

Even though the Forum agreed with the assured that there are alternative medicines like Acupuncture, Ayurveda etc, the policy held by him was not a medi-claim policy but a policy which provided for specific operations mentioned in the policy bond. Unlike the medi-claim policies which are annual contracts, this policy was a long term contract (15 year term) like any other life insurance policy and can not provide for actual reimbursement of the medical expenses that are incurred.

**Delhi Ombudsman Centre
Case No. LI/SBI/150/06
Shri Ram Swaroop Joshi
Vs**

SBI Life Insurance Company Limited

Award Dated : 19.12.2007

The complaint was heard on 10.12.2007. The complainant, Shri Ram Swaroop Joshi, was present. There was no representation from the Insurance Company.

Shri Ram Swaroop Joshi has lodged a complaint with this Forum on 19.12.2006 that he has been working as Deputy Manager, State Bank of India, Jaipur. He had submitted a proposal form on 31.08.2006 duly completed along with all the formalities as on date. The proposal form was examined by Shri C.L.Kumar and he was asked to submit identity card which he had submitted on the same day. He has been requesting Shri C.L.Kumar for his policy. He was informed that the matter is being pursued by him. In the last week of December, he received a letter from SBI Life to get medical examination, thereafter his proposal will be finalized. The complainant further stated that he has no hesitation in getting himself medically examined but his proposal has been pending for so many months and no units has been issued to him. He has borrowed the money to buy the policy and he has been paying interest for the same. Now the NAV of the units has gone very high. He has mentioned that he was prepared for medical examination provided he was allocated units on the date of proposal and in case SBI Life is unable to agree to his request, his funds may be reimbursed along with interest @ 24% from the date of realization of the same.

SBI Life Insurance Company Limited, vide their letter dated 23.11.2007, informed the Forum that the complainant, Shri Ram Swaroop Joshi had applied for insurance on his own life on 31.08.2006 under the SBI Life Unit Plus Plan of insurance and had also remitted initial proposal deposit of Rs.50,000/-. It may be appreciated that the mere deposit of amount towards premium along with the proposal form does not automatically result into a policy. Depending on the sum assured and age, specified

reports would be called for and after the insurer is fully satisfied, the proposal is converted into a policy and the risk cover begins from the date of such conversion.

Till such time the amount lying in the proposal deposit remains as it is and it cannot be deemed to be a premium till the decision to accept the risk under the proposal is taken. It is further submitted that the Company has vide its letter dated 27.11.2006 requested the proposer to undergo medical examinations as per the underwriting requirements of the Company. However, in the meantime, the proposer requested for cancellation of the proposal on December 19, 2006. Based on the request of the proposer, the Company had refunded the deposited amount to the complainant vide cheque No.198098 dated 19.01.2007 for Rs.50000/- and the same was sent to the complainant vide letter dated 25.01.2007. The Company further submits that the complainant is not entitled to any interest as claimed by the complainant in his complaint as it is evident from the above that after receipt of the proposal form there has been no delay in considering the proposal of the complainant. The Insurance Company requested that since the complaint is not on merit and hence deserves to be dismissed.

At the time of hearing, Shri Joshi requested the Forum that he was unnecessarily harassed by SBI Life Insurance Company Limited and his proposal was not converted into a policy even after 4 months on receipt of the proposal. Since there is no response from the Insurance Company, he decided to cancel the policy and requested the Forum that he be paid the interest along with compensation towards mental harassment. Shri Joshi was informed by the Forum that it is not competent to pass any Award towards mental harassment.

There was no representation from the Insurance Company.

After hearing Shri Ram Swaroop Joshi and on examination of the facts of the case, it is observed that Shri Joshi had submitted a proposal with SBI Life Insurance Company Limited on 31.08.2006. On 27.11.2006, the Insurance Company has requested the proposer to undergo medical examination as per the underwriting requirements of the Company. Shri Joshi was prepared to undergo medical examination on the condition that he would be allocated units as on 31.08.2006 and not after the proposal has been accepted subsequent to his medical examination. It appears that the Insurance Company could not give any decision, the complainant decided to cancel the policy. As per IRDA (Protection of Policyholders' Interest) Regulations, 2002, under Clause 4(6) : "Proposals shall be processed by the insurer with speed and efficiency and all decisions thereof shall be communicated by it in writing within a reasonable period not exceeding 15 days from receipt of proposals by the insurer."

It is observed that SBI Life has not given due attention to the proposal with efficiency and there has been a deficiency in service on the part of the Insurance Company. Since the proposal was submitted on 31.08.2006 and Shri Joshi was asked to undergo medical on 27.11.2006, that is, after 2 months 27 days, which is contrary to IRDA's guidelines, I, therefore, pass the Award that Shri Ram Swaroop Joshi be paid 8% interest on the proposal deposit amount from 15.09.2006 to 19.01.2007.

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

Delhi Ombudsman Centre
CaseNo.LI-Kotak/116/06
Shri S.C. Sethi
Vs

Kotak Mahindra Old Mutual Life Insurance Company Limited

Award Dated 24.12.2007

The complaint was heard on 10.12.2007 at Jaipur. The complainant Shri S.C. Sethi was present and no representative of Insurance Company attended the hearing.

Shri S.C. Sethi had lodged a complaint with this Forum on 06.11.2006 against Kotak Mahindra Old Mutual Life Insurance Co. Ltd. regarding refund of premium under policy no. 00475654. As per the complaint Shri S.C. Sethi has deposited Rs.10306/- as Proposal Deposit (PDR) on 28.07.2006 for seeking the cover under Kotak Money Back Plan with a Basic Sum Insured of Rs.100000/- with additional cover for Kotak Critical Illness Benefit Rider for Rs.50000/-, Kotak Permanent Disability Benefit Rider for Rs.100000/- and Kotak Accidental Death Benefit Rider for Rs.100000/-. Since the Insurance Company was taking a long time in processing his proposal, he requested them for refund of PDR amount of Rs.10306/- deposited by him.

On intervention by this office the Insurance Company has refunded the PDR amount of Rs.10306/- on 30.05.2007 which was confirmed by Shri S.C. Sethi vide his letter dated 22.11.2007. But he has also requested the Forum to direct the Insurance Company for payment of Penal Interest for the period the amount was kept by them. During the course of hearing also Shri Sethi insisted that he is entitled for the amount of interest as aforesaid. Although the Insurance Company vide their letter dated 13th March, 2006 has stated that they had sent a cheque of Rs.10306/- vide their letter dated 29.09.2006, against refund but no proof of the same was provided by the Insurance Company. The complainant has also confirmed that no cheque for refund was received by him as claimed by the Insurance Company.

Since Shri S.C. Sethi had deposited the PDR amount of Rs.10306/- with the Insurance Company on 28.07.2006 and the same was refunded by the Insurance Company vide their letter dated 03.05.2007 which was actually dispatched by them on 26.05.2007, I am of the opinion that the Insurance Company is liable to pay penal interest for this period. I therefore pass an Award that Shri S.C. Sethi be paid penal interest by Kotak Mahindra Old Mutual Life Insurance Company Limited for the period from 28.07.2006 to 26.05.2007 on the amount of PDR of Rs.10306/- deposited by him on 28.07.2006.

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.

**Delhi Ombudsman Centre
Case No. LI/ICICI Pru/234/07
Shri Tara chand Girotra
Vs**

ICICI Prudential Life Insurance Company Limited

Award Dated : 27.01.2008

The complaint was heard on 23.01.2008. The complainant, Shri T.C.Girotra, was present. The Insurance Company was represented by Ms. Kalpana Sampat, Chief Underwriting & Claims and Shri Toshit Kumar.

Shri T.C.Girotra has lodged a complaint with this Forum on 04.06.2007 that he has taken a Life Secure Plan Pension Policy No.00849752 from ICICI Prudential Life Insurance Company Limited in March, 2004. He had been paying regular premium till March, 2006. He could not pay the premium due in March, 2007 due to financial constraints. He decided to surrender the policy and in this connection, he visited the office of the Company. He was told by the dealing person that the total units in his credit in respect of the policy are 2152 and the NAV per unit is Rs.11.46 (as on that

day, that is, 11.05.2007). On 16.05.2007, he went to the office of the Company with filled up form and policy documents to surrender the same. The same dealing person told him that he would get above Rs.24000 as surrender value. The Unit NAV on that day as told to him by her was Rs.11.47. He calculated and told her that amount comes to about Rs.24683/-. She also told him that he would receive the amount by cheque within 10 days. To his dismay and shock, he received a cheque of Rs.19782.22 as surrender value along with a letter from ICICI Prudential, Mumbai on 19.05.2007. He approached the same office of the Company and met the same lady on 21.05.2007 and lodged his grievance orally. She asked him to wait for two days. He again went to her on 23.05.2007. He was told to wait for one day more.

He waited two days and approached the office again on 25.05.2007. He was not given any satisfactory reply and told that it has happened due to some problem with the network and the matter is being looked into by the IT Department of the Company. He was asked to come after 5 days. He visited the office on 01.06.2007 and was told that there are system generated deductions in this type of policy and also it has happened because of fluctuations in the NAV of the units. The office of the Company has given different replies at different times but none of the their reply is satisfactory. He further contested that NAV of the Units of this policy have never gone below Rs.11.46 on any day since 16.05.2007. He requested the forum that he should be paid the balance amount.

The Insurance Company, vide their letter dated 10.08.2007, informed the Forum that Shri Tara Chand Girotra had submitted a proposal for insurance on his life under ICICI Prudential Secure Plus Pension Plan on March 30, 2004 with yearly premium of Rs.10000/-. Policy No.00849752 was issued on the life of the complainant on 31.03.2004 at standard rate of premium and the policy was received on 05.04.2004. The complainant had paid three premiums instalments for the period 03.03.2004 to 03.03.2007. On 16.05.2007, the complainant submitted a request for surrender of the policy. The Insurance Company draws the attention of the Forum towards Clause 5 of the policy document, wherein it states that "If premiums have been paid for at least three consecutive years and after the first three policy years have elapsed, the policy acquires a surrender value which is equal to 35% of the premiums paid, excluding the premiums paid during the first year of the policy, all extra premiums paid and the charges paid for the supplementary benefits. The policy which acquired a surrender value can be surrendered for payment in cash and surrender shall extinguish all the rights, benefits and interests under the policy. The company shall also charge a processing fee of Rs.500/- for surrender of the policy.

As per the policy terms and conditions, the Guaranteed Surrender Value payable to the complainant on the date of the surrender was Rs.6500/-. However special surrender value of the policy under reference on the date of the surrender was Rs.19768.22. As per the approval of the Insurance Regulatory and Development Authority, on a policy being surrendered by a policy holder, the surrender value paid by the Company is the higher of the Guaranteed Surrender Value and the special surrender value. In the light of this, the complainant was paid the special surrender amount of Rs.19768.22, which is higher than the Guaranteed Surrender Value mentioned in Clause 5 of the policy terms and conditions. The Insurance Company submitted that the surrender request of the complainant was processed in accordance with the policy terms and conditions and a surrender value was paid to him vide cheque No.499377 dated 17.05.2007 for an amount of Rs.19768.22 which was encashed by the complainant on 12.06.2007. That as per Clause 5 of the policy, the surrender extinguishes all rights, benefits and interests under the policy. In the light of the above, no further benefits become payable in the policy. The Insurance Company requested the Forum that the complaint may be dismissed.

At the time of hearing, Shri Girotra drew the attention of this forum to the NAV on 16.05.2007 and requested that he should be paid the difference between Rs.19768.22 and as per the surrender value told by the representative of the Insurance Company, that is, Rs.24683/-. He further contested that he be paid compensation for harassment.

The representative of the Insurance Company drew the attention of the Forum to the Clause 5 of the policy wherein the basis of surrender value is equal to 35% of the premiums paid, excluding the premiums paid during the first year of the policy, all extra premiums paid and the charges paid for the supplementary benefits, which comes to Rs.6500/-.

When the product was filed with IRDA, they had incorporated a provision of special surrender value or Non Guaranteed Surrender Value (NGSV). In case of NGSV, the fund value as on date of surrender is scaled down by factor called NSGV factor. In the instant case, where the customer wanted to surrender the policy in the 4th year (Original term being 10 years), the factor is 80% of fund value (Rs.24710.28) which amounts to Rs.19768.22 NSGV factor was approved by IRDA. Shri Girotra was therefore, paid the higher factor,

After hearing both the parties and on examination of the documents submitted, it is observed that Shri Tara Chand Girotra has lodged a complaint with this Forum that he be paid Rs.4901/-short of the surrender value since the NAV on the date of surrender of the policy was Rs.11.47. The representative of the Insurance Company drew the attention of the Forum to the Clause 5 of the policy which reads as under:-

"If premiums have been paid for at least three consecutive years and after the first three policy years have elapsed, the policy acquires a surrender value which is equal to 35% of the premiums paid, excluding the premiums paid during the first year of the policy, all extra premiums paid and the charges paid for the supplementary benefits. The policy which acquired a surrender value can be surrendered for payment in cash and surrender shall extinguish all the rights, benefits and interests under the policy. The company shall also charge a processing fee of Rs.500/- for surrender of the policy."

On perusal of the above Clause, it is very clear that Shri Girotra was to be paid 35% of the premiums paid by him excluding the premiums paid during the first year of the policy, all extra premiums paid and the charges paid for the supplementary benefits. This was a Guaranteed amount even if the NAV of a Unit was very low which would give the life assured at the time of surrender less than 35% of premiums paid he was assured 35% of premiums paid in this case.

Since the Insurance Company also had another provision which has not been incorporated by them in the policy and has been filed with Regulator (IRDA) known as non Guaranteed Surrender Value (NGSV) where the factor of 80% is to applied to NAV and the amount in this case was higher, that is, Rs.19768.22, the same was paid instead of the Guaranteed Surrender Value.

Insurance Ombudsman, therefore, uphold the decision taken by the ICICI Prudential Life Insurance Company Limited paid the surrender value of Rs.19768.22 which is as per terms and conditions of the policy. The complaint of Shri Tara Chand Girotra is, therefore, dismissed.

Delhi Ombudsman Centre
Case No.LI-DL-I/258/07
Shri Bal Krishan Kalra
Vs
Life Insurance Corporation of India

Award Dated 30.01.2008

Shri Bal Krishan Kalra had lodged a complaint with this Forum on 14.08.2007 against LIC of India, Divisional Office- I, regarding wrong imposition of penal interest for late deposit of premium by him, under policy no. 112037538. As per his complaint the premium was deposited by him in time but it was accounted for late due to Non Creation of Masters by the LIC of India.

The complaint was fixed for hearing on 05.12.2007 and 21.01.2008. During both the hearings the complainant remained absent and the LIC of India was represented by Manager (Legal) on 05.12.2007 and by Assistant Secretary (CRM) on 21.01.2008. During the hearing on 21.01.2008 the representative of LIC of India explained that the late fees on deposit of premium was rightly charged and penal interest paid by the complainant due to non creation of masters was refunded to him. However, the representative of LIC of India was instructed to submit their explanation in writing with all facts and figures regarding payments received and refund made by them.

LIC of India has explained and details have been submitted as under vide their letter dated 23.01.2008:

Premium Due	Date of Deposits	Amounts of Deposit
28.03.2002	30.03.2002	Rs.10000/-
28.03.2003	29.12.2006	Rs.10000/-
28.03.2004	29.12.2006	Rs.10000/-
28.03.2005	31.03.2005	Rs.10000/-
28.03.2006	29.12.2006	Rs.10000/-
Interest on premium due on 03/2003, 03/2004 & 03/2006		29.12.2006 Rs.12768/-

The letter further explained that since the delay in depositing the premium was due to Non Creation of Masters, interest amounting to Rs.1762/- has been refunded to Shri Bal Krishan Kalra vide cheque no. 421550 dated 29.11.2007. Further, a refund of Rs.2000/- charged against penal Interest was also made to the complainant after the same was waived by the competent authority.

Under the circumstances the complaint of Shri B.L. Kalra is redressed and there is no further relief to be granted to him.

Delhi Ombudsman Centre**Case No. LI/AJ-227/07****Shri R.G.Pareek****Vs****Life Insurance Corporation of India****Award Dated : 26.02.2008**

The complaint was heard on 20.02.2008. The complainant, Shri R.G.Pareek, was present. LIC of India was represented by Shri P.K.Jangid, Divisional Manager.

Shri R.G.Pareek has lodged a complaint with this Forum on 24.05.2007 that he has annuity policy No.011M1031019900 with Life Insurance Corporation of India. He has retired on 31.10.2003 from the services of M/S.DSCL (DCM Shriram Consolidated Limited, New Delhi). DSCL has a superannuation scheme with LIC. Pension is being paid to retired officers of DSCL on the basis of the amount remained with LIC after computation. He was also receiving pension from LIC Ajmer on the basis of annuity amount fixed and transferred by LIC of India, Delhi. He has observed certain discrepancies in the calculations made by LIC of India, Delhi. DSCL has informed that

when he retired the rate of pension calculation applicable was Rs.578.33 per lakh remained with LIC of India. His amount is Rs.228073/- and he should get Rs.1319/- per month pension whereas LIC of India is paying him only Rs.882/- per month. He informed LIC of India to give the basis of calculation but they even not cared to acknowledge the letters. He has requested the Forum that he be informed the reasons for pension not being paid on the basis of rate informed by his employer.

LIC of India, vide their letter dated 14.02.2008, informed the Forum that they have calculated the annuity and have sent a copy of the same to Shri R.G.Pareek at Kota. On perusal of the letter, it is observed that the annuity rates applied by LIC of India is as per circular No.823 dated 14.10.2003 at the age of 58 which comes to Rs.44.90. Incentive of 1.50 (due to purchase price is more than 150000.00) is added and the rate applicable is $44.90 + 1.50 = 46.40$. Accordingly the monthly annuity works out is Rs.882/-.

At the time of hearing, Shri Pareek contested that he should be paid an annuity of Rs.1319/- and not Rs.882/- as was informed by the trustees of DSCL. He has requested that the balance amount should be paid by LIC of India from 01.11.2003.

The representative of LIC of India informed the Forum that the basis of calculation has been enumerated by LIC of India vide their letter dated 14.02.2008. Since the trustees of DCM Shriram Consolidated Limited had applied for annuity on 03.02.2004, as such the annuity rates which were applicable on 01.11.2003 are applicable. They have, therefore, rightly calculated the annuity.

After hearing both the parties and on examination of the documents submitted, it is observed that Shri R.G.Pareek contested that he has been paid monthly annuity of Rs.882/- as against a sum of Rs.1319/- per month. I have gone through the calculation submitted by LIC of India vide their letter dated 14.02.2008 and find that the annuity payable to Shri R.G.Pareek is Rs.882/- and the complaint of Shri Pareek is not correct.

I, therefore, uphold the decision taken by LIC of India paying Rs.882/- monthly pension to Shri R.G.Pareek.

**Delhi Ombudsman Centre
Case No. LI/ICICI-142/06
Shri N.K.Jain**

Vs

ICICI Prudential Life Insurance Company Limited

Award Dated : 26.02.2008

The complaint was heard on 20.02.2008. The complainant, Shri N.K.Jain was represented by his wife Smt. Anupama Jain. The Insurance Company was represented by Ms.Preeti Nahar, Senior Manager.

Shri N.K.Jain has lodged a complaint with this Forum on 17.11.2007 that ICICI Prudential Life Insurance Company Limited offered him a policy on his life for Rs.1,15,000/- with critical illness benefit rider and accidental and disability rider of Rs.1,00,000/- with proposed premium of Rs.3568/- half yearly on 27.06.2005. After reviewing the proposal, they asked him to get for medical check up by their doctor and also increased of premium for overweight and others not specified of Rs.280/- half yearly. The appointed doctor checked him up thoroughly and asked some questions. He replied the truth as per his best knowledge and he also stated his medical condition was very fit and fine. After satisfying with every aspects, the Insurance Company has issued him a policy bearing No.01724340 on 21.07.2005 with critical illness benefit rider and accidental disability benefit rider of Rs.1,15,000/- on his life with the revised

premium of Rs.3847/- half yearly basis and he accepted it and paid premium as per schedule. In the mid of April, 2006, he felt pain in his right hand and he consulted his doctor. He gave him some medicine but not reached on any conclusion of disease. He did not get relief with his medicine then the doctor had referred him to senior cardiologists who suggested him for Angiography of his heart and finding the conclusion of C.A.D. and advised for further management of CABG. He then consulted Dr.Naresh Trehan of Escorts Heart Institute on 09.05.2006 who advised him for CABG which was performed on 12.05.2006 and discharged on 19.05.2006 after satisfactory recovery. He submitted the claim papers to the Insurance Company along with documents on 30.06.2006. On 02.12.2006, they sent him their decision that he had stated false facts and therefore, benefit claim is disallowed and policy will be null and void. During this period, his policy was running and he was paying premium regularly even after submission of claims. They asked him to pay the premium of Rs.3847/- and he paid the same on 07.07.2006. The Insurance Company has sent him their decision rejecting his claim and simultaneously asked him to pay the premium of Rs.3847/- which he did not pay. This was unlawful that after cancelling the policy how can they ask him for further premium. Finally they sent him another letter on 08.02.2007 rejecting his claim and cancel the policy null and void with forfeiture of his paid premiums. Shri Jain contested that he has not given any false information to the Insurance Company as he did not have any knowledge of heart disease and he was not taking any type of medicines for treatment. The appointed doctor of the Insurance Company also checked him thoroughly before giving him the policy and sent the report to the Insurance Company. He has requested the Forum that his claim may be paid.

The Insurance Company, vide their letter dated 23.11.2007, informed the forum that Shri Naveen Kumar Jain had submitted a proposal for insurance on his life on 27.06.2005 under Save n Protect plan for a sum assured of Rs.1,15,000/-. He had also opted for the accident and disability benefit rider and critical illness benefit rider for rider sum assured of Rs.1,00,000/- respectively. He had chosen half yearly frequency for paying the premiums with instalments of Rs.3146/-. At the top of the proposal form, it is clearly mentioned that insurance is a contract of utmost good faith. However, it is pertinent to note that no adverse information on habits and health was disclosed in the proposal form by the life assured. As per the initial formalities prior to policy issuance, the complainant was asked to undergo routine medical evaluation. He has stated his weight in the proposal form to be 80 Kgs whereas during the medical examination it was found that he was 89 Kgs. The life assured had understated his weight by 9 Kgs. The Medical Examination report dated 29.06.2005 revealed that the complainant was overweight. Accordingly, the premium amount on his proposal was revised. The complainant, vide letter dated 06.07.2005, was intimated of the revision in his premium and the total revised premium amount was fixed at Rs.3750/-. Further he was required to give his consent along with Rs.269/- towards revised premium. The complainant agreed to pay the revised premium and the acknowledgement for the same was received by the Insurance Company on 20.07.2005. Considering the age, the sum assured opted, medical evaluation done and believing the information given by the life assured in the proposal form to be true and correct in all respect, a policy No.01724340 was issued on the life of the complainant on 21.07.2005 at revised rates of premium under the standard medical category. The Insurance Company further submits that every policy document sent by them is accompanied by a forwarding letter which clearly mentions that in case the policyholder is not satisfied with the features or the terms and conditions of the policy, he can withdraw/return the policy within 15 days, that is, under the free look period. A copy of the proposal form along with other documents were sent to the complainant and was given an opportunity to the policy

holder to approach the Company in case if he had missed to give any information in the proposal form, the same could be conveyed. He has signed the declaration in the proposal form. On 06.06.2006, the complainant had lodged a claim with the Insurance Company for the critical illness benefit rider, informing that he had undergone a Coronary Artery Bypass Graft Surgery (CABG) on 12.05.2006. The Insurance Company further submits that while carefully evaluating the medical records of the complainant, it was found that the complainant had a history of Hypertension, chest pain on exertion, breathlessness on exertion and heaviness on exertion prior to submitting the proposal for insurance. Coronary Angiography Report of Eternal Heart care Centre Private Limited, Jaipur dated 06.05.2006 disclosed the risk factor : Hypertension which was further confirmed by OPD Consultation notes of Escorts Heart Institute & Research Centre, New Delhi : Hypertension since 2 years. Cardiac Evaluation Form of Escorts Heart Institute and Research Centre disclosed that chest pain on exertion since 2-3 years, pain elsewhere like arm, shoulder, and jaw on exertion since 2-3 years, breathlessness on exertion since 2-3 years, heaviness on exertion since 2-3 years and history of essential hypertension since 7-8 years. Discharge summary of Escorts Hospital disclosed that the patient is hypertensive (not on any treatment) diagnosis for hypertensive. The Insurance company further states that the complainant deliberately misled the Company by concealing material information while filling up the proposal form which is very essential for underwriting the proposal for life insurance. The complainant had not disclosed the full, complete and correct facts regarding his health medical history. It is also stated that the above mentioned conditions cannot occur all of a sudden and that the complainant had failed to make a true and correct disclosure of his medical history in the proposal form on 27.06.2005 where against the relevant Question 28(a) and 29(e).

They informed the complainant, vide their letter dated 02.12.2006 of its intention to declare the said policy null and void due to non disclosure of Hypertension. The complainant was advised to submit within a period of 15 days from receipt of the said letter as to why the Insurance Company should not declare the policy null and void. The complainant vide his letter dated 14.12.2006 wrote to the Company to reconsider his claim and also stated that he had made true and correct disclosures in the proposal form regarding all his details. The Insurance Company had sent a letter dated 08.02.2007 stating that it had decided to stand by the decision of rejection of the claim and declaring the policy void in view of the documentary evidence which clearly showed that the complainant had a history of Hypertension, chest pain on exertion, breathlessness on exertion and heaviness on exertion prior to submitting the proposal for insurance. The Insurance Company requested the Forum that the health conditions could not have occurred suddenly and had the complainant disclosed his true medical history in the proposal form, the Company would not have granted the critical illness benefit at all and would not have issued the base cover on existing terms. The Company requested the Forum to dismiss the complaint.

At the time of hearing, the representative of Shri N.K.Jain informed that Shri Jain did not suffer from any disease at the time of taking the policy and it is only in the year 2006 that he felt pain in his right arm and therefore, consulted the doctor who asked him to go for angiography and subsequently advised for CABG. Since he did not have any disease, he should be paid the claim under Critical Illness Benefit plan.

The representative of the Insurance Company informed that Shri N.K.Jain was a known case of hypertension for the last 2 to 3 years as recorded by Escorts Heart Institute on 08.05.2006 and also in the discharge summary. When he was examined at Jaipur, it was revealed that he has triple vessel disease and he has developed episode of angina in Jaipur on 08.05.2006. Since he was hypertensive for the last 2-3 years, he has not

disclosed the same in the proposal form under Question 29(a) and 29(e). As such he has concealed the material facts. Had he disclosed the facts correctly, it was on the Insurance Company whether to accept or reject the proposal. They have, therefore, rightly repudiated the claim. After hearing both the parties and on examination of the documents submitted, it is observed that Shri N.K.Jain had taken Save n Protect policy from ICICI Prudential Life Insurance Company Limited and had opted for the accident and disability benefit rider and critical illness benefit rider for rider sum assured of Rs.100000/- respectively. He was medically examined and found to be over-weight for which the Insurance Company has charged additional premium which he had agreed to pay. However, he underwent CABG on 12.05.2006 and his claim has been rejected by the Insurance Company on the ground that he was suffering from Hypertension for the last 2 years before taking the policy. He has not mentioned the same against Question No.28(a) and 29(e), thus prejudiced the right of the Insurance Company and they have rejected the claim. I have examined the reports of Escorts Hospital, OPD Consultation Notes of S.K.Soni Hospital, Jaipur dated 06.05.2006, Coronary Angiography report of Eternal Heart care Centre, Jaipur dated 06.05.2006 and Consultation notes of Escorts Heart Institute of Research Centre, New Delhi which clearly mention that Shri N.K.Jain was hypertensive for the last 2-3 years, chest pain on exertion since 2-3 years, pain elsewhere like arm, shoulder, jaw on exertion since 2-3 years, breathlessness on exertion since 2-3 years, heaviness on exertion since 2-3 years and history of essential hypertension since 7-8 years. Further at the time of admission, his Blood pressure was recorded as 160/100. Since Shri Jain has not disclosed against Question No.28(a) and 29(e) whether he was suffering or has suffered from high/low Blood Pressure or hypertension, he has replied as "NO". There has been concealment of facts keeping in view that Shri Jain was suffering from hypertension for the last 7-8 years, as such the Insurance Company has rightly repudiated the claim.

I, therefore, uphold the decision taken by ICICI Prudential Life Insurance Company Limited repudiating the claim of Shri N.K.Jain.

Guwahati Ombudsman Centre
Case No. : 23/08/176/L/06-07/GHY
Mrs. Seema Sakhuja
Vs
Kotak Mahindra Life Insurance.

Award Dated : 16.11.2007

Grievance

This is a complaint lodged by Mrs. Seema Sakhuja against the insurer for refusing to cancel the policy as has been prayed for within the specified time.

Mrs. Seema Sakhuja obtained life insurance policy bearing no.00566836 under plan "Kotak Flexi Plan II (Regular)" under the above insurer and the policy document was received by her on 21.02.07. Due to some personal reasons, the complainant decided to cancel the policy under 15 days free look period (cancellation) and accordingly, he returned the policy on 07.03.07 to the insurer through agent Mr. Manoj Paul via courier First Flight company under receipt no.E 71560313 and the same was received by the corporate agent of Kotak Mahindra Life Insurance on 09.03.07. She received the call from New Delhi office of the OP, when she was informed that the policy cannot be cancelled. She thereafter received back the policy from the insurer and she was communicated the ground of such refusal that she did not return the policy within 15 days "free look period."

Reply

M/s. Kotak Life Insurance responded vide its letter dated 23.07.07 informing that due to non-receipt of the policy document from the insured/complainant, they are not in a position to cancel the policy of the complainant.

Decisions & Reasons

From the letter of the insurer dtd. 06.02.07, it appears that the policy of the complainant was issued and sent vide the above letter which contained a provision for cancellation of the policy provided the policy document is returned within 15 days from the date of receipt of the same. The above provision is quoted below. "Free Look period In case you wish to reconsider your decision to hold the policy, you have the option of returning the original policy to us, within 15 days from the date receipt of the policy. We would refund the premium paid by you after deducting stamp duty, medical expenses and proportionate risk premium for the period of cover."

The complainant appears to have opted for cancellation of the policy as per provisions and according to her, she returned the policy on 07.03.07 through the agent of the insurer and the said document was sent through First Flight Courier. The copy of the receipt of sending the above documents on 7.03.07 has also been furnished in proof of her contentions.

As per letter dated 06.02.07 issued by the insurer, the condition for exercising the option of cancellation is to be exercised within 15 days from the date of the receipt of the policy. The policy was despatched on 06.02.07 which was received by the policyholder on 21.02.07 and the same was sent back exercising the option of cancellation on 07.03.07 which appears to have been exercised within 15 days from the date of the receipt of the policy.

The contention of the insurer as it appears from their letter dated 23.07.07 however speaks as under :

"The Company did not receive any request from the complainant pertaining to free look cancellation. Though the policy was outside the free look period, pursuant to the receipt of the Complaint from the Office of Insurance Ombudsman, the Company as a special case approached the Complainant to forward her original policy document to the Company, to enable the Company to process the cancellation....."

The complaint is allowed with direction to the insurer to cancel the policy and refund the premium as per provision of the "Free Look Period" Clause.

**Guwahati Ombudsman Centre
Case No. 22/01/010/L/07-08/GHY**

Mrs. Renu Bhuyan

Vs

Life Insurance Corporation of India

Award Dated : 03.12.2007

Facts leading to grievance of Complainant

The facts involved in the complaint is that Mrs. Renu Bhuyan submitted proposals for two life insurance policies for issuing two LIC Future Plus Plan (ULIP) policies of "single premium" of Rs.25,000/- each at the Branch No.1 of LIC, Guwahati. The LIC accordingly issued policy nos.483774130 and 483774131 but the mode of payment of premium was shown as 'Yly' instead of single premium in respect of the policies. On receipt of the policies, the complainant approached the LIC Authority but finding no favourable response within a reasonable time, she has approached this Authority for redressal of her grievances. According to the complainant, it is not possible on her part to pay an amount of Rs.50,000/- 'Yly' as the premium for the aforesaid policies. Her

prayer is for change of the mode of the premium or in case that is not possible, she prayed for refunding the premiums paid along with the interest.

Counter-statements from Opp.party/Insurer

The Insurer informed that the mode of payment of premium under policy no.483774130 was corrected by the servicing Branch , who has, of course failed to correct the mode of payment of premium in respect of the other policy bearing no.483774131. They have referred the matter to higher authorities for rectification of the defects.

Decisions & Reasons

Submission of the proposal forms by the complainant for LIC's Future Plus Plan policy "with single premium mode" has been admitted by the insurer. In fact, the LIC Authority has admitted about wrongly showing the mode of premium payment in the aforesaid policies and accordingly, they corrected the mode of premium payment in respect of policy no.483774130. They are, however, not in a position to correct the mode of payment of premium in respect of the other policy bearing no.483774131 and they are still taking steps for correcting the mode. The contention of the insurer

as has been informed to the complainant vide letter dtd. 12.10.07 goes to show as under :-

"We are very sorry that the mode of payment of premium was captured wrongly as Yly instead of Single in your above mentioned policies at the time of registration of proposals. At the time of receipt of your complaint, the servicing Branch office was not in a position to correct the mode in the machine. Later on, they were in a position to correct the mode and accordingly, they have corrected the mode of policy no.483774130, but unfortunately they could not correct the mode of the other policy no 483774131. The matter has been taken up with the higher authority."

From the above, it goes to show that the grievance of the policyholder/complainant in respect of policy no.483774130 has been solved by the insurer. As regards her grievance in respect of policy no.483774131, the matter could not be solved as yet due to machine troubles. Anyway, the matter cannot be left out to be solved for an indefinite period, keeping the policyholder in dark, who is not at fault. The policyholder/complainant desires either the mode is to be corrected to a single premium policy or the premium paid by her shall be refunded with interest. Since the LIC/OP could not effect the change, the other prayer also deserves consideration simultaneously.

The Insurer is directed either to change the mode of payment of premium within 15 days from the date of receipt of this Order or to refund the premium amounting to Rs.25,000/- paid by the complainant with 8% interest payable from the date of the deposit of the premium till refund.

**Guwahati Ombudsman Centre
Case No : 24/01/050/L/07-08/GHY**

**Md. Azizur Rahman
Vs**

Life Insurance Corporation of India

Award Dated : 4.12.2007

GRIEVANCE

The grievance of the above complainant is that he procured a policy bearing no. 480190750 with the commencement date on 28.07.90. He got the policy and paid few premiums. Thereafter, the policy stands lapsed. As per terms of the policy, he approached the insurer/OP for the paid-up value of the policy on attainments of the

date of maturity on 7/2005. According to the complainant, the insurer/OP did not respond to his requests and even, after complaining to the Divisional Office, his prayer has not been considered.

REPLY

The insurer has informed that as per record and policy ledger, the policyholder paid premiums up to 01/1991 and first unpaid premium was 4/1991. They have checked their records/ledgers and found the same. According to the insurer/OP, at the time of computerization of Branch No.1, Guwahati, through oversight, the first unpaid premium was created as 4/1994 instead of 4/1991. The insurer/OP has informed the policyholder about the position and requested him to submit the premium receipts, if he had paid any premium, on or after 4/1991 for updating the policy master. The policyholder has, however, failed to furnish any premium receipts or bank statements etc., in proof of making any further payments after 4/1991. But he has not been able to produce anything. According to LIC/OP, since the policyholder has not paid any premium after 01/1991 nothing is payable as per rules of the Corporation.

Decisions & Reasons

The status report of the above policy, furnished by the policyholder, discloses that the policy referred to above was issued with the date of commencement as 28.07.1990 and the date of maturity was 7/2005 and the first unpaid premium was shown as 7/1994. The insurer/OP has, of course submitted vide letter dtd. 24.10.07 that the first unpaid premium was actually 04/1991 and while computerization of Branch no.1, through oversight, the first unpaid premium was shown as 7/1994.

After due consultation with other relevant records like ledgers, the LIC/OP ascertained the fact that the policyholder has only paid premiums upto 01/1991 and first unpaid premium was 04/1991. There was no record of payment of premiums thereafter. The above record discloses that the policyholder had paid only three premiums under the policy and there was no record of payment after 01/1991. The policyholder was asked to produce any record of payment made on or after 04/1991 vide letter dtd. 17.10.07 to which he has failed to comply.

The rule applicable to policies, in such a situation, is as follows :-

“Non-forfeiture Regulations : If after at least three full years premiums have been paid in respect of this Policy, any subsequent premium be not duly paid, this policy shall not be wholly void, but the Sum Assured by it shall be reduced to such a sum as shall bear the same ratio to the full Sum Assured as the number of premiums actually paid shall bear to the total number originally stipulated for in the Policy, provided such reduced sum in case of a policy for a Sum Assured of Rs.1000/- or over be not less than Rs.250/- and in case of a Policy for a Sum Assured of Rs.1000/- be not less than Rs.100/-. The policy so reduced shall thereafter be free from all liability for payment of the within mentioned premium, but shall not be entitled to participate in future profits. The existing vested bonus additions, if any, will remain attached to the reduced paid-up policy.”

From the above rule, it appears that the policyholder becomes eligible to get the paid up value under the policy in case when the policy was in force for more than three years. In the instant case, the policy was in force for few months and payment of premiums, even for three years, could not be established by the complainant. In view of the above, it appears that the policyholder is not entitled to get any paid-up value as he has failed to continue his policy for the specified period of three years. However, the insurer appears to have not yet closed the enquiry and the complainant may furnish premium receipts, if available, or any other proof about payment of premiums made on

or after 4/1991. The insurer, on receipt of such proof, will settle the claims/dispose of the matter under intimation to this Authority without delay.

Award/Order

In view of the above findings, the complaint is treated as closed.

Guwahati Ombudsman Centre
Case No. : 23/01/021/L/07-08/GHY
Sri Shyama Charan Das
Vs

Life Insurance Corporation of India.

Award Dated : 27.12.2007

Grievance

The grievance of the complainant above named is that he procured policy no.480108697 with the commencement dated 28.12.1988. Subsequently, the policyholder applied for surrender value and accordingly, the insurer issued the quotation for an amount of Rs.29,385/- but subsequently issued the cheque only for an amount of Rs.22,101/- after about two and half months. Being aggrieved for less payment, the proposer/life assured refused to accept the surrender value as offered and prayed for maintaining status quo of the policy. Due to non-response from the insurer, the policyholder submitted the above complaint.

Reply

According to the insurer the proposal was offered initially for plan 94 and term 20 years on 14.09.88. On 19.12.88, the LA/proposer requested the insurer to change the plan to 27 table from 94 and accordingly, the insurer conceded to his request and on receipt of balance premium of Rs.12.20 for such conversion, the policy was issued under plan 27 (convertible whole life plan – without profit). After five years from the date of commencement, the complainant could have modified /converted the plan and term of the policy with or without profit which of course, he did not do. Therefore, the policy remained as whole life claim payable at death only. The insurer, however, failed to effect the change in the computerized policy records and by mistake, the policy originally offered under plan 94 remained the same. The surrender value quotation was issued wrongly under plan 94 and it was detected only when the policy document was submitted and the insurer corrected the computerized records and made the payment by extracting the correct SV quotation for Rs.22,101/-. The Life Assured (LA) did not accept the cheque and returned it with a letter stating that he would continue the policy and therefore, the policy has been reinstated. The insurer asked for interest and other reinstatement charges which the LA had refused to pay on the ground that it was not required to be paid as there is no fault on his part. Ultimately, the insurer waived the charges. It has also been contended by the insurer that the complainant has demanded payment of maturity claim on the date of maturity as stated in the policy status i.e., 12/2019 vide his letter dtd. 28.11.07. The original grievance of not paying the amount of surrender value as shown in the quotation has been withdrawn by the complainant and now he wanted to continue the policy. The only grievance remained is that he wanted maturity claim to be paid on 12/2019 as shown in the status report of the policy.

The relevant rule applicable to “Whole life assurance policy” under table No.27 is stated as under :-

“At the outset a Whole Life – without profits policy is issued with premiums payable till age 70. At the end of five years from the commencement, the policyholder has the

option to convert it into an Endowment Assurance without profits or with profits payable at the age then to be chosen without having to undergo a fresh medical examination subject, however, to payment of a suitably increased premium from the date of such conversion. If the policy is converted into an Endowment Assurance with profits, participates in profits from the date of conversion and the bonuses will be at the rate applicable to Endowment Assurance. If the policy is converted into an Endowment Assurance without profits, the policy is not entitled to bonus. If, however, no option is exercised at the end of five years, the policy continues to be Whole Life- without profits with the premium ceasing at age 70.”

In the instant case after completion of the term of 5 years, the policyholder did not exercise his option as required and the position is that the policy continues to be a Whole life policy – without profits with the premium ceasing at age 70. As per Central Office circular of LIC under ref: ACTL/1796/4 dated 6.3.2002 the sum assured together with benefits, if any, will become payable to whole life policies as under :-

“.....a whole life policy on attainment of 80 years of age by the life assured or on completion of 40 years from the date of commencement of the policy whichever is later.”

The above rule clarifies the whole matter as regards the amounts payable under the whole life policy of this nature. The instant policy was issued with the commencement date as 28.12.1988 treating the age of the LA as 39 years as on that date. The date of birth of the LA was shown as 28.02.1950. As per the above rules, the LA will have to pay the premium upto attainment of 70 years and consequently, the date of ceasing premium due is calculated as 28.12.2019. The rule provides payment under the policy on attainment of 80 years of age by the life assured or on completion of 40 years from the date of commencement whichever is later. The last premium due date has been calculated as 28.12.2019 on attainment of 70 years and consequently maturity value would become payable on attainment of 80 years on 28.12.2029 or on completion of 40 years from the date of commencement of the policy whichever is later. In case the LA desires to surrender the policy, he would be entitled to receive the surrender value treating his policy under Table 27 convertible Whole Life and not under Table 94- as demanded. Thus the surrender value offered by insurer treating the policy under Plan 27 appears to be in conformity according to rules.

The complaint is accordingly disposed of.

**Guwahati Ombudsman Centre
Case No. 22/04/036/L/07-08/GHY
Mr. Somnath Dutta**

Vs

ICICI Prudential Life Insurance Co. Ltd.

Award Dated : 18.01.2008

Facts (Statements and counter statements of the parties)

The complainant, Somnath Dutta, procured policy no.04550714 under policy type “Life Time Super Pension” paying an amount of Rs.2,00,000/- as premium at the time of introducing the policy on 12.02.2007. According to him, he contacted Smt. Khela Chakraborty, Agent of the Insurer for introducing the policy whose husband, Kalipada Dutta together with Unit Manager of ICICI Prudential Life Insurance Co. came to his residence on 2nd week of February, '07 and persuaded him to invest in two insurance schemes and accordingly, he agreed to invest money in life time super pension scheme with one time investment and accordingly, he introduced the proposal for the above policy paying a single premium of Rs.2,00,000/- to have the above policy.

Subsequently, he received the policy referred to above when his parents were out of station and on their return on 08.04.07, he read the document of Life Time Super Pension Policy and became surprised to know that he had to pay Rs.2,00,000/- as annual premium. According to the complainant, he was given the impression that he had to pay one time payment for the above policy and accordingly paid Rs.2,00,000/- and it was impossible for him to pay Rs.2,00,000/- as premiums Yearly out of his small income. He then approached the Insurer/OP for misleading him by the Agent and prayed for appropriate action against the Agent/Officers and diverting the plan to other profitable plan of one time investment of the said amount of Rs.2,00,000/-. Due to non-receipt of any reply or response from the Insurer, the complainant has approached this Authority for redressal of his grievances.

The Insurer vide letter dated 06.08.07 submitted its 'self-contained note regarding the complaint. The Insurer has totally denied about any kind of mis-representation or misleading by their Agents/Officers. The Insurer contended that the complainant had made an investment of an amount of Rs.2,00,000/- and submitted a proposal for the above noted policy on his life under plan "Life Time Super Pension" agreeing to pay the premium on Yearly basis. The Insurer further submitted that accordingly, on receipt of the premium, the above policy was issued and while forwarding the policy, the Insurer had also forwarded a copy of the proposal form to the complainant clearly mentioning that in case the policyholder is not satisfied with the features or the terms and conditions of the policy, he can return the policy within 15 days i.e., under the "Free Look Period" provision. It is also submitted that the complainant is an educated person who is in a position to understand the policy terms and conditions and he prefers to retain the policy and did not return the same to the Insurer for cancellation during the Free Look Period thereby implying that he had agreed to all the terms and conditions mentioned therein. Since the complainant did not exercise any option during Free Look Period, so it was not possible to cancel the policy at any period subsequent thereto. However, the Insurer has quoted the provisions for acquiring surrender value which will be settled as per terms and conditions of the policy provided the complainant prefers to get the same.

Decisions & Reasons

A copy of the proposal form submitted by the complainant for introducing the policy has also been sent to us which goes to show that the complainant is a graduate as it appears from his answers to questions appearing in column no.10. Column no.12 also shows that he is a self-employed person dealing with share trading business. The answers given to question no.2 (a) of column no.35 (A) also goes to show that he had agreed to pay the premium on "Yearly basis" and the premium amount for the plan was fixed at Rs.2,00,000/-. The aforesaid amount of premium was paid by the complainant by a cheque bearing no.275590 dated 12.02.07. This was the clear statement of the complainant given in the proposal form and it cannot be said that he was misled by anybody before submitting the proposal. All these proves that the complainant has himself volunteered to pay the premium of Rs.2,00,000/- on "Yearly basis" and submitted the proposal form accordingly. From his letter dated 27.04.2007, it appears that the complainant had received the documents but he did not go through the documents and only on arrival of his parents on 08.04.07, he had read the documents and then surprised to know that he has to pay Rs.2,00,000/- as "annual premium". From this admitted position, it appears that the complainant did not take any action immediately on receipt of the documents and if we take that he became aware about the fact of requirement of paying premium annually on 08.04.07 also, even then he did not exercise the option within 15 days therefrom for cancellation of the policy and only expiry of that period, he approached the Insurer on 27.04.07. The Insurer had

expressed inability to cancel or modify the plan due to the fact of not exercising any option by the complainant during "Free Look Period" and it appears to be quite inconformity with the terms and conditions of the policy.

On consideration of what has been discussed above, it appears that inability to modify the plan or return the premium, by the Insurer as prayed for by the complainant appears to be in conformity with the terms & conditions of the policy and we find absolutely no ground to interfere with the decision of the Insurer.

Guwahati Ombudsman Centre
Case No. : 24/01/081/L/07-08/GHY
Shri Surajit Dutta
Vs
Life Insurance Corporation of India

Award Dated : 07.02.2008

Grievance

The grievance of the above named complainant is that he is the holder of policy bearing no.490816733 with the date of commencement on 28.07.2000. The policy provides payment of survival benefits on completion of 5 years from the date of commencement and as per terms of the policy, the 1st survival benefit became due on 28.07.2005. The insurer did not pay the same in time and on persuasion, they have released the amount of Rs.31,400/- being 20% of the sum assured on 8.8.2007 along with another cheque for Rs.1256/- being the interest for late payments till that date. According to the complainant, he is entitled to get 18% interest on the amount due w.e.f. the date of its becoming due on 28.07.2005 till the date of actual payments. Due to non-receipt of the penal interest at the desired rate, the policyholder/complainant has preferred this complaint before this Authority.

Reply

The insurer has also submitted its 'self-contained note' vide letter dated 05.09.07 contending inter-alia that the policy was under assignment in Bank and the penal interest should be 2% less in case of Banks than the normal rate of penal interest as per LIC manual. It has also been contended that while the first instalment of survival benefit became due, the policy was under assignment of the Bank who neither applied for survival benefit nor submitted any discharge voucher for the survival benefit of the claimant. The insurer further contended that the survival benefit was issued vide cheque no.77957 amounting to Rs.31,400/- on 29.03.06 and the insurer has also paid the penal interest @ 6% to the Bank for the delay of 8 months in processing and settling the first survival benefit, but the cheques became stale on 29.6.06 due to non-encashment. The Insurer further submitted that the Complainant/policyholder has no authority to claim penal interest when the policy was assigned to Bank.

Decisions & Reasons

The copy of the policy document goes to show that 20% of the sum assured became payable to the insured on 28.07.2005 i.e., on completion of 5 years from the date of commencement. The complaint dated 25.09.07 also discloses that the policy was assigned to the State Bank of India by the insured/complainant and it was under assignment when the 1st instalment of survival benefit became due on 28.07.05. The insurer has stated to have issued a cheque bearing no.77957 on 29.03.06 releasing payment of Rs.31,400/- being first instalment of S.B. which of course did not reach either the Bank or the policyholder and I find no proof of issuing it. The said Bank vide letter dated 07.08.07 has confirmed it and the insurer was duly informed. Mere

preparation of the cheque without being sent either to the policyholder or to the Bank/assignee appears to be immaterial. Subsequently, on persuasion, the insurer has issued the cheque bearing no.17411 for an amount of Rs.31,400/- being the 1st instalment of survival benefit with another cheque bearing no.174112 amounting to Rs.1256/- for the interest which was calculated for the period from 28.07.05 till 29.03.06 (the date on which the first cheque was allegedly issued). The interest was calculated @ 6% as has been stated by the insurer vide letter dated 05.09.2007.

From the above, it goes to show that the interest has not been calculated from the date of becoming due of the 1st survival benefit on 28.07.05 till 08.08.07 i.e., the date on which the cheque was actually issued and released. The settlement of the 1st survival benefit can be said to have been done on 08.08.07 and not before that. It is a fact that the policy was under assignment but the beneficiary is the policyholder and it was not an absolute assignment. Due to non-receipt of the amount in time, the policyholder/complainant suffers and the insurer is bound to pay penal interest @8% per annum on the amount from the date on which the 1st instalment became due on 28.07.05 till the date on which such benefit was actually released on 08.08.2007. Although, 6% interest has been released for the period from 28.07.05 till 29.03.07 but the period and also the rate of penal interest appears to be not justified. The insurer should pay penal interest @ 8% as recommended by their Central Office in case of delayed settlement. Although, the complainant has claimed penal interest @ 18% p.a. with compensation of Rs.10,000/- from the insurer/OP but such claims appears to be not tenable as provision for payment of penal interest is there for delayed settlement of claims at the appropriate rate.

The insurer is accordingly directed to calculate the interest for delayed settlement of claims @ 8% p.a. as recommended by the Central Office in case of delayed settlement of claims and the interest should be calculated for the period from 28.07.05 till 08.08.07.

**Hyderabad Ombudsman Centre
Case No.L-21-003-0289-2007-08**

Sri Yousuf Khan

Vs

TATA AIG Life Insurance Company Ltd.

Award Dated : 19-11-2007

The complaint is about repudiation of permanent disability benefit to the complainant, who is incidentally the LA under policy No.C 320132988.

The life assured obtained the policy for a sum assured of Rs.50,000 and with the commencement date of 27.4.2007. The term of the policy is 22 years, with an annual premium of Rs.3093/- and covers five benefits. The benefits covered are (i) Accidental death benefit for Rs. 2 lakhs (ii) Total Permanent Disability for Rs.1000/- (iii) Accidental hospitalization for Rs.100/- (iv) Term benefit for Rs.1.5 lakhs (v) Critical illness benefit for Rs.1 lakh.

The LA injured his right hand on 29.4.2007 while he was engaged in carpentry work. He went to Ram Hospital for treatment and in the process of treatment three fingers of right hand were amputated.

Insurer's contentions: The policy was issued with benefits as requested by the LA. As per policy conditions, no coverage for accidental death and dismemberment long scale benefit were opted. Disability suffered by the LA does not meet the criteria defined in

the permanent disability benefit of the plan and the claim cannot be considered under the accidental hospitalization income as the hospital confinement was for less than one day in a pre-approved hospital.

Contentions of the complainant/LA: He met with an accident on 29.4.2007 while he was engaged in his profession of carpentry and four fingers of his right hand got crushed. Immediately he went to Ram Hospital, Jeedimetla, Secunderabad. In the course of treatment, doctors could save one finger only and he lost three fingers. Now he is not in a position to perform his carpentry work and thereby not in a position to make a livelihood. Since he opted for a permanent disability benefit, he claimed money, but his claim was rejected.

Decision: The claim occurred in about two days after issue of the policy and the claim was made for 'loss of use of fingers'. On an examination of the policy conditions, it was observed that the claim event does not fall within the scope of the insured events opted by the LA. The claim event does not fall within the meaning of Total Permanent Disability benefit as claimed by the LA and hence the complaint was disallowed.

Hyderabad Ombudsman Centre
Case No.L-21-004-0361-2007-08
Sri Sudhesh Vadhone
Vs
ICICI prudential Ins. Co.

Award Dated : 18-1-2008

Brief facts : The complaint is against repudiation of critical illness benefit under policy No.3958254 and the complainant sought a relief of Rs.75,000/-.After a hearing held on 4.1.2008, the complaint was dismissed.

Details : The LA submitted a proposal dated 7.12.2006 for insurance on own life under "Health Assure" plan for a sum assured of Rs.150,000. He was aged 42 years at the time of proposal and is in business as Proprietor of Veta English Training Centre, Bangalore. The proposal was accepted at standard rates of premium under non medical category. The LA suffered chest pain on 2.9.2007 and got admitted into St. Philomina Trinity Heart Centre, Bangalore for treatment. The LA was discharged from the hospital on 5.9.2007. The LA claimed critical illness benefit but his claim was rejected by the insurer on 26.10.2007 stating that the illness was not a covered disease.

As per the contentions of the insurer, the LA did not suffer any CAD as the LA did not fulfill the conditions laid down under policy conditions. They submitted that the medical records indicate normal values for CK-MB, Troponin-1 and there was no conclusive evidence that the LA suffered a myocardial infarction. They further stated that the premium charged by them was for limited contingencies and all types of chest pain are not covered under their policy.

A hearing was held on 4.1.2008. After examining the policy conditions in detail, it was evident that the LA did not suffer any CAD coming within the meaning of critical illness defined in the policy conditions. Hence the complaint was not allowed.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/21-001-127/07-08
Sri.K.K.Kunhiraman
Vs
Life Insurance Corporation of India

Award Dated : 09.10.2007

The complaint under Rule 12(1)(b) read with Rule 13 of the Redressal of Public Grievances Rules 1998 is against denial of surrender of Jeevan Suraksha Policy. The complainant Sri.Kunhiraman, then an Officer of Canara Bank, had taken a Jeevan Suraksha policy which vests on 15.2.07. His request for surrendering the policy submitted on 9.3.07 was turned down as surrender of Jeevan Suraksha policy after date of vesting is not permitted as per policy condition. It was submitted by the complainant that the notice to exercise various annuity options was received by him only on 8.3.07 and hence he could not submit application for surrender before vesting date on 15.2.07. The intimation was sent to him in an incomplete address, that too without pin code and hence the letter was served to him late only on 8.3.07. But it was submitted on behalf of insurer that intimation was sent to him as early as 25.8.06 in the address "K.K.Kunhiraman, 'Sriram', Peoples Road, Calicut, Pin-673 006". The contention of the insured that the address was incomplete is not correct as other letters sent from LIC in this address were received by him. Also this address was given by the insured himself. In the letter written by the insured to LIC on 9.3.07 he has given the same as his address. As the insured has not responded to their letter dated 25.8.06 they have sent a copy of the letter on 7.2.07 under a covering letter. It was argued by the complainant that as pin code was not given in this letter, this letter was delivered to him only on 8.3.07 and hence he could give application for surrender only on 9.3.07. It was submitted by the insurer that it is not mandatory to give prior intimation to the insured as it is very specifically given in their policy document itself. Notice is sent only as a courtesy and is not an obligation on the part of insurer. It is to be noted that the insured is a Br.Manager of a Nationalised Bank, who is well aware of rules and regulation of insurance policies. Policy condition is very specific that option to surrender is to be exercised before date of vesting. There is no point in the argument that the address is incomplete, as the address is given by the insured herself. Also other letters sent by insurer is received by the addressee. There is no dispute to the fact that application for surrender was given only on 9.3.07 i.e., after date of vesting. Hence the insured is entitled only for pension option and not entitled for surrender value and the complaint is therefore dismissed.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/21-001-202/2007-08
Sri.C.H.Vijayaraghavan
Vs
Life Insurance Corporation of India

Award Dated : 24.10.2007

The complaint under Rule 12(1)(b) read with Rule 13 of the Redressal of Public Grievances Rules 1998. The complainant had taken a Convertible Whole Life policy with date of commencement 10.1.90 with an option for conversion at the end of 5 years to Endowment scheme. The life assured exercised the option to convert the policy to mature at the age of 46 and half yearly premium of Rs.447.50 was arrived by the insurer and life assured continue to remit the premium at half yearly rate of Rs.447.50. However during 2006 Audit it was observed that the correct half yearly premium works out to Rs.1599/- instead of Rs.447.50. Immediately insurer approached the insured and demanded balance of premium or to give his consent to reduce sum assured proportionate to the premium paid. Aggrieved by this the insured approached this Forum for justice. It was submitted by the insurer that due to an inadvertent clerical error premium was wrongly calculated as Rs.447.50 instead of correct premium of Rs.1599/- and it has come to their notice only in the audit conducted in 2006. Life

assured is trying to derive undue advantage from a mistake committed by the insurer. Also no contract will sustain if there is no sufficient consideration. To rectify this mistake insurer has suggested 3 alternatives – 1) to maintain the status quo ante, prior to conversion i.e., to continue policy as a whole life in which case they will refund the extra premium paid (2) To reduce sum assured proportionate to the premium paid (3) to collect future premium from him @ 1599/- and deduct the difference in premium from claim amount. After discussion the complainant has expressed his willingness to settle the depute. He submitted a statement that he is agreeable to pay future premium @ 1599/- and also to recover the arrears of premium from claim amount. Hence the following award has been passed.

- 1) Premium payable is Rs.1599/- half yearly and policy shall continue for the original sum assured of Rs.50000/-.
- 2) The complainant shall pay premium at the said rate hereafter till maturity.
- 3) The deficit of premium so far will be deducted without interest from claim amount.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/21-002-124/07-08
Sri.P.P.Raghavan
Vs.
SBI Life Insurance Co. Ltd.

Award Dated : 24.10.2007

The complaint falls under Rule 12(1)(b) read with Rule 13 of the Redressal of Public Grievances Rules 1998. The complaint is against the refusal to issue policy under Unit Plus scheme. On 27.12.06 the complainant had submitted a proposal for ULIP policy and paid a half yearly premium of Rs.51000/- and proposal deposit receipt was issued on 1.1.07. Policy was not issued inspite of his continued follow up with insurance company, instead they have refunded the proposal deposit with a request to apply for the policy de-novo if he still require policy. Aggrieved by this the complainant approached this forum for getting interest for the period the amount was with insurance co. and also compensation for mental agony.

In the self-contained note it was submitted by insurance company that while underwriting it came to their notice that Renal Function Test was not received and the same was followed up with Health Care India, the TPA. But at the time of hearing the representative of the insurance co. has no such case. He has submitted that the delay was due to the fact that there was some confusion regarding mode of payment of premium, single premium or regular premium mode. Though the proposer was contacted over phone several times they didn't get a proper reply and hence they could not issue the policy in time and the amount was refunded. The proposer was not given any intimation to submit Renal Function test report. Medical report was submitted along with the proposal form. In the letter dated 6.4.07 to the insured, the insurance Co. has stated that they are unable to take an underwriting decision as particulars required for underwriting was not received by them. But it is curious to note that what is required for taking an underwriting decision was not mentioned anywhere in the letter. Admittedly there is no documents asking him to produce any specific particulars. In the letter dtd. 17.5.07 the insurer has stated that "As per the telephonic talk on 14.5.07, they awaited official communication from the complainant with respect to mode of payment of premium". On reading all these letters it looks that the particulars required for underwriting was whether he likes to pay single premium or regular mode of payment of premium. On a verification of proposal form it can very well be seen that all the questions regarding mode of payment were answered unambiguously. As against frequency it was specifically marked as Regular Premium Half yearly and term of policy

was mentioned as 5 years and hence there is no point in the contention of insurer that there was some confusion regarding mode of payment of premium. They have returned the deposit after 4 ½ months with some lame excuse.

The insured also sought some compensation for the mental agony. Had the money been credited in time, the units would have been allotted in Jan.07 NAV and by this time he would have gained some profits. As he has lost faith in the insurance company he is not interested in continuing the policy with them. On account of non-issue of policy and refund of premium he has suffered loss, which must be compensated. It looks that he had made several communication. In the result an award is passed directing the insurer to pay interest at 12% p.a. on an amount of Rs.51000/- for 5 months and also a cost of Rs.3000/-.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/21-001-188/07-08
Smt.Rasheeda Aslam
Vs.
Life Insurance Corporation of India

Award Dated : 25.10.2007

The complaint falls under Rule 12(1)(b) read with Rule 13 of the Redressal of Public Grievances Rules 1998 is against recovery of shortage of premium paid from the maturity claim amount. A Jeevan Shree policy for Rs.5 lakhs was issued to the complainant on 19.7.02 with a single premium of Rs.472269/- as against the correct single premium of Rs.486875/-. The deficit in collecting shortage of premium came to knowledge of insurer only in 2006 Audit. Immediately they approached the insured and requested to make good the shortage in premium. However, the insured was not willing to remit the balance amount and hence insurer imposed a lien on the policy and the amount was recovered from maturity claim amount payable on 19.7.07, without interest. Aggrieved by this the complainant approached this Forum. It was submitted by the insured that as the premium was agreed and fixed at the time of issue of policy, the insurer has no right to realize the balance premium at a later stage. If at all there is a shortage of premium it has to be waived by the insurer. It was submitted on behalf of the insurer that while feeding data to the computer mode of premium was wrongly keyed in as yearly for 1 year instead of single premium there by allowing a mode rebate of 3% in the tabular premium where as there is no mode rebate for single premium policies which has resulted in to a short collection of premium by Rs.14606/-. As the insured was not willing to remit the shortage in premium a lien was imposed in the policy and the amount was recovered from claim amount. As the mistake was occurred as a result of an oversight from the office, they have waived interest on premium and only shortage in premium was recovered from the claim amount.

The Point: It can be seen that as a result of a mistake committed by the office premium was collected short by Rs.14606/-. As it was a mistake it was liable to be rectified when found out. On account of mistake loss has caused only to the insurance company. The complainant ought to have paid Rs.14606/- in 2002 itself. Now it has been deducted from claim amount. By the postponement of this payment no loss has been caused to the claimant as insurer has waived interest for the same and have no prejudice has been caused to the complainant. Hence the recovery is proper and complaint is therefore liable to be dismissed.

Kochi Ombudsman Centre

Case No. : IO/KCH/LI/21-001-244/07-08

Sri.S.Ganesh

Vs.

Life Insurance Corporation of India

Award Dated : 13.11.2007

The complaint falls under Rule 12(1)(b) read with Rule 13 of the Redressal of Public Grievances Rules 1998. By submitting a proposal 24.6.04, the complainant had taken a Bima Plus policy for 1 lakh and the option given was Secured Fund. IN the policy issued to him the fund selected was shown as risk fund. While surrendering the policy after 3 years he was allowed NAV of secured fund only. Aggrieved by this he approached this Forum for getting NAV of risk fund as surrender value. It was submitted by the insurer that in the proposal submitted it was clearly mentioned that the fund selected was secured fund and not risk fund. While issuing policy, the fund selected was wrongly shown in the policy as risk fund, instead of secured fund by oversight. It was purely a clerical error and the amount collected was invested and secured fund only and hence he is eligible to get only NAV of secured fund. The proposal form submitted is the basis of contract and policy document is only an evidence of contract.

In the complaint it was stated that he was issued with a policy with risk fund option and he is eligible to get the NAV of risk fund. However, as per proposal form, the fund opted is secured fund and he had not given any application for changing the fund selected. The fund selection is the choice of the insured and the insurer has no say in this. The insurer will invest the fund collected as per the choice of the investor and he will be eligible for NAV of fund as opted by him. Each particular fund is the property of the optees and so the benefit under the fund is payable to the optees of that fund only. As the complainant has opted for secured fund, he is eligible for NAV of secured fund only. It is to be noted that at the time of taking policy he was a Sr.Br.Manager of a reputed bank, who is well aware of all rules regarding fund selection and investment of funds. At the time of hearing it was submitted by the complainant that as it was printed as Risk fund in policy document, he lost the option of shifting to risk fund. He has no case that he has thought of shifting one fund to other. In the complaint to this Forum and the complaint to the insurer also he never mentioned that he thought of changing the fund to risk fund. In the proposal from fund selected was specifically written as secured fund and hence he is eligible only for NAV of secured fund at the time of surrendering. The risk fund was printed mistakenly and no person can make an advantage from a mistake committed by another party. The complaint is devoid of merits and is liable to be dismissed.

Kochi Ombudsman Centre

Case No. : IO/KCH/LI/21-001-135/07-08

Dr. C. Chandrasekhara Menon

Vs.

Life Insurance Corporation of India

Award Dated : 04.12.07

The complaint falls under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998. The complaint Dr.C.Chandrasekhara Menon is having 5 Jeevan Akshay Policies and one Varista Pension Bima Yojana Policy under Pension Plan. Those policies were vested for payment of annuity and annuity payments were effected. The advance annuity

cheque since May 2007 were not released and he was requested to produce existence certificate. Aggrieved by this Sri.C.Chandransekhar Menon approached this Forum. It was submitted by the complainant that at the time of issue of policy no such conditions were there and he felt humiliated by the act of insurer in imposing such a condition. Getting annuity payment in time is his right and the demand for existence certificate from a living person is highly insulting. It was submitted on behalf of insurer that of late they have made production of existence certificate mandatory in order to ensure that annuity payments are received only by annuitant during his life time only as his legal heirs are not eligible to receive annuity payments. On 30.7.07 the CRM of Ins.Co. personally visited the complainant and informed him of the reasons for existence certificate and also agreed to certify his existence to IPP Cell and also assured him that he can contact the office of Tripunithura Br.Office of insurer over phone in which case they will render all necessary help. But he want a decision by the insurer that existence certificate will not be required in future also. The demand for existence certificate was made only as a step to rule out the possibility of fraud and misrepresentation in the case of annuity payments and this procedure was adopted in such a way that no trouble is caused to the annuitant. The requirement is a genuine requirement to rule out the possibility of fraud.

It looks that the insistence of Existence certificate of annuity is only for ruling out the possibility of fraud and misrepresentation. It is relevant to note that annuitant alone are entitled to get annuity payment, their legal heirs can only get back the purchase price after the death of annuitant and not the annuity. If the existence certificate is not insisted it is likely that the annuity cheques will be continued to be issued to which their legal heirs are not eligible to get. Even though there is no stipulation in the policy to produce Existence Certificate for payment of annuity insurer has to convince that the annuitant is alive. The certificate is the only feasible mode of ascertaining the existence of annuitant. It is only a procedural matter and will not amount to denial of claim. There is absolutely nothing wrong in insisting on production of Existence certificate for release of annuity.

As per Rule 12 of Grievance Rules, the Ombudsman may receive and consider complaints to any partial or total repudiation of claim, dispute regarding premium paid or payable, dispute as to legal construction of policies and also non issue of policies to customers. This dispute is only against a circular issued by insurer insisting production of Existence Certificate, which is only a procedural matter. This is not a matter which comes under jurisdiction of insurance Ombudsman. Hence the complaint is to be dismissed.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/20-001-304/2007-08
Sri.M.P.Rajagopalan
Vs
Life Insurance Corporation of India

Award Dated : 24.01.2008

The complaint falls under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998. The complainant a senior citizen had taken an immediate Pension policy under Varistha Pension Bima Yojana Plan of LIC of India for a purchase price of Rs.255845/- for providing an annual pension of Rs.24000/- per year. The policy was issued w.e.f. 4.3.04 and after 3 years the policy holder applied for surrender value. However an amount equal to 2% of purchase price was deducted from surrender value. Aggrieved

by this he approached this Forum for justice. According to him as per rules published in the Gazette of India dated 2nd Aug.2004 only 1% of purchase price is allowed to be deducted in case policy is surrendered after completion of 3 years from commencement.

It was submitted by the insurer that this is a special type of policy subsidized by Govt. of India, to provide an effective rate of interest at 9% to citizens aged above 55. a No premature surrender is permitted under the policy. Purchase price is returned only at the time of death of annuitant. However only to mitigate the hardship of policy holders LIC as a very special case permitted premature surrender on health grounds of annuitant or his/her spouse. In such case only 98% of purchase price is paid. Also prior sanction of Zonal Office is required for such surrender.

The policy conditions are very specific that Pension is payable to the policy holder and the purchase price is payable only after death, that too to the nominee or legal heirs. There is no case that pension is not paid in time. There is no provision for premature surrender as per policy condition. The rules mentioned in Gazette Notification dated 2.8.04 is applicable only to post office savings deposit meant for senior citizens aged 60 where surrender is permissible. But this is not a deposit, but the complainant had paid a premium and purchased a policy. The relationship between LIC and complainant is only a contractual relationship. As per contract complainant is not permitted to surrender policy. Only to mitigate hardship of policy holders surrender is permitted after deducting 2% from purchase price. Consent of policy holders is also obtained by way of discharge form. If this 2% deduction is not agreed by policy holder LIC will not permit premature surrender. There is nothing wrong in deducting 2% in consideration for altering contractual obligation. The complaint is devoid of merit and is liable to be dismissed.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/21-009-294/2007-08
Sri.Anupam Maiti
Vs
Bajaj Allianz Life Ins. Co. Ltd.

Award Dated : 06.02.2008

The complaint falls under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998. The case of the complainant is that on 21.2.07 he took one insurance policy by name New Unit Gain Product for a sum of Rs.10000/-. He has not been supplied with the policy inspite of his various visits to offices and also telephonic enquiries, as a result of which he was not able to exercise free look option under the above policy. As the administrative charges are on higher side he wants to withdraw from the contract by opting free look option as per policy condition. The contention of insurance company is that they have issued the policy as early as 30.3.2007 in the address mentioned in the proposal form. But due to incomplete or incorrect address it might not have reached the complainant. At the time of hearing the representative of insurance co. sought a weeks time to collect evidence of dispatch particulars which was granted and the case was posted to 6.2.08. Even on this day insurer was not able to produce any proof for having dispatched the policy. As per IRDA regulation the policy holder has the liberty to withdraw from the contract and get the amount of premium refunded within 15 days from the date of receipt of policy document. As the policy document was not received by the complainant he can exercise free look option even now. Hence an award is passed directing the insurer to refund the premium paid in terms of Sec.(2) and (3) of Regulation 6 together with 9% interest.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/21-011-347/2007-08
Sri.Sabu M S
Vs
Birla Sunlife Ins. Co. Ltd.

Award Dated : 06.02.2008

The complaint falls under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998. The complainant had taken a Classic Premier Policy of Birla Sun Life Ins.co.Ltd by submitting a proposal on 8.7.06. The policy was issued on 8.7.06 for a sum assured of Rs.435000/- with an annual premium of Rs.87000/- payable for 3 years. The term of policy was 10 years. The contention of complainant is that his intention was to take a policy with a single premium of Rs.87000/- and he had made it clear to the agent that he wants only a single premium policy and he was not in a position to afford regular premium payment. He has also remitted Rs. 25000/- on 25.7.06 towards top up premium. His request is to treat the policy either as a single premium policy or convert it into a policy such that the yearly premium payable is only Rs.25000/-. As his request was turned down by the insurer he approached this Forum for justice.

It was submitted by the insurer that he has proposed for a policy for a sum assured of Rs.435000/- with yearly premium of Rs. 87000/- payable for 3 years and for a policy term of 10 years. The policy was issued as proposed by the proposer only. He being a post graduate signed the proposal only after reading and understanding the term and condition of policy. He has also not exercised the option of canceling the policy under free look option. As per rules it is not possible to reduce the sum assured or premium.

The obligation of insurer and insured is a contractual obligation and the basis of contract is the proposal submitted by the proposer. The terms of policy will decide the rights available to the insured. On going through the proposal paper it is very clear that the proposer had proposed for a sum assured of Rs.435000/- with premium payment of Rs.87000/- under yearly mode payable for 3 years and the policy was issued strictly according to proposed condition. If the intention of the proposer was to have a single premium policy he would have cancelled the policy under Free look option within 15 days of receipt of policy. He has not invoked this option also. Also there is no case that the signature in the proposal was not that of the proposer. Hence there is absolutely nothing in the contention of the complainant and the complaint is therefore dismissed.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/21-001-370/2007-08
Smt.Kunjumol Thankachan
Vs
Life Insurance Corporation of India

Award Dated : 06.03.2008

The complaint falls under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998. The complainant's late husband Johannan Thankachan doing business in Saudi Arabia had taken a Jeevan Shree policy for Rs.10 lakhs when he was on leave in India. The policy was completed on the strength of an Echo Cardiography report dated 3.11.04. On 25.5.05 he expired at Riyadh, but the claim was repudiated on the ground that the Echo cardiography report was obtained by impersonisation. It was submitted by the representative of insurance co. that LA had already left India on 20.10.04. Zonal Office

underwriting unit called for electro cardiograph report only after 20.10.04. But the report was obtained from NSS Medical Mission Hospital, Pandalam on 3.11.04. As the insured was not available in India on 3.11.04, this report was obtained by fraud. As the risk under the policy was accepted only on the basis of this electro cardiograph report which was obtained by fraudulent means the contract was entered by fraudulent means and hence the contract has become null and void. Hence the insurer is justified in repudiating the claim under the policy.

The only ground on which the claim was repudiated was that the electro cardiograph report was obtained by impersonisation. The claimant herself had admitted that Sri.Thankachan had left India on 20.10.04. The endorsement in the passport also confirm this. Hence there is no doubt that the electro cardiograph report was obtained by fraud and as the risk was accepted only on the strength of this report, the policy has become null and void and nothing is payable under the policy and insurer is justified in repudiating the claim. It was submitted by the claimant that Sri.Thankachan had left India on 20.10.04 and hence the insured is not liable for obtaining a report by fraud. Only the agent has played a fraud. Sri.Thankachan or his family members have no role in this. As Thankachan has already left India on 20.10.04 itself, it can very well be assumed that he has no role in obtaining a report by fraudulent means. Hence though the contract has become null and void the premium paid has to be refunded. Hence an award is passed directing the insurer to refund the premium paid of Rs.1,58,000/-.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/21-007-389/2007-08
Smt. Saraswathy N.
Vs
Max New York Life Insurance Co.Ltd.

Award Dated : 06.03.2008

The complaint falls under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998. The case of complainant is that in March 2006, one agent of Max New York Life Insurance Co. approached her along with an executive from the Co. and persuaded to take an insurance policy. She reluctantly succumbed to their persuasion and agreed to take a single premium policy with premium of Rs.10000/-. Even though payment of premium was made in March 2006, she received policy certificate only in June 2007. On receiving the policy it was found that instead of a single premium policy, a policy with yearly mode of payment of premium was issued to her. She being a pensioner has no means to remit yearly premium and hence she immediately made attempts to resolve the problem by contacting the agent and also gave a written request to Thrissur office of insurance co. to cancel the policy and refund the premium paid.

It was submitted by the insurance co. that the request for cancellation of policy was received only in Octo.07, after more than one year of dispatch of policy documents. The policy document with date of commencement 11.6.06 was issued as early as July 06 and as the request for cancellation was not received within 15 days of receipt of policy, they are not in a position to cancel the policy and refund the premium paid. In the first letter dated 8.7.07 it was stated that the documents were received few months after and in e.mail dtd.8.10.07 it was stated that policy was received in June 07. The statement given by the complainant herself is contradictory and hence they are justified in denial of refund of premium paid by invoking free look option.

The case of the complainant is that immediately on receipt of policy document in June 07, she approached the agent at Thrissur Office of the insurance co. to get the problem solved. She has emphatically denied that the policy document was served to her in July

06. But it is to be noted that insurance co. is acting through human agency and what all they have done must be borne out of records. Hence if the document was served in July 2006, they might have some records to produce. But they failed to produce any records instead they sought one weeks time upto 13.3.08 to produce evidence of despatch particulars of policy documents. On 13.3.08 the representative of insurance co. has submitted that they have no evidence to show that the policy was issued in July 06. Hence the contention of the complainant that the policy document was received only in June 07 is to be accepted. The request for cancellation was received within free look period and insurer is therefore directed to refund the premium paid.

Kolkatta Ombudsman Centre
Case No. 167/22/003/L/06/07-08
Shri Amit Sanyal

Vs

TATA AIG Life Insurance Company Ltd.

Award Dated : 03.10.07

Facts & Submissions :

This petition was filed by the complainant against non-adjustment of premium.

The complainant purchased the above policy under 'Assured Golden Years Plan' with premium paying term 14 years and due date of premium 24th August every year. He stated that there was no problem in paying the premium for the year 2002 and 2003. However, in the year 2004, when he was abroad, he received information that his policy became lapsed due to non-payment of premium and he was required to complete revival procedure by submitting health certificate, etc. He submitted the health certificate and deposited premium with interest on 30.06.2006. He again received a letter on 09.08.2006, which stated that the insurer was unable to revive the policy since medical examination report at client's costs was required. Being dissatisfied, he wanted to surrender the policy but was informed that he would receive only 30% of the premium paid excluding the 1st years' premium and extra premiums. The insurer also refunded the amount paid by him to them on 30.06.06 only on 17.02.07 and that too without any interest. The complainant thought that the insurer was grossly unfair and their action was beyond the approval of IRDA.

The insurance company stated that the reinstatement of policy was at their absolute discretion subject to filing of application for reinstatement, production of health certificate and other evidence and payment of all over due premiums with interest. Since this was not done by the life assured, revival amount was refunded to the complainant.

HEARING:

The complainant stated that he was agreeable for reinstatement of the policy if the premiums are accepted without interest and no medical tests were undertaken. The representative of the insurance company requested time to consult his officers with regard to the proposal given by the complainant. Therefore, a further adjournment was sought for 28.09.07. On that day, the representative of the insurance company attended but the complainant could not attend. However, he sent a fax message dated 28.09.07 and hoped that there would be no problem in adjudication of the case since he had spelt out his grievance in the last hearing. The representative of the insurance company filed the basic plan of the policy and stated that as they could not reinstate the policy, they refunded the premium.

DECISION:

It was clear from the above discussion that the complainant had paid 2 yearly premiums for 2002 and 2003. After that as he was abroad for some time, the premium for 2004 was paid late with a health certificate. However, the complainant did not take up any medical test, as required under the policy condition. Therefore, the insurance company refunded the premium that was paid for 2005 and kept the policy in lapsed condition and offered for payment of surrender value. At the time of hearing, the complainant stated that the surrender value is a small amount and, therefore, offered that he will continue the policy provided no interest is charged on the premiums to be paid for reinstatement of the policy and that no medical test should be taken up.

From the above averments, it was clear that acceptance or rejection of revival of insurance policy is totally the discretion of the insurance company and revival is a de novo contract. However, in this case, the life assured had sent the premium for 2004 with late payment interest and health certificate and the insurer had accepted the payment. Hence, actions such as, subsequent demand for further medical report after accepting the premium and the decision to refund the premium already accepted for non-submission of medicals are not tenable. Under these circumstances, the insurance company were directed to revive the policy accepting the outstanding premiums without charging any interest and without asking for any medical tests. However, they can obtain the health certificate given by the complainant himself. Since this was the rarest of the rare cases, mere direction to revive the policy was given. This decision should not be treated as a precedent.

Kolkatta Ombudsman Centre
Case No. 198/23/001/L/06/07-08
Shri Vishwamohan Kumar Singh
Vs
Life Insurance Corporation of India

Award Dated : 16.10.07

Facts & Submissions :

This petition was filed by the complainant against delay in commencement of annuity.

The complainant purchased a Varishtha Pension Bima Yojana (VPBY) policy no. 534318580 paying single premium of Rs. 255845/- by cheque. The amount was debited from his bank account on 29.09.2003. He received the policy bond showing the date of commencement as 28.03.04 i.e., annuity @ Rs. 2000/- p.m. became payable from 01.04.04. The complainant felt that he was deprived of annuity for 6 months from October 2003 to March 2004 in spite of paying full premium in September'03. He took up the matter with LIC and Muzaffarpur Divisional Office replied that the matter was being looked into. However, annuity commenced from 04/2004 only.

LICI informed the life assured on 09.07.07 stating that the insurance is a valid contract governed by the Contract Act 1872 and VPBY is no exception. Since the proposal was submitted on 30.03.04 and accepted on 31.03.04, the backdating to 28.09.03 was not possible. However, they admitted that the life assured suffered monetary loss and they referred the matter to their higher authorities for their consideration.

HEARING:

In response to a notice of hearing, only the representative of the insurance company attended. The complainant did not attend and he telephonically informed this office that adjudication may be made on the basis of facts available on record.

The representative of the insurance company stated that VPBY was a contract under the Insurance Act and therefore, it will be effective only on the acceptance of the

proposal dated 30.03.2004 and accordingly, the annuity payment has correctly been started after the date of proposal. However, they accepted that the cheque was deposited on 22.09.03 and they received the proposal dated 30.03.04 later. Therefore, they were unable to start the annuity payment on 01.10.2003 before date of commencement of the policy or allow penal interest for six months for the delay in implementing the scheme.

On the other hand, the complainant stated that he signed the proposal form without giving the date and according to him, the date was put by somebody else and submitted to LIC. Therefore, he pleads that as the money was lying with LIC from 22.09.03, he should get the annuity cheques as per the scheme. He prayed that he should get Rs. 12000/- as pension amount for 6 months and interest on Rs. 12000/- from April 2004 till the date they made payment of that amount to him.

DECISION:

It is a fact that the complainant submitted the proposal form without indicating the date of commencement on the proposal. However, LIC got the credit of the cheque issued by him on 29.09.2003. To the extent that the proposal was dated 30.03.04, LIC was correct in giving the pension w.e.f. 09.04.04. There are mistakes committed by both the parties as the complainant did not give the date in the proposal form and the LIC refused to give interest on the money they retained from 22.09.03 to 30.03.04 as proposal deposit without adjusting as Single Premium.

Under these circumstances, without disturbing the monthly pension payment, we proposed to deal with the matter by granting an ex-gratia payment. Keeping in view that the money was retained for six months and the monthly pension was not paid until that date, an ex-gratia payment of Rs. 16000/- (Rupees sixteen thousand) only was granted, which constitutes the pension receivable and interest thereon.

**Kolkatta Ombudsman Centre
Case No. 289/25/001/L/08/07-08**

**Shri Krishna Kumar Singh
Vs**

Life Insurance Corporation of India

Award Dated : 14.01.2008

Facts & Submissions :

This petition was filed by the complainant against non-issue of policy document.

The complainant stated that he paid Rs. 24100/- by demand draft no. 23/367 drawn on Bank of India, Karra Branch on 07.03.2001. According to him, the amount was deposited with LIC, Hinoo Branch for purchasing a LIC policy (amount apparently corresponds with single premium for Bima Nivesh Policy for sum assured of Rs. 25000/- with 5 years term) and BOC No. 12206 dated 31.03.2001 was issued in favour of K.K.Singh. However, he did not receive any policy bond. On enquiry, he came to know that the deposited amount was paid by cheque no. 792524 on SBI instead of DD purchased by himself and that the cheque issued by some other person was dishonoured subsequently. He was thus deprived of the policy documents and did not receive the maturity claim after completion of 5 years. His persuasion with the Branch authorities yielded no result.

HEARING:

In response to a notice of hearing, both the parties attended. According to the complainant, he had given the demand draft to his agent and after consistent efforts, he could get a BOC receipt from the agent, in which it has been stated that the cheque

was received by the LIC. However, LIC found out that the cheque was bounced. The complainant also stated that his bank gave a certificate, which states that an amount of Rs. 24100/- was debited from his account being purchase price of a draft issued in the name of LIC and the same was also credited to LIC account. These letters are not in the possession of LIC authorities. The representative of the insurance company requested that the copies of these documents may be handed over to her. However, she stated that there is no policy that has been issued and therefore, question of giving maturity claim does not arise. She also gave a letter submitted by the agent, who clearly stated that he has not received any such draft from the complainant.

DECISION:

From the above, it was clear that the agent had given the BOC to the complainant and the BOC became invalid because the cheque was bounced. Unless the demand draft was given to the agent by the complainant, we do not think that the agent would have given the BOC to the complainant. Added to that, the bank from which the draft have been made has confirmed that the money has been credited to the account of LIC.

Under these circumstances, it was clear that the money of the complainant was lying with the LIC since the date of credit. We do not know whether the LIC issued any policy bond to any other person other than the complainant. The entire episode completely describes the harassment meted out to the complainant. However, it was clear that the complainant did not receive the policy document even after paying the requisite amount.

Since the LIC cannot issue a policy bond now and pay the maturity claim as per the policy conditions, the LIC were directed to refund the entire amount of Rs. 24100/- along with interest @ 2% above the prevailing bank rate from the date of credit to their account to the date of refund of cheque to the complainant. This amount is granted as ex-gratia payment without disturbing the procedure of LIC.

**Kolkatta Ombudsman Centre
Case No. 203/22/004/L/06/07-08
Shri Prakash Kumar
Vs**

ICICI Prudential Life Insurance Co. Ltd.

Award Dated : 15.01.2008

Facts & Submissions :

This petition was filed by the complainant against wrong premium certificate, non-adjustment of premium paid and arbitrary lapsation of insurance policy.

The complainant purchased the above Lifeguard Insurance Policy from ICICI Prudential Life Insurance Company Ltd in the year 2003 for a 25 years term for sum assured of Rs. 250000/- each. His proposals were accepted and premium fixed as Rs. 2971/- only (including Accident and Disability Benefit Rider) for each of the two policies. The complainant received the policy documents, which showed DOC as 05.02.2003 and termination date as 05.02.2028. He protested since the insurer themselves asserted that risk commences only after positive medical reports and the policy documents showed risk date as 31.03.2003. The insurer, on receipt of the complaint and consent, revised DOC as 01.04.2003 and termination date as 01.04.2028. As such the policies were accepted from the FY 2003-04 and two yearly premiums against each policy were accepted but the insurer issued premium paid certificate dated 02.06.2004 showing last premium paid for 2004-05 instead of 2005-06. His payment of premium for 2005-06 was not adjusted.

He further stated that the premium notices were not coming in time and after paying premium @ Rs. 2972/- for each policy for the year 2006-07, he was informed that premiums had been revised to Rs. 3034/- per year for each policy and subsequently the policies were made lapsed for non-adjustment of premium and he was advised to pay Rs. 3060/- against each policy paying the lapsed premiums including interest.

In the self-contained note, the insurance company stated that the total premium paid against each policy was Rs. 8916/- (i.e., premium for 3 years @ Rs. 2972/-). Thus they acknowledge receipt of yearly premium for 3 years for each of the policies and also stated that the policies acquired surrender value. However, they mentioned that clause 10 on "Legislative change" under the general condition and clause 2 (payment of premium) mentioned in their policy documents stated "Terms and conditions including premium and the benefits payable under this policy are subject to variation in accordance with the relevant legislation – a grace period of more than 30 days, where the mode of payment of premium other than monthly is allowed". According to them, the revised premium was fixed including service tax and educational cess. They also maintained that a letter was sent to the complainant on 05.08.06. Due to short payment they could not adjust the premium and kept the amount in suspense.

However, as a special case, they were willing to waive the reinstatement charges and the medical requirements of the complainant after the life assured pays outstanding premium, the service tax and educational cess along with outstanding premiums for continuance of the benefits of insurance coverage. In case, the complainant is not interested, he may surrender the policies since the policies have acquired the surrender value as per policy terms and condition. They also stated that they are not liable to pay any compensation.

HEARING:

In response to a notice of hearing, only the representative of the insurance company attended. The complainant, as per the telephonic conversation he had with an officer in the forum, stated that all the documents have been submitted and, therefore, a view may be taken without his presence.

DECISION:

The insurance company gave two options; (i) The policy may be renewed on payment of premiums due with Service Tax and Educational Cess and waiving the interest on renewal premiums along with waiver of submission of health certificate; (ii) Payment of Surrender Value, if any.

Since the service tax and educational cess are Government levies, Insurance Ombudsman would not be able to give any directions with regard to waiver of the same. The complainant was, therefore, requested to decide and choose one of the options mentioned above and inform the insurance company his choice and the insurance company would accordingly do the needful.

**Kolkatta Ombudsman Centre
Case No. 351/24/001/L/09/07-08**

Shri Damodar Rajak

Vs

Life Insurance Corporation of India

Order Dated : 14.02.2008

Facts & Submissions :

This petition was filed by the complainant against non-admission of medical benefit "B" under Asha Deep Policy.

The complainant was a CRPF employee and husband of Smt. Kavita Devi. Smt. Kavita Devi purchased a policy no. 481972351 with DOC 28.04.1999 under Plan/Term 121-25 for sum assured of Rs. 180000/-. The First Unpaid Premium (FUP) was 04/2004. Besides maturity or death claim, Ashadeep Policy provides for benefit in case of some specific ailments. The complainant applied on 03.10.2003 for grant of Benefit "B" since the life assured underwent treatment for Atrial Septal Defect (ASD) at the CRPF Hospital. She was treated as outpatient from 19.11.2001 (after the end of lien period of 1 year from DOC) and Amplantzen Devise was installed on 02.06.2003 at a cost of Rs. 125000/-. The claim for Medical Benefit was not allowed. The complainant stated that instead of Medical Benefit, the insurer wrongly booked death claim although his wife is alive. However, no payment was made.

In the self-contained note, LIC stated that the original policy docket containing copy of denial order was misplaced. However, they traced out a dummy docket opened for registration of assignment in favour of Bihar Kshetriya Gramin Bank and on the strength of dummy docket they were not able to process Benefit "B". The matter was referred to the Zonal Office, Kolkata, who denied the claim under reference EW/Mktg:CS/ZMR's opinion dated 30.07.05 stating "ASD closure is not covered in the list of diseases for Benefit "B" Asha Deep". Bhagalpur Divisional Office could not furnish any Zonal Office order and they have taken up the matter with their Zonal Office.

HEARING:

In response to a notice of hearing, both the parties attended. The complainant stated that he is an employee of CRPF and after outdoor treatment of his wife at CRPF Hospital, Bantlab from 19.11.2001 for a long time and after tests like Echocardiography, T.E. Echo etc., ASD closure by Amplantzen device was done on 02.06.2003 at Government Medical College Hospital, Jammu. He claimed Benefit "B" under Asha Deep Policy. On the other hand, the representative of the insurance company stated that Benefit "B" is payable only against coronary artery disease when by-pass surgery is actually done, but non-surgical techniques like Balloon (Angioplasty) Laser or Catheter introduced through arterial system are excluded. Therefore, he stated that they have correctly repudiated the claim.

DECISION:

On going through the original policy document, it was found that the exclusion was limited to operations viz., angioplasty and thrombolysis by Coronary Artery Catherization etc. On going through the medical records of the complainant's wife, we find that she was operated for a hole in the heart through a laser technology and we do not find that operation through a laser technology is also excluded. The insurer, even after receiving claim for Medical Benefit on 03.10.2002 did not take a decision for a considerable period and even processed it as death claim. Denial of Medical Benefit was communicated on 19.07.2005 only. We also came to know from the complainant that he had been asked not to renew the policy as the claim is payable and that no premium need be paid after the claim is actually paid. It is felt that the complainant should be properly made to understand that the policy should be kept alive by paying the premiums and when the claim is settled, extra premium paid would be returned to him.

In the mean time, LIC sent a letter in which it was stated that they have obtained a medical opinion from Zonal Medical Referee (ZMR) who gave a opinion stating that operation of ASD closure is not covered for giving the Benefit "B" under Asha Deep – II policy. Therefore, LIC had once again repudiated the claim.

However, it was felt that in the interest of natural justice, the LICl would appoint a specialist doctor totally outside their panel and also give an opportunity to the complainant to defend the case before the specialized doctor. The opinion of the specialized doctor would be final and on the strength of the opinion, LICl were directed to review their decision of repudiation. However, the complainant should be given the option to renew the policy without charging any interest and renewal fees, if any, in the event the LICl confirms repudiation on review.

**Kolkatta Ombudsman Centre
Case No. 415/25/001/L/10/07-08
Smt. Minati Das**

Vs

Life Insurance Corporation of India

Award Dated : 26.02.2008

Facts & Submissions :

This petition was filed by the complainant against non-receipt of policy document.

The complainant purchased a policy no. 437975212 with DOC 28.12.2006 under Plan/Term 14-21 for sum assured of Rs. 150000/- and yearly premium of Rs. 7925/-. She stated that she did not receive the policy document even after paying two yearly premium instalments. On enquiry, she came to know that the insurer had sent the policy document by speed post, which was not received by her.

In the self-contained note, LICl stated that the policy document was despatched under regd. post no. EE 523174462 dated 04.04.07. However, they confirmed that the policy bond did not reach the policyholder, nor it was returned to them till date. Therefore, they took up the matter with the postal authorities on 12.11.2007.

HEARING:

In response to a notice of hearing, both the parties attended. The complainant was represented by her husband Shri Ajoy Kumar Das. He was informed that the policy was originally sent by registered post and LICl authorities have not received back the undelivered policy. According to the representative of the LICl, it seems that the postal authorities are not able to trace the documents sent by LICl. The complainant was informed to file an indemnity bond to get a duplicate policy bond.

DECISION:

LICl authorities were directed to issue a duplicate policy bond on receipt of an indemnity bond from the complainant. The complainant was requested to immediately file an indemnity bond and the expenses involved in preparing the duplicate policy bond have to be borne by the LICl as the original policy bond was lost in transit. The above exercise had to be completed within thirty days from the date of receipt of indemnity bond from the complainant.

**Kolkatta Ombudsman Centre
Case No. 438/22/003/L/10/07-08
Shri Soumitra Sur**

Vs

TATA AIG Life Insurance Company Ltd.

Award Dated : 28.02.2008

Facts & Submissions :

This petition was filed by the complainant against non-adjustment of premium paid.

The complainant purchased a Tata AIG Mahalife Policy no. C 201544776 in the year 2005 with yearly premium of Rs. 11025/-. The instalment premium amount was raised to Rs. 11139/- from the year 2006 after imposition of Service Tax by the Government. The complainant stated that he paid the yearly premium at the old rate for the year 2006 before receiving any notice and also paid premium due 2007. He furnished copies of receipts issued by the insurer as well as IT certificate issued by them. However, he came to know later that these paid amounts were kept in suspense and the policy also became lapsed. He further stated that the insurer refunded the amount paid by him for yearly premium due 2006 only on 29.05.07. He then took up the matter with the insurer. On receiving the details of service tax payable, he paid the requisite amount on 13.12.2006 and 17.08.2007, but his policy remained in lapsed condition as the insurer was insisting on submission of health certificate and medical examination before revival. He contacted their Head Office about the doctor from whom he would have to obtain the health certificate, but no response was received by him.

In the self-contained note, the insurance company stated that increase in premium amount due to the imposition of service tax was conveyed to the policyholder. Since the life assured paid the premium amount without service tax, it could not be adjusted and the policy became lapsed. After waiting for a certain period, they refunded the unadjusted amount.

HEARING:

In response to a notice of hearing, both the parties attended. The representative of the insurance company stated that the policy was in lapsed condition only because the assured has not paid the service tax along with the premium for September'06. Because of this they could not accept the premium for September'07 also.

On the other hand, the complainant has shown that he has paid the demanded service tax separately and requested for revival of the insurance policy. At the time of hearing, he showed the receipt and also a letter written by the insurance company confirming the receipt. On showing these documents, the representative of the insurance company stated that he was unaware of such payment and, therefore, was willing to renew the policy after receiving the premiums due along with service tax.

DECISION:

From the documents, it was clear that the assured had paid the service tax and, therefore, the policy should have been reinstated. The question of receiving the documents such as medical report, Declaration of Good Health (DGH) should not stand in the way of reviving the policy in question. The insurance company were directed to renew the policy without charging the late fees and without calling for any medical report. However, DGH might be obtained.

**Kolkatta Ombudsman Centre
Case No. 418/25/009/L/10/07-08
Shri Anjay Pachariwala
Vs**

Bajaj Allianz Life Insurance Co. Ltd.

Award Dated : 28.02.2008

Facts & Submissions :

This petition was filed by the complainant against non-issuance of policy bond.

The complainant stated that he paid Rs. 10000/- each on 11.12.2006 for purchasing policies under Multiplier Plan vide receipt no. 5170731 and 5170747 in the name of his minor daughters Shradha and Shivani Pachariwala at Ranchi. He did not receive the policy documents. Instead they gave revised offer letter dated 15.05.07 modifying sum

to be assured from Rs. 1000000/- to Rs. 400000/- in each case. The complainant stated that he fulfilled all the requirements as called for by the insurer but they did not send the policy documents.

In the self-contained note, the insurer admitted that proposal no. 032894017 was rejected due to non-compliance of requirement. The amount of Rs. 10000/- was refunded by cheque no. 14906 dated 21.01.08. The complainant stated that he has received two cheques from the insurance for Rs. 10000/- each. He stated that he was holding back the cheques for necessary verdict from the Office of the Insurance Ombudsman.

HEARING:

In response to a notice of hearing, the representatives of the insurance company attended. The complainant stated that he would not be able to attend on the day of hearing due to personal problems. The representatives of the insurance company stated that they have rejected the above policies on 04.01.08 due to financial underwriting difficulties and refunded the amount by sending the cheques to the complainant. According to them, both the proposal forms indicated that annual income of the complainant is Rs. 2 lakhs, which would not be sufficient to maintain a policy of Rs. 10 lakhs for each daughter by paying Rs. 10000/- p.a. per policy.

The complainant, in the facts of the complaint, annexed to his letter dated 18.02.08 was of the opinion that as the financial documents that were supposed to be sent by him have not been received by the insurance company, they could not have assessed his financial status. According to him, how it was possible for the insurance company to decide to offer reduced sum of cover, pending receipt of financial statements.

DECISION:

It may be informed to the complainant that it is the prerogative of the insurance company to accept or reject any proposal of life insurance from a customer and the Insurance Ombudsman does not have any power to interfere in the case of financial underwriting. From the above discussion, it was clear that the insurance company have decided to reduce the cover and as the complainant did not accept the counter proposal given by the insurance company, they have refunded the premium that has been originally paid. Under these circumstances, we were unable to interfere with the action taken by the insurance. Accordingly, the complaint was dismissed.

**Kolkatta Ombudsman Centre
Case No. 512/24/001/L/12/07-08**

Shri Siya Ram Jha

Vs

Life Insurance Corporation of India

Award Dated : 17.03.2008

Facts & Submissions :

This is a petition filed by the complainant against delay in payment of annuity.

The complainant purchased a policy no. 542113979 with DOC 14.03.2002 under Plan/Term 147-05 paying yearly premium @ Rs. 11000/-. The policy vested on 14.03.2007 and the life assured was entitled for annuity from 14.03.2007. He opted for Option "F" i.e., Lifetime annuity with return of Purchase Price after death. However, the annuity payment was kept pending for a long time. He followed up with Hazaribag Divisional Office a number of times, but of no avail.

In the mean time we received another letter dated 22.01.08 from the complainant stating that although he received the annuity cheques, he was returning these annuity cheques, since the matter is pending with this forum.

LICI stated that all the annuity cheques from March'07 to March'08 were issued to the annuitant on 28.01.08 by IPP Cell, Kolkata, but the same has been returned undelivered to them. They wrote to the annuitant on 18.02.08 but till date the annuitant has not replied.

HEARING:

In response to a notice of hearing, both the parties attended. The complainant was asked with regard to the prayer in his complaint. He stated that he received the annuity cheques from 03/2007 to 03/2008 @ Rs. 322/- p.m., but returned the same as he thought that the case was subjudice. According to him, he was harassed by LICI by not sending him the monthly annuity cheques in time. Therefore, he requested that the entire amount that has been paid to the LICI in respect of the annuity policy by him should be refunded to him.

On the other hand, LICI authorities stated the plan period is already over and the question of refund of the premium does not arise.

DECISION:

It may be informed to the complainant that since during the premium paying period, his life risk was covered by LICI, so after the vesting the policy on 14.03.07, the premium cannot be returned as the policy has already run for full term. The insurance authorities have correctly determined the annuity payable as per the Option "F" opted by the complainant. Option "F" provides that the annuitant will get pension for life and the nominee will get the Purchase Price of the policy after his death. Therefore, the complainant was told that he should accept the annuity cheques received by him. LICI were accordingly directed to pay the penal interest from the due date of annuity payment to the period on which the cheques have been despatched to the complainant. However, the complainant does not get any relief with regard to his prayer of refund of premium.

**Kolkatta Ombudsman Centre
Case No. 547/23/004/ICICI/12/07-08
Shri Himendra Nath Tagore
Vs
ICICI Prudential Life Insurance Co. Ltd.**

Order Dated : 27.03.2008

Facts & Submissions :

This petition was filed by the complainant against change in policy clause altering the date of maturity and insurer's right to change the instalment premium.

The complainant purchased a Life Time Health Assurance policy no. 04480982 with DOC 09.01.2007, sum assured of Rs. 2,00,000/- and yearly premium of Rs. 3454/-. On receipt of the policy document, he found out two discrepancies:

- i) The term of the policy was made 10 years although he wanted 12 years term in the proposal form. He alleged that the term was changed to 10 years in the proposal without his authorization. However, he also admitted that the term was corrected to 12 years after his protest;

- ii) Clause IV of the policy condition gave unilateral liberty to the insurer to enhance the premium for the same sum assured or decrease the sum assured without altering the premium payable.

The complainant stated that this was not conveyed to him earlier and he felt that the policyholder became exposed to unlimited premium liability at the whims of the insurer. He then took up the matter with the insurer, but was not satisfied with their explanation.

The insurance company stated that the life assured, if dissatisfied, should have availed the "Free Look Period" and obtained refund of the deposited amount. They also stated that their terms and condition were approved by IRDA and applicable to all policyholders.

HEARING:

The complainant stated a policy was sold to him with DOC 09.01.07 for Rs. 2 lakhs and the term of the policy was made 10 years while he had sought for 12 years term in the proposal form. According to him, 12 years was changed to 10 years by the insurance authorities. However, on representation, the same was corrected and he was given a policy bond for 12 years term. The second point on which he was agitated was the policy condition, which read as under:

"The premium under this policy is guaranteed for 5 years from the DOC. The company reserves the right to carry out general review of the experience and as a result of such review may change the premium on every 5th policy anniversary after giving the notice in writing about the change. The policyholder has the option not to pay any revised premium in which case, the sum assured will be appropriately adjusted from the effective date of change in premium."

According to him, this policy condition was not discussed with him at the time of acceptance of the contract. Therefore, he pleads that this condition should not be made effective after 5 years.

On the other hand, the representative of the insurance company stated that all the policy terms and conditions have been cleared by the IRDA and are applicable to all policyholders. According to him, the policy condition mentioned above gives full opportunity to the policyholder with regard to the option of premium payment. Therefore, he stated that no action could be taken with regard to the prayer of the complainant.

DECISION:

On going through the above explanation given by the complainant and the representative of the insurance company, it was felt that no cause of action has arisen for the complainant to file a petition with regard to policy condition mentioned above. The above policy condition will come into effect only after 5 years of the policy term and a cause of action may arise at that time if the insurance company prefers to change the premium payable and the complainant does not agree with the premium so fixed. Therefore, we were unable to interfere at this stage with regard to the prayer of the complainant. Hence, the petition was dismissed.

**Kolkatta Ombudsman Centre
Case No. 498/22/009/L/12/07-08
Shri Awadesh Kumar Ram**

Vs

Bajaj Allianz Life Insurance Co. Ltd.

Award Dated : 31.03.2008

Facts & Submissions :

This petition was filed by the complainant against irregular adjustment of premium.

The complainant purchased a "Unit Gain Super" policy no. 0020548073 paying Rs. 50000/- in total against deposit receipt nos. 3112096 and 3112097 for Rs. 25000/- each, one for regular premium and the other for Top-up. He came to know from the statement of accounts as on 31.05.2007 that the regular premium was adjusted and units issued on 29.04.2006 whereas the top up premium was adjusted only on 09.10.2006 i.e., more than 5 months later. The life assured felt that it was a lapse on the part of the insurer resulting in monetary loss to himself. He served an Advocate's notice to the insurer and thereafter, approached this forum for relief.

The insurance company, in their letter dated 12.01.08 addressed to this office, enclosed a copy of their reply dated 30.10.07 to the policyholder. They stated that the delay involved no monetary loss to the complainant since NAV on 09.10.2006 was 24.357 as against 25.204, which was NAV on 29.04.2006. Therefore, the life assured gained more units for top up and they felt that no compensation was payable. They also gave their consent for arbitration by the insurance ombudsman.

HEARING:

According to the representatives of the insurance company, the product sold by them had two portions, one is the premium amount and the other is the top up amount. In this case, according to them, the complainant paid Rs. 25000/- as premium amount and another Rs. 25000/- as top up amount. The premium amount was reduced to 88% at the time of allocation and the complainant was allotted 872.8773 units @ Rs. 25.204 on 29.04.06. However, they allotted the units with regard to top up amount of Rs. 25000/- on 09.10.06 by reducing the same by 2% to the extent 1205.10 units @ unit price of Rs. 24.357. The complainant had asked the insurance company why the top up amount was fixed on 09.10.06 instead of 29.04.06 i.e., nearly after about 5 months. According to the representatives of the insurance company, they have sent a letter to the complainant stating that there was no loss to the complainant due to the delay in allotment of units with regard to top up amount as the value of units under the equity fund has come down on 09.10.06. However, they have admitted that they have committed a mistake by allotting the units late. They also stated that, if directed, they would allot the units as on 29.04.06. The complainant was informed that the insurance company have committed a mistake in allotting the units. However, he may give an option whether to stay put or whether he would like the units to be allotted as on 29.04.06. The complainant emphatically requested that he should be allotted units on the top up amount w.e.f. 29.04.06 even if there is a shortage in the number of units.

DECISION:

From the above discussion, it was clear that the insurance company was not correct in allotting the units with respect to top up amount. The complainant gave a letter dated 27.03.08 in which he stated that the top up amount should be adjusted as on 29.04.06 as discussed at the time of hearing. The insurance company were directed to immediately rectify the mistake they have committed and allot the units as per the desire of the complainant w.e.f. 29.04.06.

Lucknow Ombudsman Centre

Case No.L-683/21/00/07-08

Ms.Priyanka Singh

Vs

Bajaj Allianz Life Insurance Co. Ltd.

Award Dated : 12.12.07

Complaint filed against Bajaj Allianz Life Insurance Co. Ltd. by Ms.Priyanka Singh in respect of health care claim repudiated by the Co.

Facts : Ms.Priyanka Singh, by occupation a management student, resident of Varanasi took out a Health Care Plan from Bajaj Allianz Life Insurance Co. Ltd. for a S.A. of Rs.3,00,000/- for a period of 3 years vide proposal dated 31.01.2006. The proposal was accepted and policy was issued on 13.02.2006.The insured was admitted to a hospital at Varanasi from 2.5.06 to 9.6.06 for the treatment of hypothyroidism with acute Bronchitis. The assured presented bill towards a total expense of Rs. 3,03,813/- inclusive of room charges of Rs.1,67,500/- within just 2 months and 15 days of taking policy. The respondent conducted its own in-house investigation and thereafter repudiated the claim vide letter dated 25.09.2006 on the grounds of grossly inflated medical bills presented for the purpose of seeking reimbursement of medical expenses incurred on treatment under Health Care Plan of the insurer.

Aggrieved with the decision of the respondent the complainant approached the Grievance Redressal Committee but this committee also concurred with the decision of respondents. Thereafter the complainant approached this forum giving rise to this complaint.

Findings : On careful examination of all the documents the forum found that the claim was rejected by the respondent on the following counts-

Hospital records clearly mentioned the history of hypothyroidism but denied by the complainant.

Bill amount furnished by her were grossly inflated compared to normal room rent and ICU charges at the concerned hospital.

The forum analyzed tariff of the hospital and observed that the bills had been grossly inflated. The billing rate of room rent was also inflated and was not matching with the tariff of the hospital concerned. Secondly treatment chart seemed to be fabricated on several days ie. Same medicines, in same order, administered at same time to the insured on several days as if photocopies of treatment charts had been submitted. All this proved that the insured deliberately presented inflated bills to take maximum and unfair advantage at the hands of insurer.

Decision : The forum in view of above facts did not interfere with the decision of repudiating claim by the insurer. The complaint was disposed off as above.

Lucknow Ombudsman Centre

Case No. : L-673/21/001/07-08

Shri Sushil Kumar Madan

Vs

Life Insurance Corporation of India

Award Dated 31.01.2008

FACTS : Shri Sushil Kumar Madan aged about 35 years took a policy No.251319775 on 30.08.94 for Sum assured Rs.100000/- from LIC of India, Meerut Division. Unfortunately the life assured met with an accident on 25.02.02 whereupon the claim was preferred for permanent disability. The insurer rejected the claim vide their letter dated 14.03.06 on the grounds that disability suffered by him does not come under the purview of the policy conditions. They relied upon the DMR's opinion that disability was not covered under the accident benefit.

FINDINGS : It was observed by the forum that it was not denied by the respondent company that the L.A. was fully paralyzed and as per DMR report it was clearly certified that both the lower limbs were 100% paralyzed with involvement of bladder

and bowels due to fracture of D-12. Pathetic condition of the life assured was examined by the forum on the date of personal hearing. However as per policy condition there was no amputation, which was necessarily required to be declared permanently disabled.

DECISION : The forum took more practical approach. It was felt by the forum that the policy condition as enunciated in the LIC policy did not care to visualize such a constructive total loss of limbs. Guidelines contained in paragraph 3 of claim manual dealing with disability claim was also reproduced which clearly state that – “disability benefit claim Should not be restricted to only those cases which are mentioned in the policy condition. They are only examples of total & permanent disability. Each case must be decided on its merits in the light of the provisions of the policy clause and with reference to the life assured previous occupation and capacity immediately before the occurrence of the disability”. Corresponding clauses under a GIC personal accident policy were also quoted to view the case in broader purview.

In view of the actual wordings in LIC policy and comparing the same with GIC policy and taking a cue from the claim manual the disability benefit was awarded to the life assured as per policy conditions.

**Mumbai Ombudsman Centre
Case No. : LI-407 of 2007-2008
Smt.Lata Sudhir Desai**

Vs

Life Insurance Corporation of India

Award Dated : 31.01.2008

Smt.Lata Sudhir Desai had approached the Office of the Insurance Ombudsman with a complaint dated 10th May 2007, against the Life Insurance Corporation of India for a mistake in adjustment of premium remitted by her in March, 2006. Smt. Lata Sudhir Desai had taken a Jeevan Plus Policy, Plan and Term 173-45, for a sum assured of Rs.1,25,000/- by remitting an amount of Rs.25,000/- vide BOC No. 15662 dated 28.3.2006. However, due to an error committed while keying in the data, the premium was entered as Rs.10,000/-. When Smt.Desai came to know of this, she requested the Branch Office to adjust the balance amount of Rs.15,000/- lying as deposit, from a retrospective date. She also stated that she had actually invested with a purpose of tax-saving. Despite several letters to the Insurer, the error was not rectified. So for the financial year 2006-07, she paid the yearly due of Rs.10,000/- and remitted the balance of Rs.15,000/- as top up. Aggrieved by the Insurer's inaction despite several reminders, she approached the Forum of the Insurance Ombudsman, seeking intervention in the matter, as by March, 2008, she had to remit the next due premium.

After perusal of the records, hearing was held on 22nd January, 2008 . . Smt. Lata Sudhir Desai appeared stated that she had taken a policy under Jeevan Plus Plan for a sum assured of Rs.1,25,000/- by paying a premium of Rs. 25,000/- on 28.3.2006. However, because of an error on the part of the Insurer, only Rs.10,000/- was adjusted as premium. LIC of India was represented by Shri G Roy Choudhary, Manager(NB). He submitted that there was an inadvertent mistake while keying in the premium at the Branch level. Also, it was not possible to rectify the data once captured under ULIP Policies.

The relevant records pertaining to the case have been scrutinized. Some points need to be mentioned here. Clearly, it is a mistake on the part of the Insurer. Hence, it is his utmost duty to rectify the mistake and oblige the customer, which was not done. There

is not even a single letter, on record, from the Insurer to the Insured, assuring her that proper action is being taken or, for that matter, that they are trying to rectify the error. This Forum is not inclined to go into the technicalities in solving the error. Whatever the problems may be, the Insurer should have resolved the dispute expeditiously. Accordingly, the complaint of Smt. Lata Sudhir Desai is closed at this Forum.

Mumbai Ombudsman Centre
Case No. : LI - 423 of 2007-2008
Ms. Shonali Shetty
Vs

Bajaj Allianz Life Insurance Company Ltd.

Award Dated : 06.02.2008

Ms. Shonali Shetty had taken an housing loan for Rs.24,35,599/- from Centurion Bank of Punjab Ltd., Kandivili East, Mumbai. To cover the housing loan amount, the bank arranged for a life insurance policy from Bajaj Allianz Life Insurance Company Ltd. She was issued a Allianz Bajaj UNITGAIN Policy bearing No.0013723090 dated 24.12.2005 for sum assured Rs.11,74,767/- and premium paying amount was Rs.35,599/- annually.

The dispute of the Complainant with the Insurer is that the sum assured should have been equivalent to the housing loan amount of Rs.24,35,599/- with annual premium of Rs.35,599/-. However, the Insurer issued a policy with sum assured of Rs.11,74,767/- with annual premium of Rs.35,599/-. She had taken up the matter with the Company and the Grievance Cell. The Company sent her a letter dated 08.11.2007 stating that according to the proposal form, the sum assured filled was for Rs.11,74,767/- and hence there is no discrepancy in the policy issuance. Also if she was not satisfied with the same, she could have approached the Company within the free look period (15 days after receiving the policy bond) for refund as it is mentioned in the policy document.

The Ombudsman has directed the Complainant & the Company representative to sort out the matter amicably and inform this Forum within 15 days.

Bajaj Allianz sent a letter dated 05.01.2008, addressed to the insured with a proposal suggesting 3 options. A copy of the said letter was marked to this office.

We have received a copy of letter dated 01.02.2008, addressed to the Insured agreeing to give a new risk care plan for sum assured of Rs.24 lacs by adjusting premium already paid of Rs.35,599/- against a fresh proposal on submission of new proposal duly filled alongwith certain requirements and on receipt of the same, requirements like medical etc. will be informed for completing the proposal.

As the Insurance Company has agreed to issue the policy for 24 lacs by adjusting the premium already paid against the fresh proposal to be submitted, In view of this, the complaint is closed at this Forum.

Mumbai Ombudsman Centre
Case No. : LI-448 of 2007-2008
Dr.Suresh Marotrao Yeole
Vs

Tata AIG Life Insurance Co.Ltd.

Award Dated : 21.02.2008

Dr.Suresh Marotrao Yeole had taken a Housing Loan from Saraswat Cooperative Bank. As the Bank had a tie-up with the above Insurer, consequent on payment of

Rs.42,688/- as premium by Dr.Yeole, he was issued the above Policy for Rs.7,00,000/- with effect from 26th July, 2006. The Initial Sum Insured under the Policy was Rs.7,00,000/- and the coverage term was for twelve years with the provision that the said sum insured would reduce each month in accordance with the Reducing Sum Insured Schedule defined in the Policy based on the outstanding term of loan and Mortgage loan interest rate covered. Dr.Yeole repaid the full amount of loan to the Bank on 25.9.2007. Hence, he requested, by giving a notice period of 31 days, as per Policy conditions in this regard, for refund of the premium remitted by him for the left out period, However, the Insurer replied that refund of premium can be done only if the request for cancellation of policy is received within the Free-look period of the Policy

Aggrieved by the Insurer's decision not to refund the premium, Dr.Suresh Yeole approached this Forum for justice and the parties to the dispute were called for hearing on 22nd January, 2008. Dr.Suresh Yeole appeared requested the Ombudsman for settlement. The Tata AIG Life Insurance Company Limited Representative submitted that refund of premium was not possible as the request for cancellation was received beyond the free-look period of 15 days. The Insurance Company was asked to clarify what coverage was available to the insured under the said policy and also to send the terms and conditions of the single premium policy to this Forum.

The relevant records pertaining to the case have been examined. It was found that this is not a case for cancellation during the free-look period due to non-acceptance of the contract; it is a case of request termination by giving 31 days notice on the part of the Insured. It is pertinent to note here that it is established in Law that where there is any doubt as to the interpretation of a word or phrase, the one, favourable to the Insured, will be preferred because the policy form has been prepared by the Insurer and the Insured has obviously, no voice in the arrangement of words or phrases employed in the document Hence, complainant is entitled for refund of premium for the balance period.

Mumbai Ombudsman Centre
Case No. : LI - 408 of 2007-2008
Shri Subir Kumar Bhattacharyya
Vs
Life Insurance Corporation of India

Award Dated : 27.02.2008

Shri Subir Kumar Bhattacharyya is holding a Single Premium Deferred (Annuity with return of gross insurance value element) Policy No.891616172 under Table & Term 116-05 with monthly annuity of Rs.1,658/- and GIVE amount as Rs.1,40,529/- (as mentioned in the policy document) which was purchased on his name by his employer M/s. Pirmal Healthcare Ltd.. The proposal date was 14.07.1995 and date of 1st annuity installment as 01.09.2000. However, LIC of India started paying him annuity of Rs.1,405/- from September, 2000. Shri Subir Kumar Bhattacharyya wrote to LIC on 04.03.2005 stating that as per the premium receipt dated 31.08.1995 and also the policy bond, he should be paid annuity of Rs.1,658/- instead of Rs.1,405/-. He wrote a letter to Regional Manager (CRM) about the shortfall of Rs.253/- in payment of monthly annuity. Getting no response, he approached the office of the Insurance Ombudsman for justice.

The records pertaining to the case have been scrutinized. In the schedule to the policy document issued to the annuitant it has been mentioned that the annuity installment is Rs.1,658/- under Table and Deferred period 116-05. LIC of India by a separate letter dated 30.08.1995 informed the annuitant "your proposal for a Deferred Annuity policy

of Rs.19,898.88 per annum payable by monthly installment of Rs.1,658.24 each for your life time has been accepted by the Corporation". On vesting of the annuity, LIC started paying monthly annuity of Rs.1,405/- as against the annuity of Rs.1,658.24 mentioned in the policy schedule. The Insurer has also clarified that in the acceptance letter the annuity amount was erroneously mentioned for life pension, whereas in the policy schedule the amount was mentioned by mistake for return of purchase price on the death of the annuitant. They also submitted a copy of the circular No.1481/4 dated 17.05.1991 of Actuarial Department by which the monthly annuity works out to Rs.1,405/-. When the annuity calculation was checked at the time of vesting, they noticed the mistake and hence they started paying the correct annuity installment from the date of vesting i.e. from September 2000. The mistake LIC committed should have been brought to the notice of the annuitant before releasing the first annuity installment. However, the insured cannot take advantage of this mistake committed while mentioning the amount in the policy schedule and insist for a payment, which was wrongly calculated. In this case the annuitant has not incurred any loss or put to any disadvantage as he has been receiving annuity as is being paid to other annuitants under the same Plan & Term, thus there is no discrimination under the same Plan and Term by the Insurer. The Complainant has also not approached this Forum within one year from the date of payment i.e. the year 2000 but approached this Forum after more than six years vide his letter dated 24.04.2007. Thus the complaint is not entertainable, but looking to the grievance, it was decided to clarify the issue.

In the facts and circumstances of this case, the mistake of mentioning a higher amount in the policy schedule is a bonafide mistake and the present annuity amount paid by LIC is as per their tables. In view of this, there is no reason to interfere in the present case.

Mumbai Ombudsman Centre
Case No. : LI – 556 (2007-2008)
Smt. Malutai Prabhakar Fale
Vs

Life Insurance Corporation of India

Award Dated : 12.03.2008

Shri Prabhakar Atmaram Fale had taken a Life Insurance Policy No. 820770512 from Life Insurance Corporation of India, Akola Branch No.977 under Amravati Divisional Office. The sum assured was Rs.50,000/- with Table and Term – 75-20. The date of commencement was from

Policy No.

Sum Assured	Rs.50,000/-
Table & Term	75-20 Money Back Policy
Premium Amount & Mode of Payment	Rs.1,764/- Half yearly
Date of Birth	20.05.1961
Age at entry	41 years
Date of Proposal	30.09.2002
Date of Commencement	28.09.2002

Shri Prabhakar Atmaram Fale expired on 24.08.2005 due to Electrocution. When the claim was preferred by his wife, Smt. Malutai Prabhakar Fale, Life Insurance Corporation of India settled the basic sum assured alongwith bonus amounting to Rs.56,950/- on 30.11.2005. However, they repudiated the claim under Double Accident Benefit vide their letter dated 07.07.2006 on the ground that the Life Assured had committed a breach of law and as per Policy Condition 10(2)(b)(iv), the Double Accident Benefit claim was denied under the policy.

On the claimant's representation, the case was referred to the Western Zone Claims Review Committee of LIC of India for review of the case, but the decision was upheld by the Zonal Office Claims Review Committee and the same was conveyed to the Complainant vide their letter dated 20.10.2007.

Aggrieved by their decision, Smt. Malutai P. Fale approached the Office of the Insurance Ombudsman seeking interference of the Ombudsman in the matter for settlement of the DAB claim.

After perusal of the records, parties to the dispute were called for a hearing on 03.03.2008 at 2.00 P.M. at Camp Amravati.

A joint hearing was to be held with Smt. Malutai Prabhakar Fale and the representative of Life Insurance Corporation of India. However, waiting till 2.00 P.M. as the complainant did not appear, her written statements submitted on record was taken for the purpose of this hearing.

Shri V Jayaraman, Manager (Claims) represented Life Insurance Corporation of India and submitted that the basic claim was paid. He submitted that DAB claim was not paid as the deceased had committed a breach of Law. He had erected electrical wires around his field for protection from wild animals, one animal was found dead in his field and the life assured also died when he entered the field. This is according to the Police Reports. He defended the decision of LIC to repudiate the DAB claim.

The records pertaining to the case have been examined. As per the Post Mortem report held at General Hospital, Akola, the probable cause of death is mentioned as "Post-Mortem findings are suggestive of death due to Electrocution". According to the Spot Panchanama dated 24.08.2005, it is stated that the deceased had fenced his field on his own from all sides with Iron pillars and barbed wires with electric shock to save his crop from wild animals which were creating problems. On the night of 23.08.2005, an animal was electrocuted trying to enter his field and a live electric wire was broken. On 24.08.2005, in the morning, when the LA went to switch off the current, his leg got entangled with the live electric wire, with a result, he was electrocuted and expired.

LIC settled the basic claim with bonus amounting to Rs.56,950/- but refused to settle the double accident benefit claim under the policy. The relevant clause under the double accident benefit claim under policy terms and conditions 10 (2) (b) (iv) which states that LIC shall not be liable to pay the accident benefit if the disability or death of the Life Assured shall "Result from the Life Assured committing any breach of law". The electric fencing that he erected around his field was a breach of law as it was illegal. An animal died due to electrocution and the live wire was lying in the farm when the Life Assured entered the farm, with a result that his leg got entangled and he was electrocuted.

In view of the above facts, the repudiation claim under Double Accident Benefit by Life Insurance Corporation of India is sustainable.

ORDER

The claim of Smt. Malutai Prabhakar Fale for Double Accident Benefit under Policy No.820770512 on the life of Late Shri Prabhakar Atmaram is not tenable. The case is disposed of accordingly.

Mumbai Ombudsman Centre
Case No. : LI - 473 (2007-2008)
Award No. IO/MUM/A/ 583 /2007-2008
Shri Giriraj N. Dammani
Vs
Life Insurance Corporation of India

Award Dated : 31.03.2008

Shri Narayandas Laxminarayan Dammani had taken a Policy No. 971386245 from LIC for sum assured 1.00 lac. The proposal date was 31.03.2001. Shri Narayandas Laxminarayan Dammani expired on 19.07.2001 due to cardiac failure. LIC had called for documents from Shri Giriraj N. Dammani, son and Claimant under the policy. They had called for original Age Proof and claim forms and other documents by Registered letters dated 15.04.2002, 13.05.2002 & 17.07.2002 and also deputed their official on 10.06.2002 for compliance, but since they had not received any compliance the case was written back on 13.08.2002. On receipt of fresh claim papers on 12.10.2006, the case was reopened and claim payment was made on 15.11.2006 for Rs.1,01,972/-. However, the Complainant had written to the Insurer for payment of Penal Interest for delayed settlement of death claim.

The documents submitted to this Forum have been perused. The dispute between the Complainant and the Insurer is the settlement of penal interest on the delayed settlement of death claim.

During claim investigation by LIC's officials it came to light that DLA had registered in Rastrasant Tukdoji Cancer Hospital, Nagpur. This was confirmed by the hospital authorities in their letter dated 29.01.2002. The claimant in his letter dated 28.08.2002 denied that his father had cancer and stated that due to normal illness he was to take treatment in this hospital but due to no disease, the doctor had refused to give treatment as there was no cancer disease. Whether this hospital had treated for cancer or not, he had registered for treatment in a cancer hospital in 2000 and this fact can't be just set aside. The insured had expired within four months from the date of policy and he died at home and the Doctor attended him after his death.. When the claimant was asked to submit the information in this regard, he gave evasive replies and hence LIC could not take decision regarding admissibility of the claim and in the absence of correct information, written back the claim and closed the file and informed the claimant vide their letter dated 16.07.2002. LIC later on might have taken a lenient view and settled the claim. Such cases need thorough investigation which can't be done without the active cooperation from the claimant. Since LIC has already settled the claim, this Forum would not like to go into the admissibility of the claim, but on the basis of the documents on record it can be concluded that the delay was caused due to non-receipt of material information from the claimant for settlement of the claim. In the facts and circumstances of the case, LIC's decision to refuse payment of penal interest is sustainable.