

Death Claim

Ahmedabad Ombudsman Centre

Case No. 21 - 001 - 0371

Vaishali B. Shah

Vs

Life Insurance Corporation of India

Award Dated 06.10.2005

Complainant's Husband had three LIC Policies. First Policy commenced on 28-2-2002 for S. A of Rs. 1,00,000/-. The other 2 Policies commenced on 25-3-2003 for S. A of Rs. 1,00,000/- each. He died in March 2004. Respondent settled the Claim under first Policy, but repudiated the other two Claims. Respondent submitted that the DLA did not disclose in the Proposal Form, the fact of his earlier Policy which was in force, thereby the Proposals were accepted without Special Medical Reports like ECG since the S. A was exceeding Rs, 2,00,000/-. Documents and submissions perused. It is observed that the suppressed particulars about the previous Insurance was material for underwriting process, and the fact of the first Policy, if disclosed in the Proposal, the Respondent would have called for Special Medical Reports of the DLA as the S. A was exceeding Rs, 2,00,000/- for a Proposer having Age at Entry between 36 and 50 years. Repudiation upheld.

Ahmedabad Ombudsman Centre

Case No. 14 - 014 - 0178

RL Parmar

Vs

Aviva Life Insurance Corporation of India

Award Dated 14.10.2005

Death claim under life insurance Policy was repudiated for non compliance of documents like First information Report, Final Police Inquest Report and Discharge Summary alongwith hospitalization records. Again it was a case of death due to burn due to Kerosene and it occurred during first year of the Policy wherein suicide Clause is operative. Without help of the above referred documents the Insurer could not decide the admissibility of the claim and hence the repudiation was upheld.

Ahmedabad Ombudsman Centre

Case No. 21 - 001 - 0003

B. B. Vasava

Vs

Life Insurance Corporation of India

Award Dated 25.10.2005

Death Claim under a Life Insurance Policy was repudiated on the ground of suppression of material fact. The DLA had taken treatment for Chronic Alcoholic Disease, Cirrhosis of Liver prior to date of Proposal. He had not mentioned this fact while replying relevant questions regarding history of personal health. Again it was contended by the Respondent that this suppression of fact was very vital and adversely

affected the Respondent's decision to accept the risk. Suppression of material fact established. Repudiation upheld.

Ahmedabad Ombudsman Centre

Case No. 21 - 001 - 0147

RN Shah

Vs

Life Insurance Corporation of India

Award Dated 31.10.2005

Death claim under life Policy was repudiated on the ground of suppression of material fact. The deceased life Assured did not mention his personal history of skin lesion and morphea (skin changes) at the Proposal stage. Later he died due to Multiple Myeloma. Certificate of treatment mentioned that the DLA was suffering from Morphea since 1995 whereas the Policy incepted in 2004. The suppression of material fact could be established by the Respondent and repudiation was upheld.

Ahmedabad Ombudsman Centre

Case No. 21 - 007 - 0417

A. M. Garange

Vs

Max Newyork Life Insurance Corporation of India

Award Dated 31.10.2005

Death Claim under life Policy was repudiated on the ground of suppression of material fact. It was alleged by the Respondent that the DLA had suppressed the facts regarding his regular alcohol consumption. The Respondent could not collect positive evidence to prove the above allegation. The investigation made by the Respondent contained only presumptions and no concrete evidence. Repudiation set aside and Respondent was directed to pay Rs. 3/- lacs.

Ahmedabad Ombudsman Centre

Case No. 21 - 001 - 0139

LS Tiwari

Vs

Life Insurance Corporation of India

Award Dated 21.11.2005

Death Claim under three life insurance Policies repudiated on the ground of suppression of material fact.

Policy No. 834088314 : Personal statement submitted at the time of submitting proposal on 10.1.2003 was incorrectly answered by the DLA. But the histopathology report dt. 1.2.2003 revealed the ailment of Cancer. There is no proof establishing existence of disease prior to this date. So the suppression is not established and. Repudiation is set aside. The Respondent is directed to pay Rs. 56,050/-.

Policy Nos.834040240 & 834041180 : Both these Policies were revived on the basis of Declaration of Good Health dtd. 31.3.2003. Here the revelation of Histopathology Report dtd. 1.2.2003 preceded the revival of the Policy. So the repudiation since revival is upheld.

Ahmedabad Ombudsman Centre

Case No. 21 - 001 - 0239

Smt. Bhikuben Raiyabhai Rala
Vs
Life Insurance Corporation of India

Award Dated 22.11.2005

Life Insurance Claim Repudiated - The Complainant had lodged a Claim on death of her husband. The Claim was repudiated since the Respondent claimed having proof that the deceased was suffering from Dialysis for two years before commencement of the Policy. The Document solely relied by the Respondent was a Medical Attendant's Certificate where the deceased breathed his last. Since no evidence of treatment could be submitted, the repudiation of the Claim was set aside and the Respondent was directed to pay the full Claim amount.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0372
Shri Mukeshbhai D. Makwana
Vs
Life Insurance Corporation of India

Award Dated 28.11.2005

Life Insurance Claim Repudiated - The Complainant had lodged a Claim on death of his wife. The Claim was repudiated by application of Clause 4(B) on Female Lives which provides for refund of premium in case of death due to an accident other than in a public place. According to the Panchanama, the death took place by a fire accident inside the deceased's house and not in a Public Place. As such, the repudiation of the Claim was upheld with no relief to the Complainant.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0114
Smt. Muktaben M. Kahagara
Vs
Life Insurance Corporation of India

Award Dated 28.11.2005

Life Insurance Claim Repudiated - The Complainant had lodged a claim on the death of her husband. The claim was repudiated by the Respondent on grounds of non disclosure of the fact that the deceased was a known case of Diabetes Mellitus for the last 4 years and that a Medical Certificate was also on record to confirm the treatment. The Deceased Life Assured was a Graduate in Government Service. It is reasonable to hold that the deceased was knowing of his ailments and had suppressed material facts. As a result, the repudiation of the subject claim was upheld with no relief to the Complainant.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0172
Smt. Bhavnaben P. Rajyaguru
Vs
Life Insurance Corporation of India

Award Dated 28.11.2005

Life Insurance Claim Repudiated - The Complainant had lodged a claim on the death of her husband. The claim was repudiated by the Respondent on grounds of non disclosure of the fact that the deceased was suffering from pain and swelling of left cheek region and had habit of pan masala chewing as well as cigarette smoking for the

last 25 years. Documents from Doctor and Cancer Hospital were relied to. This addiction had a very close nexus with Buccal Mucos which caused the death of the deceased. As a result, the Repudiation of the subject claim was upheld with no relief to the Complainant.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0149
Shri Rekhaben A. Nathani
Vs
Life Insurance Corporation of India

Award Dated 28.11.2005

Life Insurance Claim Repudiated - The Complainant had lodged a claim on the death of her husband. The claim was repudiated by the Respondent on grounds of non disclosure of the fact that the deceased was suffering from Anaemia, HIV Positive prior to the date of the Proposal. The Documents relied by the Respondent was Certificate of Treatment from three Medical Examiners. Since no evidence of treatment could be submitted, the repudiation of the Claim was set aside and the Respondent was directed to pay the full Claim amount.

Ahmedabad Ombudsman Centre
Case No. 21 - 009 - 0151
Mr. Amarsingh S. Thakor
Vs
Bajaj Allianz Life Insurance Corporation Ltd.

Award Dated 26.12.2005

Repudiation of Death Claim since it could be proved that the Age of the Proposer at entry exceeded that declared by over 15 years. The Respondent had during the course of investigation found that the Age of the Proposer from the Ration Card exceeded by over 15 years. The Age of the Proposer as shown in the Ration Card too was relatively with Ages of other family members. As per the Rules of the Respondent Insurer, maximum Age at entry with a Non-Standard Age Proof would be 50 yrs. The misrepresentation of Age imposed higher premium and even in declining the risk. As such pleaded that the Complainant's husband had violated the Curfew norms and died while being part of a mob engaged in attacking individuals of a Minority Community. The Respondent repudiated the Claim on the ground that the Insured had committed Breach of Law with Criminal intent. It was observed that the name of the deceased appeared in the Chargesheet as a "Victim". The Final Police Report too did not contain any indication in the nature of indictment of the deceased. Since there was no indisputable evidence to invoke "Breach of Law with Criminal Intention", the benefit of such doubt is to be extended to the Claimant only and as such the decision of the Respondent to repudiate the Claim was upheld with no relief to the Complainant.

Ahmedabad Ombudsman Centre
Case No. 11 - 004 - 0063
Mr. Haribhai S. Patel
Vs
Life Insurance Corporation of India

Award Dated 26.12.2005

Repudiation of Death Claim in an uncompleted contract : The proposal on the life of the Complainant's sister was registered and the deposit of first premium was received. Since, the proposer was a Single Lady, additional requirements were called for in writing to obtain details of LIC policies on the life of her family members before

accepting the risk. In the meanwhile, the proponent died. However, since the risk had not been accepted and no underwriting decision was communicated to the Proponent, the decision of the Respondent to consider the case as one of an unconcluded contract was upheld and the Respondent was directed to refund the deposit of first premium only.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0211
Smt. M. K. Machhrekar
Vs
Life Insurance Corporation of India

Award Dated 29.12.2005

Repudiation of Death Claim on the grounds that the Life Assured was alcoholic and that this fact was not disclosed while taking the Insurance Policy. This fact was revealed in a statement obtained by a Claim Consultant who mentioned that the Deceased "only occasionally took a peg of Alcohol, but did not have its habit or addiction". The report of the in - house investigator or the External investigator did not categorically recommend repudiation. As such repudiation was set aside and the Respondent was directed to pay the full claim.

Ahmedabad Ombudsman Centre
Case No. 21 - 011 - 0110
Mr. Mahipalsingh Jain
Vs
Bajaj Allianz Life Insurance Co. Ltd.

Award Dated 30.12.2005

Repudiation of Death Claim on the grounds of non disclosure while taking the Insurance Policy. The Treatment papers of the consultation taken by the deceased prior to the date of proposal noted of Hypertension, Easy fatigability, Head Ache, Chest discomfort etc. This fact was not revealed while filling in the proposal form for insurance. Since the consultations were taken for a long period of time and since revealing these disease would have called for the Insurer calling for additional health reports, it was concluded that the non-disclosed facts were material and hence the decision of the Respondent to repudiate the subject Claim was upheld with no relief to the Complainant.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0396
Smt. Kavita S. Raghani
Vs
Life Insurance Corporation of India

Award Dated 9.1.2006

Repudiation of a Life Insurance Policy : The husband of the Complainant had withheld material facts while filling up the Proposal Form for Insurance that he had taken Leave on Sickness grounds for IHD + HT + Bronchial Asthma. Since non disclosure of the above sickness had an impact on the appraisal of the Risk and Underwriting decision of the Respondent as per their framed rules, materiality of the undisclosed information is established. Besides the deceased life assured was himself a qualified Medical

Practitioner. Hence the decision of the Respondent to repudiate the claim was upheld with no relief to the Complainant.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0227
Smt. Shardaben S. Gupta
Vs
Life Insurance Corporation of India

Award Dated 9.1.2006

Repudiation of Life Insurance Policy on the ground of suppression of material facts. Proposal for Insurance submitted in April 2002 and the Deceased died in November 2004. Records showed two Certificates of Hospital Treatment which recorded history of the deceased's illness of Convulging disorder, Wilson's disease, Cirrhosis of Liver since six years (i.e. well before the date of the Proposal) Had these facts been disclosed, specialised tests etc and / or extra premiums would have warranted the case. Besides, deceased was a distributor of Medicines and was holding Diploma in Pharmacology and was expected to know his physical condition and health history along with its implications. Hence, it became established that withhold of material facts was deliberately committed with a malafide motive. As such the decision of the Respondent to repudiate the Claim was upheld with no relief to the Complainant.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0244
Smt. Manuulaben S. Vora
Vs
Life Insurance Corporation of India

Award Dated 19.1.2006

Repudiation of Death Claim. The Respondent could prove from a letter of the treating Doctor that the Complainant was being treated for Pulmonary TB and that the same was not mentioned in the proposal for insurance. The non-disclosure being a material fact, the decision of the Respondent to repudiate the subject Claim was upheld with no relief to the Complainant.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0155
Smt. Asha H. Pai
Vs
Life Insurance Corporation of India

Award Dated 3.2.2006

Repudiation of a Double Accident Benefit under a Life Insurance Policy : Even though the Deceased had Life Insurance policies of Rs. 75,000/- on which Double Accident Benefit Claim was repudiated by the Respondent, it was observed that the Deceased had vide Case No 11-004-0241 complained on repudiation of PA Claim by a Non-Life Insurer for a Sum Insured of Rs. 23.00 lacs. Thus since the total amount comes to Rs. 23.75 lacs, as per Rule 16(2) of the RPG Rules, no award was granted.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0247
Smt. Varshaben K. Chaliawala
Vs

Life Insurance Corporation of India

Award Dated 20.2.2006

Repudiation of Claim under Life Insurance Policy on the ground of suppression of Medical Facts by the DLA at the time of revival of the Lapsed Policies. The DLA had suppressed history of Hypertension for 4 to 5 years while filling up the Declaration of Good Health form for revival of the policy. Citing a case adjudicated by the National Commission, which stated that the incorrect information of personal health in the Personal Statement of Health for revival of Lapsed policies vitiated the resulting revival of the contract and that such cases are not covered under Sec. 45 of the Insurance Act, the decision of the Respondent to repudiate the subject claim was upheld with no relief to the Complainant.

Ahmedabad Ombudsman Centre

Case No. 21 - 001 - 0068

Smt. Bhartiben D. Mistry

Vs

Life Insurance Corporation of India

Award Dated 20.2.2006

Repudiation of Death Claim under Life Insurance Policy : The Complainant's husband died within 14 months of taking a policy due to ARDS with Septicemia on being operated for Transposition of brain vessels with large intracerebral abcess. Claim for the Life Insurance Policy was repudiated on the grounds of misstatement and withholding of material information regarding health. The papers on hand showed that the deceased was operated in a Hospital for Valves prior to taking the policy which was not informed in the proposal form. The operation being a major one for congenital heart disease and the fact that the duration of the policy fell short of the period stipulated under Sec. 45 of the Insurance Act, 1938; the decision of the Respondent Insurer to repudiate the subject Claim was upheld.

Ahmedabad Ombudsman Centre

Case No. 21 - 001 - 0226

Smt. Bharati Mahesh Mehta

Vs

Life Insurance Corporation of India

Award Dated 24.2.2006

Repudiation of Claim under Life Insurance Policy : It was observed that the deceased Life Assured was treated in Hospitals of repute for pain in abdomen, peri-umbilical and epigastric pain etc prior to the date of the Proposal for Insurance and the same was not disclosed therein. He expired within 7 months of taking the policy. As per the Underwriting rules of the Respondent Insurer, the subject disclosure would have required special tests resulting into acceptance of the Risk with restrictions. As such, the decision of the Respondent to repudiate the subject Claim was upheld with no relief to the Complainant.

Ahmedabad Ombudsman Centre

Case No. 24 - 001 - 0056

Mr. Jaydeep N. Chavda

Vs

Life Insurance Corporation of India

Award Dated 27.3.2006

Repudiation of death Claim. While taking the policy, the fact of the Life Assured having diabetes was not mentioned in the Proposal form. The Respondent during the course of the hearing, submitted a copy of a Doctor's Certificate which confirmed that the deceased was a known case of diabetes besides suffering from severe general weakness and tremor. There were Certificates from other treating Doctors as well confirming to the same. Besides, the employer too confirmed Medical Leave taken by the deceased which was suppressed in the proposal form. Since non disclosure of Diabetes is a suppression of material facts, the Repudiation of the Claim was upheld with no relief to the Complainant.

Ahmedabad Ombudsman Centre
Case No. 21 - 001 - 0180
Smt. Anusuyaben S. Bhalani
Vs
Life Insurance Corporation of India

Award Dated 27.3.2006

Repudiation of Death Claim : While taking the policy, the fact of the Life Assured having diabetes was not mentioned in the Proposal form. The Respondent during the course of the hearing, submitted a copy of a Doctor's Certificate which confirmed that the deceased was suffering from several disease including diabetes for nearly a month before proposing for Insurance. Several pathological reports etc. also confirmed Diabetes Type II. Since non disclosure of Diabetes is a suppression of material facts, the Repudiation of the Claim was upheld with no relief to the Complainant.

Bhopal Ombudsman Centre
Case No. LI - 460 - 21 / 07 - 06 / STN
Smt. Anita Chaturvedi
Vs
Life Insurance Corporation of India

Award Dated 30.11.2005

Smt. Anita Chaturvedi, Complainant is the wife of late Shri Kailashnath Chaturvedi, DLA. DLA had a life insurance policy numbered 376310351 with the Respondent. The Complainant has complained that when the DLA died, death claim was preferred with the Respondent but the same was repudiated on the grounds of suppression of previous policy no. 376309779 and also due to the fact that he was suffering from chest pain at the time of proposal, which was suppressed by DLA. The claimant preferred a complaint to this Office.

Observations of Ombudsman : I have gone through the materials on records and submissions made during hearing and my observations are summarized as follows:

Respondent stated that the complainant submitted a death certificate dated 09.08.2004 wherein it is mentioned that death occurred at Uparhati, Rewa and accordingly the claim under previous policy no. 376309779 was paid for 4 lacs. Subsequently, the complainant submitted another death certificate dated 19.08.2004 for claim under policy no. 376310551 wherein it was mentioned that death occurred at SGMH, Rewa. In claim form B, it is mentioned that the DLA was suffering from chest pain and he died on 03.08.2004 due to heart attack.

Complainant stated that since DLA has not received previous policy of 4 lacs from the Respondent, he did not disclose the details of the said policy in the proposal of the policy in question. Complainant also stated that the agent had filled in the proposal form and the DLA was not aware of the replies given in the proposal form.

It is also observed that DLA has taken a policy of 4 lacs on 14.07.2004 and while taking the policy no. 376309779 on 26.07.2004, DLA was sick and was suffering from chest pain and has also not disclosed about having taken another policy of 4 lacs just 12 days prior to this policy.

Insurance is a contract of Utmost Good Faith where parties are required to disclose all the material information. In the instant case DLA willfully suppressed the information of previous policy.

In view of the circumstances stated above, I am of the considered opinion that the decision of the Respondent to repudiate the claim on this ground is fair and justified. I found no reason to interfere with the decision taken by the Respondent. Hence the complaint is dismissed without any relief.

Bhopal Ombudsman Centre
Case No. LI - 463 - 24 / 07 - 06 / IND
Shri Ram Kumar Bairagi
Vs
Life Insurance Corporation of India

Award Dated 07.12.2005

Shri Ram Kumar Bairagi, Complainant is the father of late Shri Purushottam Bairagi, DLA. DLA took life insurance policies numbered 341060268, 341060293, 341063412, 341066484, 341066808 & 341066214 from the Respondent. DLA died and the claim was preferred by the Complainant with the Respondent but the same was delayed. The claimant preferred a complaint to this Office.

Observations of Ombudsman : I have gone through the materials on records and submissions made during hearing and my observations are summarized as follows:

The Respondent stated that they have settled death claim under Policy numbers, viz., 341060268, 341060293 & 341063612. Further Respondent stated that regarding policy numbers, viz., 341066214, 341066808 & 341066484, DLA committed suicide within one year of insurance. Since suicide clause is applicable under the above policies, no death claim is payable.

It is observed from records that the Respondent has paid death claim under policy numbers, viz., 341060268, 341060293 & 341063612 to the nominee of DLA.

It is very clear that the cause of death of DLA was suicide, which was admitted by the Complainant, hence as per policy conditions regarding suicide clause, nothing is payable under the policies numbered 341066214, 341066808 & 341066484.

In view of the circumstances stated above, the decision of the Respondent to repudiate the death claim under policy numbers 341066214, 341066808 & 341066484 and to settle the claim under the remaining three policies is fair and justified. I found no reason to interfere with the decision taken by the Respondent.

Bhopal Ombudsman Centre
Case No. LI - 524 - 21 / 08 - 06 / IND
Smt. Bhawaridevi Vaishnav
Vs
Life Insurance Corporation of India

Award Dated 28.12.2005

Smt. Bhawaridevi Vaishnav, complainant is the wife of Late Shri Daulatram Prabhudayal Vaishnav, DLA. DLA had a life insurance policy numbered 342622385 taken on 28.03.2002. The DLA died due to heart attack on 28.02.2004. When the

complainant approached the Respondent for death claim, the same was repudiated on the ground of suppression of material facts regarding health of DLA in the Proposal form of policy in question. Subsequently, the Complainant had referred the case to Respondent's claim review committee for reconsideration, which was also upheld by them. The claimant preferred a complaint to this Office.

Observations of Ombudsman : I have gone through the materials on records and submissions made during hearing and my observations are summarized as follows:

The Complainant contended that her husband (DLA) was not suffering from any disease prior to his death and no treatment was taken by him.

The Respondent informed that the DLA was admitted in Jawaharlal Nehru Hospital, Ajmer for acute Posterior Lateral Myocardial Infarction prior to taking the policy which was concealed by him in the proposal form of the policy in question.

It is observed from hospital records dated 28.02.2004 that DLA was a known patient of Acute Posterior Lateral Myocardial Infarction and was admitted in the hospital on 28.02.2004 for the said ailment whereas the proposal form dated 19.03.2002 signed by DLA shows that he was keeping normal health at the time of taking policy. It is also observed from claim forms B & B1 that the DLA died due to IHD & MI and also had a similar episode of attack two years back.

Insurance is a contract of Utmost Good Faith where both the parties are required to disclose all the material facts. In the present case, DLA has given incorrect statement regarding his health to mislead the Respondent to accept his proposal on his life. Had the DLA disclosed his past illness, it would have certainly affected the Respondent's underwriting decision.

In view of the circumstances stated above, I am of the considered opinion that the decision of the Respondent to repudiate the claim on this ground is fair and justified. I found no reason to interfere with the decision taken by the Respondent. Hence the complaint is dismissed without any relief.

Bhopal Ombudsman Centre
Case No. LI - 538 - 24 / 09 - 06 / IND
Shri Kamlendu Gandharv
Vs
Life Insurance Corporation of India

Award Dated 30.11.2005

Shri Kamlendu Gandharv, Complainant is the son of Late Shri Biharilal Gandharv, DLA. DLA had taken a life insurance policy numbered 3427332514 on 28.01.2002 under Table/Term: 14/20 for Sum Assured of Rs. 50000/- from the Respondent. The DLA died due to Cardio Respiratory arrest on 13.03.2004 and the claim was preferred by the Complainant with the Respondent. But the claim was repudiated by the Respondent on the grounds of wrong information given regarding age by DLA in the Proposal form of the policy in question. The claimant preferred a complaint to this Office.

Observations of Ombudsman : I have gone through the materials on records and submissions made during hearing and my observations are summarized as follows:

The complainant had submitted two certificates one in respect of identity card dated 17.06.95, which shows that his age as on 01.01.1995 is 50 years i.e. as on 28.01.2002 (on the date of taking the policy) his age is 57 years. In another certificate i.e. voter list of 2000 his age is 54 yrs. i.e., as on 28.01.2002 (on the date of taking the policy) his age is 56 yrs.

Respondent stated that the age of DLA varies from all the three separate documents, i.e. as per voter list 2000 age is 56 yrs. , records of Govt. Hospital Mandsaur is 70 yrs, and date of birth as per copy of school certificate is 01.11.53. Since there is a vast difference in actual age and the age mentioned in the proposal form, investigation was carried out and it was found that the certificate submitted by the Complainant belongs to Shri Nathulal whereas the name of DLA is Biharilal.

It is observed from the investigation report of the Respondent that the DLA has not submitted the correct age proof while submitting the proposal. During hearing, the complainant submitted the age proof of DLA which shows that at the time of taking policy, his age was about 57 years while DLA showed his age as 48 years in the proposal of the policy in question. Hence it is proved that the DLA has submitted a forged age proof to mislead the Respondent to accept his proposal on his life. Had the DLA disclosed his correct age, he would not have been granted insurance under Endowment plan for the terms of 24 years.

In view of the circumstances stated above, I am of the considered opinion that the decision of the Respondent to repudiate the claim on this ground is fair and justified. I found no reason to interfere with the decision taken by the Respondent. Hence the complaint is dismissed without any relief.

Bhopal Ombudsman Centre
Case No. LI - 555 - 21 / 09 - 06 / IND
Shri Ramkumar Kashyap
Vs
Life Insurance Corporation of India

Award Dated 28.11.2005

Shri Ramkumar Kashyap, Complainant is the brother of Late Shri Indorilal Kashyap, DLA. DLA took a life insurance Policy numbered 344141957 from the Respondent. The DLA died due to Jaundice on 22.07.2004. The Policy had run for only 4 months. When the complainant preferred death claim with the Respondent, the same was repudiated on the grounds of suppression of material facts regarding health of DLA in the Proposal form. Subsequently, the Complainant had referred the case to Respondent's claim review committee for reconsideration, which was also upheld by them. The claimant preferred a complaint to this Office.

Observations of Ombudsman : I have gone through the materials on records and submissions made during hearing and my observations are summarized as follows:

The Respondent contended that the DLA was admitted in M/s. Shree Indore Cloth Market Hospital, Indore for urinary bound problem, abdominal pain and vomiting where he was diagnosed of Jaundice on 10.02.2004 prior to taking policy, which was concealed by him in the proposal form of the policy in question. Hence the claim was repudiated.

It is observed from hospital records that the DLA was a known patient of DM/COPD/Jaundice and was admitted in the hospital from 07.02.2004 to 12.02.2004 for urinary bound problem whereas the proposal form signed by DLA shows that he was keeping normal health at the time of taking policy.

It is also observed from claim forms B & B1 that the DLA died of Jaundice. In the present case, there is sufficient evidential proof to show that the DLA was already suffering from serious ailments but suppressed this in the proposal form. Had the same been brought to the knowledge of the Respondent, the underwriting decision would have been different.

In view of the circumstances stated above, I am of the considered opinion that the decision of the Respondent to repudiate the claim on this ground is fair and justified. I found no reason to interfere with the decision taken by the Respondent. Hence the complaint is dismissed without any relief.

Bhopal Ombudsman Centre
Case No. LI - 556 - 24 / 09 - 06 / BPL
Smt. Kiran Badgujar
Vs
Life Insurance Corporation of India

Award Dated 30.11.2005

Smt. Kiran Badgujar, Complainant is the wife of DLA, Late Shri J.P. Badgujar. DLA had two life insurance policies, viz., 28684868 and 28694551 with the Respondent. The DLA died on 11.10.2003. The Complainant approached the Respondent for payment of death claim. But the same was delayed by the Respondent due to the fact that the Complainant had submitted death claim intimation to the Respondent without original policy bonds and also the case was found to be suspicious due to the fact that the maturity claim amount was already paid against policy no. 28694551 to Shri Jagat Pratap Singh on 04.06.2005. The claimant preferred a complaint to this Office.

Observations of Ombudsman : I have gone through the materials on records and submissions made during hearing and my observations are summarized as follows:

The complainant stated that the correct policy number is 28684851. She has further added that the policy loan was taken under the said policy and original policy is lying with the Respondent.

The Respondent informed that they have received the letter of complainant on 25.11.2005 regarding correct policy number. But it is found that the said policy number is also not available in their policy master record. Further it is also not clear about the quantum of loan amount taken from the policy and from which Branch of LIC.

In view of the same, Respondent is hereby directed to ascertain the factual position of the correct policy number from the Complainant and from its other Branches and settle the claim on merits within 31st Dec. 2005. If the Complainant is not satisfied with the decision taken by the Respondent, the Complainant would be free to approach this forum with a fresh complaint.

Bhopal Ombudsman Centre
Case No. LI - 561 - 21 / 09 - 06 / BPL
Smt. Rekha Morie
Vs
Life Insurance Corporation of India

Award Dated 06.01.2006

Smt. Rekha Morle, Complainant is the wife of late Shri Ram Prasad Morle, DLA. DLA had life insurance policies numbered 350927990, 350921851 & 350934524 with Accident Benefit with the Respondent. Somebody murdered DLA and he died on the midnight of 07.07.2004. The complainant preferred death claim with the Respondent, only basic sum assured was paid but the accident benefit claim was repudiated by the Respondent as per policy condition no. 10(b)(1). The claimant preferred a complaint to this Office.

Observations of Ombudsman : I have gone through the materials on records and submissions made during hearing and my observations are summarized as follows:

The Complainant stated that the culprits who murdered DLA were arrested and the court decided the case against the culprits. The Respondent stated that the cause of death of DLA was due to shock and hemorrhage as a result of multiple stab injury to the neck and that the DLA was under the influence of liquor at the time of incident.

The complainant and the Respondent were directed to submit the copy of decision of the court within 15 days for our further action. The Respondent submitted copy of judgement of case dated 05.04.2005.

It is observed from the copy of judgement that the charge of murder is established and as per Dr. Smt. Neelam Shrivastav who has examined the body of the DLA the cause of death was due to multiple stab injury on the neck and excessive bleeding. In doctor's report from Medico Legal Institute M.P., it is clearly opined that the death was due to shock and hemorrhage as a result of multiple stab injury to the neck. It is nowhere mentioned in any of the Medical reports that the death of DLA occurred due to consumption of liquor. Hence the contention of Respondent is not tenable that the death has been caused due to the influence of liquor.

In view of the above, it is held that the Respondent's decision of repudiating the AB claim is not just and fair and is directed to settle the AB claim under Policy numbers in question.

Bhopal Ombudsman Centre
Case No. LI - 588 - 24 / 10 - 06 / GWL
Smt. Indra Devi Kandha
Vs
Life Insurance Corporation of India

Award Dated 31.01.2006

Smt. Indra Devi Kandha, Complainant is the wife of late Shri Hasmathram Kandha, DLA. DLA took a life insurance policy numbered 201211195 from the Respondent. The policy lapsed and the same was revived on 03.01.2000 on the basis of DGH. The DLA died on 08.01.2000 due to heart attack and the death claim was preferred by the Complainant with the Respondent. But the payment was delayed. The claimant preferred a complaint to this Office.

Observations of Ombudsman : I have gone through the materials on records and submissions made during hearing and my observations are summarized as follows:

It is observed from records that the claim was not settled by the Respondent due to dual reason that the signature of DLA differs in DGH for revival but have not submitted any evidence for the same and also death certificate was prepared after 9 months of death of DLA.

On scrutiny, it is no doubt observed that the Date of Death of DLA is 08.01.2000 and the death certificate is dated 22.09.2000. But there is no nexus found between the cause of death of DLA and preparation of death certificate and also the Respondent has failed to adduce any documentary proof to show that there was malafide intention of DLA on any count at the time of reviving the policy.

Also, in its self-contained note it is reported by Respondent that the claim is still under investigation due to the above said reasons. But there are no concrete reasons found to accept the delay in settlement of claim by the Respondent even after a period of 2 years from submission of all papers by Complainant.

In view of the above, it stands that the Respondent's decision of delaying the claim payment under the policy is not tenable.

In view of the circumstances stated above, I am of the considered opinion that the decision of the Respondent not to settle the claim on this ground is unfair and unjustified. However, the Respondent is directed to decide the claim on merits within 15 days. If the complainant is not satisfied with the decision taken by the Respondent, the complainant would be free to approach this forum with a fresh complaint.

The complaint is thus disposed off.

Bhopal Ombudsman Centre
Case No. LI - 598 - 21 / 10 - 06 / BPL
Smt. Ravinder Kaur Chawla
Vs
Life Insurance Corporation of India

Award Dated 30.12.2005

Smt. Ravinder Kaur Chawla, Complainant is the wife of late Shri Satnam Singh Chawla, DLA. DLA had a life insurance policy numbered 351901397 with the Respondent. The DLA died on 15.12.2003 due to Cardio Respiratory Failure. When the complainant approached the Respondent for death claim, the same was repudiated on the ground of suppression of material facts regarding health of DLA in the Proposal form of policy in question. Subsequently, the Complainant had referred the case to Respondent's claim review committee for reconsideration, which was also upheld by them. The claimant preferred a complaint to this Office.

Observations of Ombudsman : I have gone through the materials on records and submissions made during hearing and my observations are summarized as follows:

The Complainant contended that the agent filled up the proposal form and as such the DLA might not be aware that he was suffering from any disease and there was no intention to conceal any information.

The Respondent stated that DLA was already suffering from cancer of esophagus, Diabetes Mellitus for which he had also undergone chemotherapy on various occasions prior to taking policy, which was concealed by him in the proposal form of the policy in question.

It is observed from hospital records dated 10.12.2002 that the DLA was diagnosed for 'Invasive moderately differentiated squamous cell Carcinoma of esophagus with H.pylori gastritis'. The Esogastroduodenoscopy & CT scan report dated 09.12.2002 & 13.12.2002 shows that the DLA was a known case of Carcinoma of esophagus and diagnosed for Carcinoma esophagus and was advised for follow-up bone scan after 6 months. Chemotherapy flow sheet shows that the DLA had on various occasions undergone chemotherapy during the period from 26.12.2002 to 19.10.2003 whereas the proposal form dated 15.06.2003 signed by DLA shows that he was keeping normal health at the time of taking policy. It is also observed from claim forms B&B1 that the primary cause of death of DLA was Cardio Respiratory Failure and Secondary cause was Carcinoma esophagus and that the DLA was suffering from DM with Hypertension three months back.

Insurance is a contract of Utmost Good Faith where both the parties are required to disclose all the material facts. In the present case, DLA has given incorrect statement regarding his health to mislead the Respondent to accept his proposal on his life. Had the DLA disclosed his past illness, it would have certainly affected the Respondent's underwriting decision.

In view of the circumstances stated above, I am of the considered opinion that the decision of the Respondent to repudiate the claim on this ground is fair and justified. I found no reason to interfere with the decision taken by the Respondent. Hence the complaint is dismissed without any relief.

Bhopal Ombudsman Centre
Case No. LI - 633 - 21 / 11 - 06 / BPL
Smt. Lilly Saluja
Vs
Life Insurance Corporation of India

Award Dated 30.12.2005

Smt. Lilly Saluja, Complainant is the wife of late Shri Devendra Singh, DLA. DLA had a life insurance policy numbered 352232339 with the Respondent taken on 15.03.2004. The DLA died on 24.08.2004 due to Cerebral Hemorrhage. When the complainant approached the Respondent for death claim, the same was repudiated on the ground of suppression of material facts regarding health of DLA in the Proposal form of policy in question. Subsequently, the Complainant had referred the case to Respondent's claim review committee for reconsideration, which was also upheld by them. The claimant preferred a complaint to this Office.

Observations of Ombudsman : I have gone through the materials on records and submissions made during hearing and my observations are summarized as follows:

The Complainant contended that the DLA was in good health at the time of taking above policy, which was confirmed by the Medical Examination Report done by Respondent's Medical examiner. Further the Complainant added that the DLA was not suffering from any disease and there was no concealment of any information.

The Respondent stated that the DLA had a history of HTN with Brain Hemorrhage 5 years back at Chandigarh which was not disclosed by him in the proposal form and the cause of death has also been Cerebral Hemorrhage.

It is observed from hospital records dated 23.08.2004 that the DLA was a known patient of HTN with Brain Hemorrhage 5 years back whereas the proposal form dated 08.03.2004 signed by DLA shows that he was keeping normal health at the time of taking policy in question. It is also observed from claim form B&B1 that the primary cause of death of DLA was Cerebral Hemorrhage and secondary cause was Cardio Respiratory Failure and that the DLA was a known patient of HTN with Cerebral Hemorrhage.

Insurance is a contract of Utmost Good Faith where both the parties are required to disclose all the material facts. In the present case, there are sufficient evidential proofs to show that DLA was sick at the time of taking policy and that he has given incorrect statement regarding his health to mislead the Respondent to accept his proposal on his life. Had the DLA disclosed his past illness, it would have certainly affected the Respondent's underwriting decision.

In view of the circumstances stated above, I am of the considered opinion that the decision of the Respondent to repudiate the claim on this ground is fair and justified. I found no reason to interfere with the decision taken by the Respondent. Hence the complaint is dismissed without any relief.

Bhopal Ombudsman Centre
Case No. LI - 633 - 21 / 11 - 06 / BPL
Smt. Lilly Saluja
Vs

Life Insurance Corporation of India

Award Dated 30.12.2005

Smt. Lilly Saluja, Complainant is the wife of late Shri Devendra Singh, DLA. DLA had a life insurance policy numbered 352232339 with the Respondent taken on 15.03.2004. The DLA died on 24.08.2004 due to Cerebral Hemorrhage. When the complainant approached the Respondent for death claim, the same was repudiated on the ground of suppression of material facts regarding health of DLA in the Proposal form of policy in question. Subsequently, the Complainant had referred the case to Respondent's claim review committee for reconsideration, which was also upheld by them. The claimant preferred a complaint to this Office.

Observations of Ombudsman : I have gone through the materials on records and submissions made during hearing and my observations are summarized as follows:

The Complainant contended that the DLA was in good health at the time of taking above policy, which was confirmed by the Medical Examination Report done by Respondent's Medical examiner. Further the Complainant added that the DLA was not suffering from any disease and there was no concealment of any information.

The Respondent stated that the DLA had a history of HTN with Brain Hemorrhage 5 years back at Chandigarh which was not disclosed by him in the proposal form and the cause of death has also been Cerebral Hemorrhage.

It is observed from hospital records dated 23.08.2004 that the DLA was a known patient of HTN with Brain Hemorrhage 5 years back whereas the proposal form dated 08.03.2004 signed by DLA shows that he was keeping normal health at the time of taking policy in question. It is also observed from claim form B&B1 that the primary cause of death of DLA was Cerebral Hemorrhage and secondary cause was Cardio Respiratory Failure and that the DLA was a known patient of HTN with Cerebral Hemorrhage.

Insurance is a contract of Utmost Good Faith where both the parties are required to disclose all the material facts. In the present case, there are sufficient evidential proofs to show that DLA was sick at the time of taking policy and that he has given incorrect statement regarding his health to mislead the Respondent to accept his proposal on his life. Had the DLA disclosed his past illness, it would have certainly affected the Respondent's underwriting decision.

In view of the circumstances stated above, I am of the considered opinion that the decision of the Respondent to repudiate the claim on this ground is fair and justified. I found no reason to interfere with the decision taken by the Respondent. Hence the complaint is dismissed without any relief.

Bhopal Ombudsman Centre
Case No. LI - 649 - 21 / 12 - 06 / STN
Shri Samaylal Sahu
Vs
Life Insurance Corporation of India

Award Dated 25.01.2006

Shri Samaylal Sahu, Complainant is the brother of late Shri Motilal Sahu, DLA. DLA took a life insurance policy numbered 375169615 from the Respondent on 05.02.2000. The policy lapsed due to non-payment of premiums which was revived by DLA on 28.06.2004. The DLA died on 17.08.2004 due to Miliary Tuberculosis. The death claim was preferred by the Complainant with the Respondent but the same was repudiated by

the Respondent on the grounds of suppression of material facts regarding health of DLA at the time of revival. The claimant preferred a complaint to this Office.

Observations of Ombudsman : I have gone through the materials on records and submissions made during hearing and my observations are summarized as follows:

The complainant informed that the DLA was having 2 policies of which, death claim amount of Rs. 98852/- under one of the policies was received by the nominee whereas the policy in question was repudiated for death claim payment by the Respondent.

The Respondent contended that the DLA was admitted in Rewa hospital during the period 14.06.04 to 07.07.04 and in the meanwhile, the DLA revived his policy by giving DGH on 18.06.04, suppressing his treatment particulars.

It is observed from hospital records dated 01.06.04 that the DLA was suspected for Malarial fever and was in Immuno deficiency state. Also, Medical Certificate issued by Municipal Corporation of Greater Mumbai dated 18.08.04 shows that the cause of DLA's death was Miliary Tuberculosis and DLA was HIV positive. It is further observed from claim forms B & B1 that the primary cause of DLA's death was Miliary tuberculosis and Secondary cause was Immuno deficiency status. The Post Mortem report dated 25.10.04 shows that the DLA died due to Miliary tuberculosis whereas DGH report signed by DLA on 28.06.04 during revival shows that he had never suffered from any ailment in the past.

Insurance is a contract of Utmost Good Faith where both the parties are required to disclose all the material facts. In the present case, there are sufficient evidential proofs to show that DLA was sick at the time of reviving policy and that he has given incorrect statement regarding his health in DGH during revival. Had the DLA disclosed his past illness, it would have certainly affected the Respondent's underwriting decision.

Simultaneously, it is further observed that the policy had run for 3 yrs. and 6 months from the date of commencement of policy 05.02.2000 to 05.08.2003 before revival and the policy has acquired paid up value for this period.

In view of the above, the decision taken by the Respondent to repudiate the claim for full sum assured is not just and fair. Therefore, the Respondent is directed to settle the paid up value as per rules to the legal heir of the policy.

Bhopal Ombudsman Centre
Case No. LI - 686 - 24 / 01 - 06 / RPR
Smt. Geeta Dewangan
Vs
Life Insurance Corporation of India

Award Dated 31.01.2006

Smt. Geeta Dewangan, Complainant is the wife of Late Shri Umesh Kumar Dewangan, DLA. DLA took a life insurance policy numbered 382151586 from the Respondent. The DLA died on 24.12.2004 and the claim was preferred by the Complainant with the Respondent. But the same was delayed by the Respondent. The claimant preferred a complaint to this Office.

Observations of Ombudsman : I have gone through the materials on records and submissions made during hearing and my observations are summarized as follows:

The Complainant stated that the DLA was working in Balco Captive Power Plant and had never fallen sick but died due to peptic ulcer on 24.12.2004.

The Respondent contended that the DLA was suffering from stomach disease and peptic ulcer prior to taking policy which was not disclosed in the proposal at the time of taking the policy in question.

It is observed from hospital records dated 20.09.2001 & 01.10.2001 that DLA was suffering from stomach disease and peptic ulcer whereas in the proposal form signed by him dated 29.12.2001, he suppressed information about the ailment.

Insurance is a contract of Utmost Good Faith where both the parties are required to disclose all the material facts. In the present case, there is sufficient evidential proof to show that DLA was sick at the time of taking policy and that he has given incorrect statement regarding his health to mislead the Respondent to accept his proposal on his life. Had the DLA disclosed his past illness, it would have certainly affected the Respondent's underwriting decision.

In view of the circumstances stated above, I am of the considered opinion that the decision of the Respondent to repudiate the claim on this ground is fair and justified. I found no reason to interfere with the decision taken by the Respondent. Hence the complaint is dismissed without any relief.

Bhopal Ombudsman Centre
Case No. LI - 703 - 21 / 01 - 06 / IND
Smt. Ramu Bai Bagwan
Vs
Life Insurance Corporation of India

Award Dated 24.03.2006

Smt. Ramu Bai Bagwan, Complainant is the wife of Late Shri Leeladhar Bhagwan, DLA. DLA took a life insurance policy numbered 342763242 from the Respondent. The policy lapsed and the same was revived on 15.12.03 on the strength of DGH. The DLA died on 08.01.05. When the death claim was preferred by the Complainant with the Respondent, the same was repudiated on the grounds of suppression of material facts regarding health by DLA at the time of revival. The claimant preferred a complaint to this Office.

Observations of Ombudsman : I have gone through the materials on records and submissions made during hearing and my observations are summarized as follows:

It is observed from records that the Respondent has repudiated the claim only on the strength of Medical Certificate issued by Dr. K.C. Mahajan which shows that the DLA was taking treatment for HIV +ve.

During hearing, the complainant contended that the DLA neither suffered from any disease in the past nor took treatment from any hospital.

On scrutiny of records, we observe that the Medical Certificate of Dr. K.C. Mahajan submitted by the Respondent as a proof of DLA's treatment, is just on a blank sheet of paper without any identity/address/date of treatment taken, etc. Also, the Respondent has not adduced any Medical report, viz., Blood report, supporting evidences, etc. to confirm that the DLA was a patient of HIV +ve. It is observed from the Affidavit given by DLA's neighbour that the DLA died on 08.01.2005 due to sudden heart attack. Even, Investigating Officer of Respondent could not produce material evidences along with this report to sustain the repudiation of claim.

Hence, in the absence of any concrete medical reports, supporting evidences, etc. the Respondent's contention that the DLA was a patient of HIV + ve for the last 2 years and he died of the same, is also not tenable.

In the facts and circumstances stated above, it is held that the Respondent is liable to honour full claim under the policy hence the decision of the Respondent to repudiate the claim is not just and fair.

Bhopal Ombudsman Centre
Case No. LI - 704 - 21 / 01 - 06 / IND
Smt. Gurcharan Kaur Grover
Vs
Life Insurance Corporation of India

Award Dated 28.02.2006

Smt. Gurcharan Kaur Grover, Complainant is the wife of Late Shri Rajendra Singh Grover, DLA. DLA had 3 life insurance policies, viz., 344260682, 340916620 & 340915012 with the Respondent. The policies lapsed which were revived on the basis of Declaration of Good Health. The DLA died on 18.11.2004 due to Diabetes Mellitus and Kidney failure. When the death claim was preferred by the Complainant with the Respondent, the same was repudiated on the grounds of suppression of material facts regarding health by DLA at the time of revival. The claimant preferred a complaint to this Office.

Observations of Ombudsman : I have gone through the materials on records and submissions made during hearing and my observations are summarized as follows:

The Complainant contended that the DLA had availed sick leave only for personal reasons but on medical grounds. The leave on Medical grounds availed by DLA was due to the reason that his services were transferred from one place to another.

It is observed from Claim forms B 7 B1 that diabetes was detected only 3-4 months earlier. Further, it can be seen from the certificate issued by the Civil Surgeon Distt., Hospital, Khandwa dated 13.03.2002 certifying that the Medical check up was done and found healthy on 13.03.2002.

It is observed from the Hospital report of Choithram Hospital dated 11.11.04 where DLA was admitted during his last illness, it is mentioned as a known case of Diabetes Mellitus since 7 years but on the contrary, the same report shows that the DLA was not presently taking any pills since 7 months.

It is also observed from the records that during revival, Medical Examination was conducted by panel doctor of Respondent, viz., Dr. B.P. Mishra on 9th Feb. 2004 the report of which shows that the DLA was absolutely in good health condition; special medical reports were conducted for the purpose of revival inter alia BST report dated 09th Feb. 2004 was also found to be normal by the Respondent's Medical Examiner.

It is also observed from records that DLA's absence from duty exactly coincides with the period of his transfer and resuming duties.

The Respondent could not produce any concrete evidence on records to show that the DLA was suffering from any illness/diseases prior to taking the policies or prior to the date of revival. Hence the Respondent's contention that the DLA was suffering from DM leading to Kidney failure which caused his death is not tenable as it is clearly evident from the hospital records that DLA's death was no doubt on account of kidney failure but was a sudden one within a span of one week of his stay in hospital.

In the fact and circumstances stated above, it is held that the Respondent is liable to honour the death claim for full sum assured under the Policies in question as per rules hence the decision of Respondent to repudiate the death claim under the above policies is not just and fair.

Thus the complaint is disposed off without any other relief.

Bhopal Ombudsman Centre

Case No. SBI - 394 - 21 / 05 - 06 / MUM
Smt. Jarjeet Kaur
Vs
Life Insurance Corporation of India

Award Dated 09.01.2006

Smt. Harjeet Kaur, complainant is the wife of DLA. DLA had a "Life Long Pension" Policy numbered 07001458003 taken on 11.08.2003 with the Respondent. The DLA expired on 13.04.2004 due to Heart Failure. When the complainant approached the Respondent for death claim, the same was repudiated on the ground of suppression of material facts regarding health of DLA in the Proposal form of policy in question. The claimant preferred a complaint to this Office.

Observations of Ombudsman : I have gone through the materials on records and submissions made during hearing and my observations are summarized as follows:

The Complainant informed that DLA was taken to the hospital on 13.04.2004 and died due to heart attack. She also contended that DLA had not taken any other policy prior to this policy. In the current policy DLA had paid a premium of Rs. 5985/- which includes Rs. 5000/- for pension plan and Rs. 985/- for life risk coverage, but the Respondent is refunding only Rs. 5072/- and has refused to settle the death claim.

The Respondent contended that DLA was a known case of Diabetes Mellitus at least since 1997. In view of the suppression of material facts regarding his health by DLA, the claim for Life Cover was repudiated. However, they had agreed to pay the claimant, an amount of Rs. 5072/- (towards saving portion of Rs. 4980/- as paid up value plus interim bonus of Rs. 92/-) but the same was refused to be accepted by the Complainant.

It is observed from hospital records dated 21.08.1997 that DLA was diagnosed for NIDDM, Dilated Cardiomyopathy. Further, the report of the same hospital dated 19.07.1999 shows that the DLA was diagnosed for the same ailments mentioned above and complained of pain in left shoulder for which he was opined for orthopedic follow up whereas the DLA has mentioned in Proposal form dated 14.06.2003 that he never suffered from any ailment whatsoever.

Insurance is a contract of Utmost Good Faith where both the parties are required to disclose all the material facts. In the present case, there is sufficient evidential proof to show that DLA was sick at the time of taking policy and that he had given incorrect statement regarding his health to mislead the Respondent to accept his proposal on his life. Had the DLA disclosed his past illness, it would have certainly affected the Respondent's underwriting decision.

In view of the above, the decision taken by the Respondent to repudiate the Life Cover is just and fair hence does not require any interference.

Bhubaneswar Ombudsman Centre
Case No. I.O.O. / BBSR / 24-290
Smt. Basanti Sahu
Vs
Life Insurance Corporation of India

Award Dated 9.11.2005

Happened that Late Tankadhar Sahu had obtained a New Janaraksha Policy under Table & Term 91-15 commencing from 28.3.2000 vide Policy No. 570540005 from Aska

Branch of Berhampur Division of LIC of India for an assured sum of Rs. 1,00,000/- with Yearly mode of payment. As ill luck would have it the deceased assured died on 23.8.2001 due to NIDDM with Cerebral Malaria. The Complainant as nominee lodged the claim on 28.2.2002. The Insurer repudiated the claim on the ground inter alia that the Assured had suppressed the material fact of pre-existing diabetes while mooted the proposal. Being aggrieved the Complainant moved this forum for redressal.

Complained that the Assured had no pre-existing disease and he died of Cerebral Malaria.

Countered by LIC that as per claim form B1 issued by MKCG Medical college and Hospital Berhampur the Assured was suffering from diabetes for 2 years as on date of admission to the hospital i.e. On 22.8.2001 and as such he was a diabetic by the time of submission of proposal which fact was deliberately suppressed.

Observed that the cause of death was diagnosed as Cerebral Malaria with NIDDM as stated in col. 6 of claim form B1. It was stated in col. 5(a & b) that as reported by patient attendant, the assured was suffering from diabetes for 2 years. This two years period when counted down backward from 22.8.2001 comes to 23.8.1999 whereas the proposal was submitted on 31.3.2000. In col. 7(a) of the form the date on which the disease (diabetes) was first observed by patient is stated as not known. Therefore it can not be said that the assured was aware of the fact that he was suffering from diabetes while submitting the proposal. Further in col. 5 (b) the name of the attendant and his relationship with the assured is not stated.

Held that the authenticity of the information given by an unnamed attendant not corroborated by any other material on record is not worthy of credence. The repudiation, therefore is bad in law. Directed Insurer to pay Rs. 1,00,000/- to the Complainant.

**Bhubaneswar Ombudsman Centre
Case No. I.O.O. / BBSR / 21-001-153
Dr. Barada Prasad Kar
Vs
Life Insurance Corporation of India**

Award Dated 14.12.2005

Happened that the deceased life assured Lipika Lokakalyani Kar had obtained a 25 years New Money Back plan with profits with accident benefit bearing Policy No. 580865294 from Bhubaneswar Branch III of LIC of India on 28.10.94 for an assured sum of Rs. 50,000/- with Yly. Mode of payment nominating Shri B. P. Kar who is no other than her brother as the beneficiary (nominee) in the event of her death. Unfortunately she died during currency of the policy i.e. on 5.6.2004 due to extensive burn injury by accidental fire. The Insurer paid the Basic Sum Assured but repudiated DAB on the ground inter alia that accident was not the proximate cause of death of the Assured. Being aggrieved the complainant moved this forum for redressal.

Complained that in the evening of 20.05.2004, while lighting the evening deepali the clothes of the assured accidentally caught fire as a result of which she suffered extensive burn injuries and succumbed while undergoing treatment in Kalinga Hospital, Bhubaneswar on 5.6.2004.

Countered by LIC that in Police Final Report it has been mentioned that the Assured had chronic epilepsy and while lighting deepali she got epileptic fits as a result of which her clothes caught fire resulting in extensive burn injuries and she succumbed to the injuries while undergoing treatment.

Observed that death of the assured due to extensive burn injuries is not disputed. The controversy centers around whether the clothes of the assured accidentally caught fire while lighting deepali or epileptic fits was the proximate cause of accident. Admittedly no autopsy was done as she had sustained 85 % burn injuries. In column 9 of the Police Inquest Report, the treating doctor has stated cause of death was due to accidental burning and there was no suspicion of foul play. In the Police Final Report, contradictory remarks have been given by the Police. The I. O., in Police Final Report has mentioned that close relatives both from father - in - laws and father's side have stated that first there was epileptic attack as a result her clothes caught fire. The same I.O. has again mentioned that the said relatives submitted a memorandum stating therein that while lighting evening deepali her clothes caught fire and in the meantime she got epileptic fits and became unconscious. In absence of the statement and memorandum given by the close relatives, the report of treating doctor shall prevail. Held that the repudiation for DAB can not be sustained in law.

Chandigarh Ombudsman Centre
Case No. LIC / 119 / Chandigarh / Nabha / 21/ 06
Shri Balbir Singh
Vs
Life Insurance Corporation of India

Award Dated 3.10.2005

Facts : Shri Jarnail Singh son Shri Balbir Singh took a policy on 28.3.2003 from Branch Office, Nabha for sum assured of Rs. 50,000/-. He committed suicide on 10.03.04. The claim was repudiated by invoking suicide clause. Shri Balbir Singh, his father contended that suicide clause was not applicable, as at the time of his son's death the policy had been in force for more than a year. He contended that the proposal form was submitted on 07.03.2003, while his son died on 10.03.2004.

Findings : On behalf of insurer it was pointed out that the policy was issued on 15.03.03 with DOC 28.01.2003. The Proposal papers were submitted by the agent on 07.03.2003 and the proposal was registered on 10.03.2003. The risk on life assured was accepted on 15.03.2003, and not 10.03.2003 as contended by the complainant. The life assured committed suicide on 10.03.2004, within one year of commencement of risk. Suicide was established beyond doubt as per PMR and the Certificate issued by SHO GRPS as well as the claimant statement in form no. 3783. As per the suicide clause which is operative for one year w.e.f. the date of commencement of risk, the policy shall be void if life assured commits suicide at any time before the expiry of one year. Accordingly, the policy was declared null and void and complainant was informed on 30.06.05. The complainant stated that the premium was deposited on 07.03.2003 and papers were furnished on 10.03.2003. The claim was, therefore, payable. The insurer pointed out that as per terms and conditions of the policy, the suicide clause is effective for one year from the date of commencement of risk. In the first premium receipt, the date of commencement of risk has been shown as 15.03.03. Therefore, effective date for the purpose of calculating one year period for the operation of suicide clause was 15.03.03. The complainant's son admittedly committed suicide on 10.03.2004. As this date comes within one year of commencement of risk i.e. 15.03.03, the Claim was not payable.

Decision : Held that there was no dispute on facts. Misgiving in the mind of claimant has arisen as he mistakenly assumed the date of proposal as the date of commencement of risk. The repudiation of claim being in accordance with terms and conditions of the policy, the complaint was dismissed.

Chandigarh Ombudsman Centre
Case No. LIC / 155 / Karnal / Charkhi Dadri / 21/ 06
Smt. Sunehri Devi
Vs
Life Insurance Corporation of India

Award Dated 10.10.2005

Facts : Late Shri Vidyanand Lamba husband of Smt. Sunehri Devi (nominee) took an Anmol Jeevan policy bearing no 173555723 with DOC 28.07.03 from Branch Office, Charkhi Dadri for sum assured of Rs. five lakh. He died of heart attack during the intervening night of 06/07/04. Intimation of death was given to the Branch Office and death certificate, policy bond, ration card and other documents were submitted together with claim forms. Despite repeated visits to the B. O., the claim remained unsettled. She learnt later that the claim was being denied on the ground that the vehicle in which the DLA and her son were travelling had met with an accident which caused shock leading to death of her husband.

Findings : The insurer informed that the policy had run for 7 months and 9 days only. Investigations revealed that DLA was suffering from heart disorder and chest pain prior to purchase of policy and angioplasty was done on 12.02.2003 in Santokba Duralabhji Memorial Hospital Cum Medical Research Institute, Jaipur. However, this was not disclosed in the proposal form dated 25.07.2003. In view of false replies given by the DLA to questions 11(a), (b), (e) & (i) in the proposal form, the claim was repudiated on 16.05.2005 in terms of policy contract. On behalf of complainant it was stated that the claim was repudiated on false grounds, because the insured had never suffered from any ailment in the past nor was admitted in any hospital. On behalf of the insurer, details of treatment taken by the life assured were shown while he remained admitted in Santokba Duralabhji Memorial Hospital cum Medical Research Institute, Jaipur from 16.02.2003 to 19.02.2003, to establish that this was an old ailment. As per past history, it was recorded in form no. 3816 that he had complaint of chest pain in the year 1999 and had undergone Angiography in February 2003, prior to purchase of policy which he did not disclose.

Decision : Held that as the insurer had been able to adduce clinching evidence regarding non-disclosure of material facts by DLA at the time of purchase of policy, the decision of insurer to repudiate the claim was fully justified. Accordingly, the complaint was dismissed.

Chandigarh Ombudsman Centre
Case No. LIC / 87 / Jalandhar / Nawanshahr / 21/ 06
Smt. Avtar Kaur
Vs
Life Insurance Corporation of India

Award Dated 14.10.2005

Facts : Late Shri Shangara Singh son of Smt. Avtar Kaur had taken a policy from BO Nawanshahr effective from 26.08.02 for sum assured of Rs. 5 lakh. He died of AIDS on 2.10.04. The life assured was a driver who used to travel out of Punjab. His mother, being the nominee under the policy filed the claim with BO. It was repudiated on the ground that her son was suffering from AIDS. She contended that her son was never tested for AIDS. Only a month before his death it was discovered that he was suffering from AIDS and he was in good health at the time of purchase of policy. It was further

contended that the onus was on the insurer to get the medical tests conducted at the time of taking the policy.

Findings : During the course of hearing it was pointed out that the life assured was diagnosed to be HIV positive at Guru Nanak Hospital, Nawanshahr on 5.9.04. Investigation report revealed that he was suffering from AIDS for the last 6-7 years. This was corroborated by the fact that his wife also died of AIDS a year before his death, which she contacted through DLA. Further, his eldest son who is 6-7 years old, is also HIV positive. Evidently material facts were concealed. Therefore, the claim was repudiated.

Decision : Held that as the wife of DLA died a year before the death of DLA due to AIDS and his 6-7 year old son of the DLA was also suffering from this disease, it was established beyond doubt that at the time of purchase of policy life assured was suffering from AIDS which he failed to disclose. Hence, repudiation was in order. Accordingly, the complaint was dismissed.

Chandigarh Ombudsman Centre
Case No. LIC / 48 / Ludhiana / 21/ 06
Smt. Santosh
Vs
Life Insurance Corporation of India

Award Dated 28.10.2005

Facts : Brother of Smt. Santosh had taken a policy bearing no. 160744295 from Unit - I, Ludhiana with DOC 12.3.1998 for sum assured of Rs. 50,000/-. His minor son, Shri Gautam was the nominee and his sister, Santosh was the appointee. The LA died on 04.08.2000. The claim was, however, repudiated on the ground of non-disclosure of material information by DLA with regard to his health status.

Findings : The insurer pointed out that initially the policy status was not clear as it was in a lapsed condition at the time of death of LA. The claimant was informed accordingly. The life assured was reportedly suffering from TB three years prior to his death as per information in form no. 3816. The Divisional Medical Referee also confirmed that this was an old case of pulmonary tuberculosis. Accordingly, the claim was repudiated. On behalf of the complainant, it was pleaded that the repudiation was based only on the statement of complainant regarding past ailment suffered by him. In column no. 7 of form no. 3816 it was mentioned that he was suffering from pulmonary kochs for the last three years which predates the purchase of policy. However, there was cutting in the statement. Initially 'No' mentioned against this column was overwritten. The policy had run for more than two years and repudiation was based on an alleged self - statement of the DLA. It was further pointed out that the son of DLA, Shri Gautam has filed the claim having attained majority. The representative of complainant stated that the complainant would have no objection if the claim were settled in favour of DLA's son.

Decision : Held that as the policy had run for more than two years, the onus is on the insurer to establish non-disclosure of any pre-existing disease which may have resulted in the death of life assured. The insurer was given ample opportunity to establish the same. As the insurer could not establish that the DLA had taken treatment prior to the purchase of policy, giving benefit of doubt to the nominee claimant, it was ordered that the claim be settled in favour of the rightful claimant.

Chandigarh Ombudsman Centre
Case No. LIC / 216 / Shimla / 24/ 06
Shri Ashok Manocha & Smt. Anita Manocha
Vs
Life Insurance Corporation of India

Award Dated 29.12.2005

Facts : Shri Pawan Kumar, brother of Shri Ashok Manocha had taken two policies bearing nos. 151522548 and 151522547 from Branch Office, Amb each for sum assured of Rs. two lakh with DOC as 28.06.04. The DLA fell down from stairs on 24.10.2004 and became unconscious. He was taken to hospital where he died on 25.10.04 due to internal injury. Shri Ashok Manocha and Smt. Anita Manocha being nominees in the policies filed the death claims with the B. O., which were repudiated on 30.03.2005.

Findings : On behalf of the insurer it was stated that being an early claim it was investigated. The investigation revealed that Late Shri Pawan Kumar had a history of heart attack and was admitted in BBMB Hospital, Nangal on 13.08.03. As per case history contained in form no. 3816 issued by the hospital authorities, he was diagnosed to be a case of cardiomyopathy C CHF C NIDDM and these facts were not disclosed at the time of taking the insurance policy. Had these been known, the risk may not have been underwritten.

On behalf of the complainant, it was contended that at the time of purchase of policy the life assured was examined by the panel doctor of LIC who issued good health certificate. It was further argued that the life assured did not die because of reported past heart ailment as mentioned in the discharge summary, but it was an accidental death. Necessary documents such as FIR, PMR etc. submitted to establish the cause of death were completely ignored by the insurer. In the post-mortem report also it was recorded that other than enlargement of heart LA had no problem.

The representative of the insurer reiterated that had the past history been disclosed at the time of filling proposal form, the proposer would have been subjected to further medical examination and special reports would have been called for before underwriting the proposal. As regards examination by the LIC doctor is concerned, it was stated that no examination is conducted unless the proposer gives a positive indication in the proposal form about an ailment he may have been suffering from. It was argued that non-disclosure of material information *per se* renders the policy null and void, irrespective of the fact whether the cause of death has any nexus with the undisclosed ailments. It is an admitted fact that the DLA had been having heart problem prior to purchase of policy and the same was not disclosed. The doctor who examined him at the time of purchase of policy relied upon the answers to questions in the proposal form and, therefore, no special reports were called for.

Decision : Held that non-disclosure of material facts was a serious omission and attracts the provisions of section 45 of Insurance Act, 1938 and, therefore, the decision of the insurer to repudiate the claim is in order.

Chandigarh Ombudsman Centre
Case No. LIC / 63 / Jalandhar / Newanshahr / 24 / 06
Smt. Raj Rani
Vs
Life Insurance Corporation of India

Award Dated 21.01.2006

Facts : Smt. Raj Rani, the complainant, happens to be the nominee of Late Shri Om Parkash, her husband, who had taken two New Jeevan Dhara policies bearing nos. 131520754 and 131520755 from Branch Office, Nawanshahr on 28.12.2001. He died on 26.09.2002. She was sent cheques for Rs. 50,000/- for each of the policy on 31.07.2004 by way of refund of premium. She stated that terms and conditions of policy do not provide for refund of premium. She pointed out that the Schedule clearly mentions that the policies were deferred annuity for life with return of an amount equal to Notional Cash Option(NCO). She further stated that annuity ceases on the death of the annuitant and NCO is payable to the nominee. As the policies were in force till the date of death of her husband, payment of NCO amount had to be made accordingly. She pointed out that only in the case of a lapsed policy, premium is refunded and not in the case of a policy which is in force. She represented for payment of full NCO together with interest for the period of delay. As the insurer did not respond, she sought intervention of this office for payment of full NCO.

Findings : Parties were heard at Amritsar on 21.01.2006. Her son arguing on her behalf stated that as per special provisions in the policy, full benefit of the notional cash option is admissible to his mother. He stated that if only premium amount in the case of single premium policy is to be refunded, there is no coverage of risk in such a policy. He stated that it is a multi choice policy and his father did not give any option. He died within one year of purchase of policy. He reiterated that the stipulation with regard to refund of premium is applicable in the case of a lapsed policy, but the policy taken by his father was a single premium policy and was in force at the time of his death.

The insurer stated that the claim was rightly settled as per special provisions of the policy and the guidelines contained in the manual which stipulate that in the event of death of the pensioner in the first year, the premiums paid under the policy are to be refunded provided the policy is in force as on the date of death. It was further stated that on receipt of complaint, the matter was referred to Zonal Office which clarified that if the complainant was not satisfied, the claim be settled as per special provision - I of the policy. The claim amount payable under this provision worked out to Rs. 53,949/- instead of Rs. 50,000/- paid under the policies. The insurer agreed to pay the Difference to the complainant. The complainant, however stated that the claim was settled after a lapse of two years. The representative of insurer admitted that clarification from the Zonal Office was sought which took some time.

Decision : Since the insurer is agreeable to settle the claim according to Special Provision-I, it was ordered that interest @ 7 % also be paid to the complainant for the period of delay beyond three months after receipt of requisite requirements.

Chandigarh Ombudsman Centre
Case No. LIC / 13 / Karnal / Hansi / 24 / 06
Shri Bijender Singh
Vs
Life Insurance Corporation of India

Award Dated 07.02.2006

Facts : Smt. Saroj had purchased a policy from BO Hansi for sum assured of Rs. 50,000/- on 26.05.2003. She died allegedly after inhaling insecticides while spraying the same in the fields. Shri Bijender Singh, her nominee / husband, filed the claim with BO, Hansi. On the advice of LIC officials, he filed an affidavit for forgoing double

accident benefit if the claim was settled early. However, in view of delaying tactics of the insurer, he threatened to lodge the claim for double accident benefit.

Findings : The complaint was referred to Sr. Divisional Manager, Karnal on 12.04.2005 for para-wise comments. As these were not received despite two reminders, hearing of the case was fixed for 11.07.2005.

The complainant stated that his wife, Smt. Saroj, died after inhaling insecticides more than a year ago, but the claim was not settled. The representative of insurer stated that the claim was repudiated on 20.05.2005 on the ground that it was a case of suicide. The claim was considered by the Standing Committee. In the form no. 3816 the doctor had made an observation that it was a case of suspected suicide. However, report from chemical examiner could not be obtained. The complainant was also advised to secure the report, but he too could not produce it. The claim was repudiated on the basis of evidence on record. The claimant stated that he had not received letter of repudiation.

As report of chemical examiner could provide clinching evidence regarding cause of death, the insurer was advised to approach chemical examiner again through Director (Health services), Haryana informing him that a complaint against repudiation of death claim was pending in the office of Insurance Ombudsman and that the said report was required for taking a final view in the matter. He was also advised to furnish proof of delivery regarding repudiation letter and also send another copy of the same to the complainant.

On the request of the insurer, a letter was sent to the Superintendent of Police, Hissar for expediting the report which had been pending for the last two years.

Eventually, the report of the Chemical Examiner received through fax dated 13.01.2006 confirmed that the analysis of gastric lavage fluid sample gave positive test for halogenated hydrocarbon compound group of insecticide. The insurer informed vide letter dated 28.01.06 that the report confirmed that DLA had committed suicide. Therefore, the death claim was rightly repudiated.

Decision : Held that repudiation was in order as the report of Chemical Examiner confirmed death of DLA due to consumption of poisonous substance within the first year of the policy thereby invoking the suicide clause.

Chandigarh Ombudsman Centre
Case No. LIC / 13 / Karnal / Kaithal / 21 / 06
Shri Harjit Singh
Vs
Life Insurance Corporation of India

Award Dated 02.03.2006

Facts : Late Shri Harcharan Singh who had proposed a policy for sum assured of Rs. 50,000/- on 28.05.2004 died on 31.05.04. Death claim filed by Shri Harjit Singh, his son/nominee was repudiated. He represented to the Zonal Manager for review of the decision. It was stated that at the time of proposing for policy, his father was in good health. But he suddenly had a heart attack, followed by another attack which proved fatal. The claim was repudiated after investigation. The complainant urged that LIC authorities had no evidence to establish that his father was ill or had committed suicide. He pointed out that if the intention was to defraud the insurer, the policy would have been taken for higher sum assured. He further pointed out that purchase of policy turned out to be an ill-omen for the family as he died soon after the purchase of policy. He stated that suspecting an honest client is uncalled for and urged that the claim be settled in his favour.

Findings : Commenting on the complaint, the insured informed vide letter dated 06.12.05 that the proposer died on 30.05.04 i.e. before acceptance or completion of the proposal, as the same was completed on 31.05.2004. As it was an unconcluded contract, the claim was rejected. The claimant was also informed accordingly.

However, the representative of insurer informed during hearing that ZO CRC has considered the claim and payment of Rs. 25,000/- has been approved on ex-gratia basis.

Decision : The complainant was asked to accept the payment and should he feel dissatisfied, he was free to file a complaint again.

Chandigarh Ombudsman Centre
Case No. LIC / 297 / Chandigarh / Malerkotla / 24 / 06
Shri Sakander Singh
Vs
Life Insurance Corporation of India

Award Dated 16.03.2006

Facts : Sakander Singh's brother Late Shri Sukhwinder Singh purchased a policy for sum assured of Rs. 30,000/- from Branch Office, Malerkote in 1997. He nominated his nephew Shri Karamjit Singh, the son of the complainant, as he was unmarried and his parents had already died. He died on 04.08.05 and claim was lodged with the insurer. Requisite documents such as death certificate and the original policy bond were furnished. The claim forms filed was returned with some oral objections. After meeting the objections, the claim form was submitted which was again returned. He stated that when he requested Parsa Singh to list all formalities required to be completed once and for all, he allegedly misbehaved with him. The Branch Manager when approached refused to listen to him on the plea that he has to take work from the employees. He felt aggrieved that his claim has remained unsettled and, therefore, filed a complaint in this office. He sought intervention for settlement of claim without further delay.

Findings : The complaint was referred to insurer for comments. It was stated that as a minor was made nominee under the policy, an appointee was also required to be made. But DLA did not appoint anybody as appointee. The first installment of survival benefit was released in favour of life assured on 08.11.2002. There after, the policy lapsed, which was revived on 24.01.04. The complainant, nominee's father, informed the B. O. Malerkotla about death of life assured and submitted original death certificate, policy bond along with papers for LET waiver. The Divisional Office advised the B. O. to ask for succession certificate and school certificate as documentary proof of age of DLA. Besides, there was nothing on record regarding the marital status and death of parents of DLA. The alleged maltreatment by Shri Parsa Singh and the B.M, Malerkotla was denied.

During hearing on 13.03.2006, the complainant stated that he repeatedly visited the B.O., but the claim remained unsettled. A legal heirs certificate has been demanded, while request for LET waiver together with surety bond and the financial status of the surety was duly verified by ABM (S). He felt that the succession certificate had been demanded to harass him. Parsa Singh had been harassing him as he wanted to issue fresh policy out of the claim amount payable. Voter's card had been submitted as age proof.

The representative of insurer stated as per age indicated in the Voter's ID card, DLA was much younger as compared to age mentioned in the proposal form. It was further pointed out that the competent authority asked for succession certificate for settlement

of claims. It was admitted that the nominee under the policy has still not attained majority and that was why the succession certificate had been called for.

It was not clear why objection regarding age of DLA was raised after having admitted the same at the time of purchase of policy. The policy had run for more than seven years and it was not a material issue for the settlement of claim.

From the perusal of documents submitted by the insured it was amply clear that on the asking of the branch officials requisite documents for LET waiver together with surety bond were submitted. The financial status of surety was duly verified by ABM (S). However, while processing the case in Divisional Office, Cognizance of this request was not taken and arbitrarily succession certificate was called for, treating the title open. As the claim is for a small amount, there is no reason why request for LET waiver duly forwarded by the B. O. should not be considered. The rules provide that on an application by the complainant, the claim can be settled if LET requirements are complied with. Keeping in view the sum assured, request for LET waiver should have been considered particularly when B. O. issued the documents to these complainants and got the surety verified.

Decision : Held that considering the facts and circumstances of the case and lack of application of mind at D. O. level, it was ordered that the claim be settled within 15 days of receipt of order by giving LET waiver which is permissible as per rules.

Chandigarh Ombudsman Centre
Case No. LIC / 034 / Karnal / Hansi / 24 / 06
Smt. Poonam
Vs
Life Insurance Corporation of India

Award Dated 16.03.2006

Facts : Hardeep Singh Berwal purchased a policy on 25.03.2004 for sum assured of Rs. five lakh from BO Hansi and he died on 26.03.2004. His wife / nominee Smt. Poonam completed various formalities and filed the death claim with DO. Since settlement was delayed, she filed a complaint urging intervention for getting the claim amount released to her together with interest @ 18 % for the period of delay.

Sr. Divisional Manager, Karnal failed to furnish comments on the complaint despite various reminders. Hearing of parties was fixed for 11.07.2005.

Findings : During the course of hearing claimant's father urged that settlement of his daughter's claim was inordinately delayed. The matter was got investigated twice. He had sent a letters to the Branch Office for early settlement, but no reply was given. He alleged that LIC authorities were indifferent as the claim was not settled even after a lapse of 1 ½ years. The representative of insurer urged that investigations were on and report was awaited.

In the next hearing on 30.01.2006, the representative of insurer informed that the claim has since been repudiated. He further stated that the signatures of DLA on the medical examination report did not tally with those on the proposal form. Besides, two proposal deposits were got issued separately for sum assured of Rs. 2.50 lakhs each for DLA and his wife Smt. Poonam, but the policy for sum assured of Rs. 5.00 lacs was issued in the name of DLA. The proposal deposit pertaining to DLA's wife was adjusted without any authorization. He mentioned that the conduct of the agent was suspect and his complicity could not be ruled out because he happened to be a relative of DLA. All these facts, he argued, conclusively proved that an attempt was made to conclude the contract after the death of the proposer to defraud the Corporation. However, these

irregularities were not cited as grounds for repudiation. The opinion of handwriting expert was not obtained, without which it could not be confirmed whether the signatures were really forged. The grounds of repudiation are required to be disclosed to claimant. The representative of insurer was, therefore, directed to get the opinion of handwritings expert and disclose all material grounds of repudiation such as alleged forging of signatures on the medical report, if so established by the opinion of handwriting expert, irregular adjustment of amount lying in the proposal deposit for cover for DLA's wife without authority and complicity of the agent etc. by issuing letter of repudiation to the complainant in continuation of earlier repudiation letter, if so required.

In pursuance of these directions, Sr. Divisional Manager issued a letter of repudiation in continuation of earlier letter dated 20.12.2005 after obtaining the opinion of the handwriting expert. On the basis of opinion given by the Forensic Science Laboratory, Madhuban, Karnal, Haryana it was established that life assured did not present himself before the medical examiner at the time of medical examination conducted on 24.03.2004 and presented somebody else on his behalf. It was a case of impersonation to defraud the Corporation. The signature of the person who was medically examined did not tally with those on the proposal form. Besides, an amount of Rs. 13,480/- under BOC No. 13356 which was on the life of his wife, was wrongly adjusted without due authorization contrary to standing instructions. The required premium in respect of proposal no. 11737 for Rs. five lakh given by Shri Hardeep Singh was not deposited. Therefore, the contract with him was unconcluded because of non-receipt of premium prior to his death and the policy bearing no. 173980051 was null and void because of non-receipt of full consideration amount. As the contract is unconcluded, nothing is payable and an amount of Rs. 13,539/- under BOC No. 13354 was being refunded.

Decision : Holding that the decision of repudiation by the insurer was on justifiable grounds, the complaint was dismissed.

Chandigarh Ombudsman Centre
Case No. LIC / 300 / Ludhiana / BO-III / 24 / 06
S/Shri Raj Kumar & Ajay Kumar
Vs
Life Insurance Corporation of India

Award Dated 21.03.2006

Facts : This complaint has been filed by S/Shri Raj Kumar & Ajay Kumar Jointly. Their father Late Shri Des Raj had taken two policies for sum assured of Rs. 1.50 lakh and 2.00 lakh respectively. He joined a group of tourists to visit Vrindavan and reportedly died in a stampede in Barasana, Mathura during "Lathmar holi". The death certificate obtained from Municipal Corporation, Ludhiana was submitted to Branch Unit-III, Ludhiana for settlement of claim, alongwith newspaper cutting of Dainik Jagran as proof of the fact that he had died in a stampede. The complainants were asked by insurer to submit a copy of FIR, PMR etc. for processing the accident benefit claim, which the complainant could not furnish. They complained the despite visiting the BO number of times, the accident claim remained unsettled.

Findings : The insurer reported that the claim for basic assured was admitted and cheques sent for Rs. 1,72,841 and Rs. 2,56,000/- respectively were not encashed by the complainants. Therefore, fresh cheques were sent and further requirements for considering the accident claim were called for, but no reply was received. Besides, FIR & PMR were not furnished. On

account of non-submission of these requirements the cause of death could not be ascertained and the accident benefit claim could not be processed.

During the course of hearing held on 13.03.2006, Shri Raj Kumar, the complainant, stated that while doing parikarma, his father sat down and was run over in a stampede and consequently he died. This was reported in the local newspapers. The police authorities did not take cognizance of the case and F.I.R. was not registered.

The representative of insurer pleaded that the complainants were repeatedly asked to complete formalities required for accident claim, but there was no response. The insured was reportedly taken to local hospital, Barsana but form no. 3816 was not produced despite having been advised many times. It was contended that onus to establish the cause of death was in an accident is on the complainant. Unless irrefutable is given, the claim cannot be considered. The claim was also reported to be doubtful as in the death certificate, place of death is mentioned as Ludhiana. If that be so, the version of the complainants that their father died in a stampede in Barsana could not be relied upon. The complainant tried to establish the fact that the insured died in Barsana on the basis of newspaper reports.

Decision : Held that in the absence of corroborative evidence, it cannot be concluded on the basis of newspaper reports that it was a case of accidental death. Hence the complaint was dismissed. It was further ordered that if the complainant collects credible evidence to establish that the death was by accident, the same should be presented to the insurer for appropriate action.

Chandigarh Ombudsman Centre
Case No. SBI Life / 280 / Mumbai / 21 / 06
Smt. Sarita
Vs
SBI Life Insurance Co. Ltd.

Award Dated 30.03.2006

Facts : Late Shri Santu Parkash husband of Smt. Sarita, the complainant, had taken a Super Suraksha policy from SBI Life Insurance, Dalhousie Road, Pathankot for sum assured of Rs. One Lakh on 03.06.2005 and died on 02.10.2005. Death claim filed by Smt. Sarita was repudiated. She filed a complaint pleading that justice be done to her.

Findings : Ms. Jyotika Singh, Company Secretary, to whom the complaint was referred informed that Shri Santu Parkash was covered by SBI Life Group Insurance Scheme i.e. SBI Life - Super Suraksha Depositors Scheme for the depositors of State Bank of India with effect from 03.06.2005. The member was reported to have died due to liver damage on 02.10.2005 after the coverage had been in force for just over three months. Investigation established that the member was a known case of alcoholic liver disease, cirrhosis of liver and portal hypertension even before he joined the scheme after filling declaration of good health on 30.06.2005. The member had suppressed these material facts and had filed a false declaration. Since the cause of death is directly related to the concealed ailments, the claim was repudiated.

The policy had run for only three months at the time of his death. The discharge summary makes it amply clear that it was a pre-existing disease. The DLA was also suffering from portal hypertension before he joined the scheme. Therefore, the claim was not payable.

Decision : Held that in view of documentary proof furnished by the insurer to the effect that the insured was suffering from pre-existing ailment at the time of taking the policy

which was not disclosed, the decision of the insurers to repudiate the claim was in order.

Chandigarh Ombudsman Centre
Case No. TATA AIG / 202 / Mumbai / Chandigarh / 21 / 06
Smt. Ravinder Kaur
Vs
TATA AIG Life Insurance Co. Ltd.

Award Dated 31.03.2006

Facts : Gurvinder Singh who had taken a policy from Branch Office, Chandigarh died on 20.01.05. The claim filed by his wife, Ravinder Kaur, was repudiated on the ground that DLA suffered from hypertension and this fact was not disclosed at the time of purchase of policy. The complainant contested the grounds of repudiation.

Findings : Sr. Manager (Customer Services) to whom the complaint was referred, informed vide letter dated 25.11.05 that the investigation revealed that the insured had been under treatment for hypertension for four years, which was not disclosed in the proposal form. The company was, therefore, not liable to pay the claim in terms of contract of insurance.

During hearing held on 21.12.2005, complainant reiterated that her husband did not suffer from any disease nor had he taken any treatment and that cause of his death was brain-haemorrhage. The policy remained in force for more than two years. The representative of insurer stated that past history of ailment was revealed in the discharge slip issued by Rajendra Hospital, Patiala. It was argued that there was a strong nexus between hypertension and cause of death.

The representative of insurer was advised to produce documentary evidence with regard to treatment taken by the DLA prior to purchase of policy after investigation. In the subsequent hearing on 27.02.06, the representative of insurer informed that investigations established that DLA had been taking treatment from one Dr. Gandhi on irregular basis and had been buying medicines for hypertension from Shri Parvinder Singh, Chemist, M/s Duggal Medical Hall, Patiala, but both of them refused to give anything in writing nor did they confirm it on a reference from this office.

As the policy has run for over two years, the onus is on the insurer to establish that the life assured was suffering from a pre-existing disease and was in his knowledge at the time of purchase of policy which was not disclosed with a fraudulent intent.

However, the insurer failed to furnish any evidence and the reliance was placed solely on the investigation report.

Decision : Held that In the absence of satisfactory documentary and corroborative evidence to establish concealment of material information at the time of taking the policy, repudiation of claim was not justified and accordingly ordered that the claim be settled as per terms and conditions of the policy.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.05.2313/2005-06
Smt. L. Krishnaveni
Vs
Life Insurance Corporation of India

Award Dated 15.10.2005

Shri. A. Loganathan had taken a New Janaraksha Policy bearing No. 701908253 for Rs. 30,000/-. The risk commenced on 22.03.2004. He died on 28.09.2004 due to

Coronary Artery Heart Disease and Anterior Wall Myocardial Infarction. The complainant Smt. L. Krishnaveni, W/o late A Loganathan, deceased life assured approached the Insurer for claim monies. The Insurer denied the claim on the ground that the assured understated his age in the proposal form and thereby induced them to accept the risk without medical examination and hence there was no legal obligation on the part of the insurer to honour the claim made by the nominee. The complainant approached this Forum for intervention.

A hearing was held on 09.11.2005 and the complainant did not attend the hearing but sent to this Forum her written submission. The pith of her submission was that her husband's insurance was obtained through an agent, who was informed of the correct age of her husband. The Insurer explained that the assured, while mentioning his age as 40 years, declared that he did not have any other standard age other standard age proof. At the time of investigation, they could obtain a standard age proof, according to which, his date of birth was 04.01.61 and his age was 43 at the time of proposing. The disclosure of correct age would have necessitated calling for a medical report and depending on any adverse findings therein, further special medical examinations would have become necessary. He admitted that if the medical report was obtained and the same revealed nothing adverse, they would have charged an extra premium of Rs. 60/- per annum due to higher age.

The Ombudsman observed that there was no evidence to suggest pre-proposal illness and the cause of death was due to Coronary Artery Heart disease and Anterior Wall Myocardial Infarction and the duration was mentioned as only a few hours. Mentioning of correct age i.e. 43 years would have necessitated only a medical report and no special reports would have become necessary. Hence the insurer was directed to pay an amount of Rs. 25,000/- on ex gratia basis. He also observed that the insurer should have taken further care to ensure the correctness of age especially in borderline cases. The complaint was partly allowed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.08.2204/2005-06
Smt. K. Uma
Vs
Life Insurance Corporation of India

Award Dated 30.10.2005

Late Shri P. Paramaguru had taken two policies in 9/2001 and 10/2001, revived one earlier policy and nominated his wife, Smt. K. Uma as the beneficiary. He died on 2.3.2003 due to heart attack. Smt. Uma approached this Forum as the claim was denied by the Insurer on the ground of deliberate misstatements and withholding of material information by the assured at the time of proposing for insurance and reviving the policy.

A personal hearing was held on 12.8.2005. The complainant informed the Forum that her husband was healthy and had never suffered from Sciatica or Lumbo Sacral Disc Lesion. She added that he had availed leave only for house construction in 1998-99. She confirmed that he had undergone Piles operation and used to take alcohol occasionally with friends. The Insurer produced before the Forum the evidences; such as employer's certificate indicating medical leave availed for various ailments during various spells in support of repudiation decision. They also argued that the assured had revived the old policy and taken 2 new policies around the time he was on medical leave and no mention of this was made in the proposal forms or in the personal statement of health.

The Ombudsman however observed that according to Dorland's Medical Dictionary, Sciatica could in no way predispose to Myocardial Infarction. At the same time, the Insurer's contention that there was a clear suppression of material informations, having a bearing on acceptance of risk, could not be ignored. He directed the insurer to pay an amount of Rs. 1,50,000/- under all the policies put together as full and final settlement.

The complaint was partially allowed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.08.2327/2005-06
Smt. P. Chitra
Vs
Life Insurance Corporation of India

Award Dated 31.10.2005

Shri P. Mahalingam had taken a policy bearing No. 730709700 and 710825189 for a sum assured of Rs. 25,000/- and Rs. 40,000/- as per his proposals dateds 10.07.1998 and 30.03.2001 respectively. The proposals were accepted by the Insurer on 11.08.1998 and 28.03.2001. The policy 730709700 lapsed and was revived on the strength of a personal statement of health on 12.08.2003. The assured died on 11.03.2004 due to jaundice and liver related disease. The complainant Smt. P. Chitra, W/o late P. Mahalingam, deceased life assured approached the Insurer for claim monies. The Insurer denied the claim on the ground that the insured had suffered from Chronic Liver Disease, Portal Hypertension, Splenomegaly and Diabetes and had taken treatment in a hospital before commencement of his risk but the same was not disclosed by him to them and thus he made deliberate misstatements and withheld material information and the policies were declared null and void. The complainant approached this Forum for intervention.

A hearing was held on 28.10.2005 and both the parties were present. The complainant informed that he died suddenly on 11.03.2004. She admitted that her husband had suffered from Jaundice and Diabetes and was taking treatment for Diabetes. She said that she was unaware of what transpired between her husband and LIC agent. The Insurer informed that the assured had taken two policies of which one policy lapsed and was revived on 11.08.2003. They had evidence to prove that he suffered from Chronic Liver Disease, Portal Hypertension, Splenomegaly and Diabetes Mellitus prior to reviving under the first policy and prior to proposing under the second policy and established suppression of material information, at the time of revival under the first policy and in the proposal for the second policy.

The Ombudsman observed that there was clear suppression of material information at the revival stage of the first policy and proposing for the second policy. However, the Insurer was directed to make payment of paid-up value and bonus under policy no. 730709700 as had already been offered by them.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.08.2322/2005-06
Shri S. Deenadayalan
Vs
Life Insurance Corporation of India

Award Dated 31.10.2005

Shri S. Deenadayalan approached this Forum regarding non-settlement of death claim under the policy held by his wife B. Vijayalakshmi. She had taken 4 policies. She died on 16.5.2004 in a fire accident. The Insurer denied the claim on the ground that the assured had made deliberate misstatements and withheld material information regarding her health and medical leave availed while proposing for insurance.

A personal hearing was held on 27.10.2005 when both the parties were present. The complainant, while denying the fact that his wife was suffering from Bronchitis, stated that his wife had an abortion but could not remember the details and had availed medical leave only for domestic work. He added that she died in a fire accident caused by a gas-stove burst. He held the agent responsible for non-disclosure of details in the proposal form. The Insurer produced evidence of the assured's medical leave for abortion and Bronchitis for symptoms of cold and fever.

The Ombudsman observed that the Insurer would not have denied insurance to the client even if a mention was in the proposal form, of the abortion done for reasons other than health and the common cold and cough and the death was due to an accident. The policies had run for more than 2 years and repudiation action taken after 3 years and Sec 45 of Insurance Act was applicable. And as such, the Insurer could not prove fraudulent material suppression by the assured. Hence he allowed the claim. The complaint was allowed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.08.2328/2005-06
Smt. D. Mary Sasikala
Vs
Life Insurance Corporation of India

Award Dated 31.10.2005

Late A. Daniel had taken a policy for one lakh with Vellore Division. The risk commenced on 20.11.2000. He died on 11.05.2002 due to heart attack. Smt. D. Mary Sasikala, the wife and the nominee under the policy approached this Forum when the Claim was denied by the Insurer for material suppression and misstatements relating to previous insurance made by the assured while proposing for insurance on 20.11.2000.

Both the Insurer and complainant were present at the hearing held on 28.10.2005. The complainant contended that the proposal was filled in by the agent and not by her husband who was Railway Engineering Workshop Employee and on the day of death her husband collapsed on the platform and died. The post-mortem report certified heart attack as cause of death. He was in good health except the amputation of the right arm and also had no sugar complaint, she said. The Insurer contended that had the previous policies been mentioned in the proposal form, they would have called for ECG and other reports. The Railway hospital reports had confirmed presence of Tachycardia in 2001 and the death was also due to heart attack and thus, the Insurer argued, they were deprived of a chance of proper risk assessment.

The Ombudsman however made a reference to the same Railway Hospital Reports where the assured had been referred as 'not a known case of HT/DM/IHD or PT and no history of chest pain and observed that the Insurer could throw light only on the post-proposal illness and disposed off the complaint in favour of the complainant.

The complaint was allowed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.03.2003/2005-06
Smt. M. Devika

Vs
Life Insurance Corporation of India

Award Dated 31.10.2005

Smt. M. Devika complained to this Forum regarding non-settlement of death claim by the Insurer, under the policy held by her late husband S. Mohanraj on the plea that the policy was in lapsed condition at the time of death. The risk under the policy commenced on 28.9.2000. The premium due 28.6.2003 was not paid and the assured died on 6.8.2003.

A personal hearing was held on 29.9.2005. The complainant deposed that her husband was not well and therefore could not pay the premium. And he died suddenly. She added that they were not aware that the policy would lapse if 3 years' premiums were not paid and the agent had also failed to inform them of this condition. The Insurer contended that the policy was in lapsed condition on the date of death and they had settled paid-up value with accrued bonuses as a special case, even though the premiums were not paid for a minimum period of 3 years.

After hearing both the parties, the Ombudsman directed the Insurer to pay 75 % of the basic sum assured on ex-gratia basis.

The complaint was partially allowed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.08.2303/2005-06
Smt. K. Malavathy

Vs
Life Insurance Corporation of India

Award Dated 31.10.2005

Smt. K. Malavathy, W/O late P. Kannadasan, preferred a complaint with this Forum against repudiation of death claim by the Insurer under husband's policy, under the pretext that her husband did not disclose details of his suffering from HIV +ve made misstatements and withheld material information, while proposing for insurance on 29.10.2003. The risk under the policy had commenced on 28.10.2003 and the assured died on 3.5.2004.

A personal hearing was conducted on 27.10.2005 and both the parties to the dispute were present. The complainant stated that though her husband was being treated at Govt. Hospital for some ailments, they were not aware that he had AIDS. The Insurer produced before this Forum the details of treatment for HIV+ve during pre-proposal period and the diagnosis done on 22.10.2003.

On hearing the arguments put forth by both the parties, the Ombudsman opined that the Insurer could clearly prove material suppression of facts and as the repudiation action was taken within 2 years of policy, it was not necessary to prove fraudulent suppression by the assured as codified in terms of second part of the Section 45 of the Insurance Act.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.01.2325/2005-06
Smt. Padma Kannan

Vs
Life Insurance Corporation of India

Award Dated 14.11.2005

Shri R. Kannan had taken a policy bearing No. 712080003 for a sum assured of Rs. 25,000/- as per his proposal dated 29.07.1993. The policy was accepted by the insurer on 04.06.1993. The policy lapsed and was revived on the strength of a personal statement of health on 10.03.2004. The assured died on 25.06.2004 due to Secondaries to Astrocytoma Left Parietal Lobe. The complainant Smt. Padma Kannan, W/O late R. Kannan, deceased life assured approached the Insurer for claim monies. The Insurer denied the claim on the ground that the assured had suffered from Left Parietal Astrocytoma Grade III and had taken treatment in a hospital and got operated before revival of the policy on his life but the same was not disclosed by him in the personal statement of health to them and thus he made deliberate misstatements and withheld material information and hence the policy was declared null and void. The complainant approached this Forum for intervention.

A hearing was held on 08.11.2005 and both the parties were present. The complainant informed that she did not know as to what her husband mentioned in the personal statement and what he told the LIC examiner. She contended that her husband, due to memory loss, had not mentioned the surgery underwent by him and the same was not intentional. The Insurer explained that the policy got revived last on 10.03.2004. The assured died very shortly therefrom. They had evidence to show that he had brain tumour and was operated upon for the same before revival of the policy. They had however, offered paid-up value and accrued bonus, which worked out to Rs. 13,350/-. They also paid the second survival benefit taking the revival as valid. The assured took a loan on the policy for Rs. 11,740/- and there was a due interest of Rs. 308/-. Since the revival was invalidated, the survival benefit was also recoverable. As such the amount recoverable worked out to Rs. 18,308/- whereas the paid-up value was only 13,350/-, necessitating the complainant to pay back to them an amount of Rs. 4,958/-.

The Ombudsman observed that there was clear breach of the principle of "Utmost good faith" and material suppression of vital information at the revival stage under the policy was clearly proved. He felt that the insurer could consider waiver of recoverable amount from the complainant as a special case. He suggested stringent action should be taken against the agent and the medical examiner.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.04.2310/2005-06
Smt. V. Jayabhagyalakshmi
Vs
Life Insurance Corporation of India

Award Dated 29.11.2005

Dr. Vadivel Murgan of Madurai took a proposal from LIC of India, Madurai Division, for Rs. 10,00,000/- vide his proposal no. 5003/2002 dated 12.09.2002. The proposal was not accepted and did not result into a policy as on the date of death of the proponent in a road traffic accident on 26.09.2002. The Complainant's claim for the policy monies was rejected by the insurer on the ground that the proposal was not accepted and there was no concluded contract. This decision was challenged before this forum.

The Proposal was dated 12.09.2002. The requisite first premium was remitted on 12.09.2002. The proposal papers were received by LIC office on 16.09.2002. Special medical reports for assessment of risk were obtained by the proponent and given to the insurer on 19.09.2002. The proposal papers were forwarded to Madurai Divisional Office by Tallakulam Branch for their underwriting decision on 24.09.2002. Madurai Divisional Office of LIC, after scrutinising the papers, called for proof of income in the

form of I.T. Assessment Orders and sent communication to their Branch, which was received by the branch on 26.09.2002. Even before the said requirement was conveyed to the proponent, the proponent died in an accident on 26.09.2002.

The records clearly evidenced that the basic proposal papers were received by LIC on 16.09.2002. The special medical reports were received by them on 19.09.2002. The Divisional office of LIC was processing the papers at the time of death. It was clear from the records that LIC had not accepted the proposal, pending proof of income from the proponent. As such, no concluded contract arose as on the date of death of the proponent. However, LIC Central Office on a review of the case, decided to grant an amount of Rs. 30,000/- as an ex-gratia to the complainant, which the complainant accepted and the amount was also received by her giving a final discharges to LIC. She, yet again, approached this forum.

On going through the records, this forum concluded that there was no concluded contract in this case and no amount of claim was payable to the complainant. While so deciding, this forum placed reliance on the Judgement of Hon'ble Supreme Court in Life Insurance Corporation of India vs Raja Vasireddy Komalavali Kamba and others (1984) 3 SCR 350. This forum also found no violation of IRDA instructions relating to time-frame within which the proposals should be processed and held that there was no delay on the part of the insurer in processing the proposal papers. This forum found fault with the decision of LIC in granting ex-gratia of Rs. 30,000/- but stopped short of advising recovery.

The complaint was, therefore, held to be of no consequence and accordingly dismissed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.08.2372/2005-06
Shri N. Ramanan
Vs
Life Insurance Corporation of India

Award Dated 29.11.2005

Late R. Krishna Murthy of Neyveli took three policies of insurance on his life with LIC of India, Neyveli Branch for a sum of Rs. 1,50,000/- in July and October 2002. He nominated his father Shri N. Ramanan under the policies. Mr. Krishnamurthy died on 09.01.2004 due to Myeloid Leukemia. The Complainant's claim was repudiated by the insurer on the plea that material information relating to the assured suffering from Acute Myeloid Leukemia prior to proposing was not disclosed in the proposal. The complainant wanted a review of the case by this forum.

All the case records were called for and perused. Both the contending parties were heard. The hospital records from C.M.C. Hospital, Vellore and also Neyveli Lignite Corporation Hospital were gone through. These records and on further diagnosis was found out to be a case of 'Acute Myeloid Leukemia'. He was treated in CMC Hospital, Vellore and Neyveli Hospital for this ailment right from 05/2001 and his treatment continued till his death. Various diagnostic tests were conducted. He was given chemotherapy treatment continuously. Even Bone Marrow was attempted. The cause of his death was also 'Acute Myeloid Leukemia'. It bore out from the records that even a year before the proposals, he was diagnosed to be suffering from Leukemia and was on continuous treatment. He was an educated young man, working as an Engineer, and thus could definitely be aware of what his ailment was and its serious implications on his longevity of life.

Non-disclosure of such vital information in the proposal, while going in for insurance, was a clear breach of the golden principle of 'utmost good faith', which can vitiate the contract of insurance. As such, the insurer's decision to repudiate the claim, in the face of direct and absolute evidence, could not be faulted and the same was upheld.

The complaint was, therefore, **dismissed**.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.02.2302/2005-06
Smt. S. Balagujam
Vs
Life Insurance Corporation of India

Award Dated 30.11.2005

Shri R. Selvaraj of Kovilur took a policy of insurance on his life for Rs. 87,250/- from LIC in 05/2001 and nominated his wife Smt. S. Balagujam under the same. He died on 24.08.2002 due to heart attack. The claim of the complainant for policy monies was rejected by the insurer on the ground that the assured deliberately suppressed in the proposal information relating to his suffering from various ailments in the pre-proposal period. The complainant challenged the said decision before this forum.

All the documentary evidence and relevant case papers were collected and the same were gone through scrupulously. Both the contending parties were also heard. The insurer's main contention was that the relevant questions in the proposal eliciting information relating to health were falsely answered thereby misrepresenting to them that the assured was in good health. In fact, the assured suffered from uncontrolled hypertension and mild renal failure and had continuous monitoring treatment in a reputed hospital. The complainant denied any knowledge about these ailments.

The insurer produced case sheets from C.M.C. Hospital, Vellore. The case sheets revealed that the assured first consulted them on 30.12.97. He was advised to go there by eye surgeon for controlling his hypertension. He was put on a course of hypertensive drugs and he was continuously monitored. His blood pressure continued to be high throughout. He also developed renal problem later on and was diagnosed to have 'mild renal failure'. He underwent renal biopsy also. He was put on a course of renal drugs. He was visiting Nephrology Department for review and treatment periodically right from 05/98 to 03/2001. His Blood Pressure readings were recorded as very high, his lipid profile was adverse and the Creatinine Level recorded was on increase. His condition in the final analysis was recorded as 'uncontrolled hypertension and impaired renal condition'. All the ailments detailed and the treatment therefore was in the pre-proposal period. The assured was an educated man, having been in decent employment and could not be said to be ignorant of the importance of these details for risk assessment. There was a clear breach of the golden principle of 'utmost good faith' and hence the insurer's decision was well-founded and legally and factually justifiable.

The complaint, therefore, is dismissed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.04.2351/2005-06
Smt. V. Krishnammal
Vs
Life Insurance Corporation of India

Award Dated 30.11.2005

Smt. V. Krishnammal lodged a complaint with this forum that LIC of India, Madurai Division refused to pay her the claim under the policy on her deceased daughter's life. The Insurer's contention was that the assured suppressed information relating to her health in the proposal thereby breaching the principle of 'utmost good faith'. All the relevant records have been called for and perused. Both the contending parties were called for a personal hearing.

The assured took a New Janaraksha Policy with LIC for Rs. 30,000/- as per proposal dated 30.01.2004. The assured died on 11.11.2004 due to AIDS. The Insurer contended that the assured suffered from AIDS a year and a half prior to proposing and that she also died of AIDS within a short time of taking the policy. This non-disclosure of vital information, needed for proper assessment of risk by them, made them to repudiate the claim under the policy, the insurer contended. The complainant contended that her daughter had no knowledge of her affliction with AIDS while taking the policy and she came to know of the same much later. She stated that her daughter was admitted in a hospital for treatment of AIDS only on 18.08.2004.

Hospital reports and the Discharge Summary from Jeevan Jyothi Hospital were produced by the insurer. The Certificate of Hospital Treatment and Medical Attendant's Certificate were also produced. The hospital records, while confirming that the assured was admitted in their hospital on 18.08.2004 and was treated upto 11.11.2004, the date of her death, mentioned that the symptoms of AIDS persisted for well over 3 years. The hospital records further mentioned that her husband died of AIDS 4 ½ years back. At the time of admission in the hospital, it was also recorded that the assured was a known case of HIV+ve for well over 4 years. The Insurer's investigator in his report also recorded that his enquiries revealed that the assured was suffering for long from AIDS and that she died of AIDS. Thus the medical and circumstantial evidence available clearly established the affliction of the assured with AIDS much prior to proposing and as such it was concluded that there was a clear material suppression while proposing.

Hence the complaint failed and the same is, therefore, **dismissed**.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.08.2329/2005-06
Smt. Jabeen Banu
Vs
Life Insurance Corporation of India

Award Dated 30.11.2005

This forum received a complaint from Smt. Jabeen Banu of Salem that LIC of India, Salem Division repudiated her claim under the policy on the life of her husband (late) Sheik Abdulla. She wanted this forum to reopen the case and do justice to her. The Insurer repudiated the claim on the ground that the assured materially suppressed information relating to his health in the personal statement of health submitted at the revival of his policy.

All the case records have been received and perused. Both the contending parties were called for a personal hearing and their submissions recorded. The assured had taken a policy of insurance in the year 1996, which lapsed due to non-payment of premiums. The policy was revived on the strength of a personal statement of health dated 30.07.2002. The Insurer's contention was that at the time of revival the assured had not mentioned in the personal statement of health his suffering from Allergic Bronchitis, Obesity and Hypertension and the treatment he had for the same and as such the revival was null and void due to material suppression. The complainant

pleaded that her husband was hale and healthy and but for an occasional cold, he never suffered from the alleged ailments.

The Medical Identity Book from Neyveli Lignite Corporation was produced before this forum. There was an entry in the said book in 09/93 about the assured undergoing an X-ray of Chest, whereupon he was diagnosed to have Allergic Bronchitis. In the years 1995 and 1996, there was a mention about Bronchial Asthma and prescription of medicines therefor. In April 1994, there was a mention that he was weighing 84 k.gs and was advised to follow a 'diet chart'. The blood pressure recordings, lipid profile and impression of E.C.G. all taken on different dates showed normal readings. There were, however, recordings on three occasions of high blood pressure readings. In July 2002, there was a recording that he was a known hypertensive, not on regular treatment, at which time his blood pressure was high. He died in 03/2003 due to sudden cardio-respiratory arrest. Thus, though there was no direct and conclusive evidence to prove that the assured was seriously ill, there were indications in the recordings in the medical book that all was not well with the assured's health. Disclosure of these details would have given the insurer an opportunity to further probe into the case before reviving the policy. This forum, therefore, felt that the case of both the contending parties had to be viewed from the angle of 'equity and natural justice' and hence decided that an amount equal to 50 % of the sum assured be given to the complainant as an ex-gratia payment.

The Insurer is directed accordingly and the complaint is partly allowed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.06.2321/2005-06
Smt. N. Selvi
Vs
Life Insurance Corporation of India

Award Dated 30.11.2005

A. complaint was lodged by Smt. N. Selvi of Trichy, a nominee under a policy taken by Late K. Nagaraj that her claim under her husband's policy was repudiated by LIC, Tanjore Division. She sought the intervention of this forum to arrange for payment of claim amount. The insurer repudiated the claim on the ground that the assured suffered from Diabetes Mellitus from 1999, which fact was not disclosed in the proposal in 11/2003 leading to material suppression.

This forum obtained all the case papers from both the parties. A personal hearing of both the parties was also arranged. The Insurer contended that the assured suffered from Diabetes Mellitus for about 5 years. He died within 21 days of taking the policy due to heart attack. This fact of suffering from diabetes mellitus was not mentioned in the proposal leading to misrepresentation relating to material facts, which necessitated repudiation of the claim. The complainant stated that she did not have any hospital reports, prescription slips of her husband and the records from the hospital were already collected by the insurer. She explained her poor financial condition and requested the forum to consider her case favourably.

The insurers based their decision on the the opinion of their medical referee that diabetes can cause ischemic heart disease. They collected a letter from Dr. S. Seetharaman of Rasi Clinic that the assured was treated by him from 2000 to 2002 for Diabetes. They also brought forth blood investigation reports taken on various dates, which showed above normal sugar levels. They could also collect some prescription slips for treatment of diabetes. But in the medical attendant's certificate given for

terminal illness, there was no reference to diabetes mellitus as a pre-existing or co-existing disease.

In the absence of fool-proof evidence of long-standing and uncontrolled diabetes, which would definitely contribute to heart attack and also in the absence of any specific reference to the co-existence of diabetes in the terminal medical reports, it could not be authentically concluded that diabetes in this case was very serious and had caused deleterious effect on his general health, leading to his death. However, there was non-disclosure of the information about treatment of diabetes. Hence this forum decided that this claim be allowed on an ex-gratia basis to the extent of 75 % of the sum assured.

The Complaint is **Partly Allowed**.

Chennai Ombudsman Centre
Case No. IO(CHN)/L-074/2005-06
Smt. R. Rajamani
Vs
Life Insurance Corporation of India

Award Dated 07.12.2005

Smt. R. Rajamani, the complainant approached this forum seeking its intervention in the dispute between her and LIC of India, Vellore Division. Her husband Late D.Rajavanniyan took a policy of insurance on his life for Rs. 50,000/- on 13.05.2004 and nominated the complainant, his wife, under the policy. He died on 25.09.2004 due to hyperactive Interior Wall Myocardial Infarction & Cardio-respiratory arrest. The complainant's claim was rejected by the insurer on the ground that the assured did not divulge in the proposal his previous insurance particulars, which deprived them of an opportunity to call for special medical reports before properly assessing the risk on his life. Smt. R. Rajamani challenged the above decision of the insurer before this forum.

This forum called for, received and scrutinized all the relevant documents. This forum also conducted a personal hearing of both the parties in the matter. It came to light that the assured had taken two policies in 03/2004 for Rs. 30,000/- each, the details of which he had not mentioned in the proposal in 5/2004, even though there was a specific question eliciting that information. This resulted in the insurer's underwriting risk without calling for special medical reports like ECG and Fasting Blood Sugar report before underwriting. These reports would have thrown proper light on the correct health condition of the assured at the time of underwriting risk in 05/2004, the insurer contended. Thus this non-disclosure became material from their point of view, the insurer added. The complainant explained that her husband was maintaining good health throughout and that his death was sudden. She, while agreeing that LIC paid claims under the other two policies, pleaded for settlement of claim under this policy also.

It was clear from the records that there was misrepresentation to the extent of non-mention of previous policy details in the proposal. But from all the medical evidence produced, there was nothing to indicate that the assured suffered from any heart ailment at any point of time. Even the report of terminal illness recorded that the terminal heart ailment was sudden and of two-hour duration only. The Employer's Certificate categorically mentioned that the assured did not avail any medical leave for periods exceeding 3 days. These positive facts of information did not support the insurer's contention that the calling for special reports would have thrown out details of adverse health condition and, as such, this non-disclosure, though was a suppression,

could not be viewed as 'material suppression' in view of the circumstantial evidence available.

However, this forum took notice that there was non-disclosure of important information in the proposal and to that extent there was lapse on the part of the assured. In the circumstances, this forum felt that this case should be looked into from the angle of 'equity and natural justice' and therefore decided that an amount equal to 75 % of sum assured be given to the complainant as an ex-gratia payment.

The Complaint is, accordingly, **partly allowed**.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.06.2380/2005-06
Smt. R. Rupini
Vs
Life Insurance Corporation of India

Award Dated 07.12.2005

Smt. R. Rupini, D/O Smt. R. Vasantha (late) preferred a complaint with this forum against LIC of India, Thanjavur Division for having rejected her claim under the policy on the life on her mother. The assured took a policy for Rs. 30,000/- on her life under New Janaraksha Plan on 08.11.2003. She died on 26.08.2004 due to heart attack. The claim under the policy was repudiated by the insurer on the ground that the assured in her proposal dated 03.11.2003 misrepresented to them about the life of her husband, which amounted to material suppression.

All the documentary evidence relating to the case obtained and perused. Both the contending parties were called for a personal hearing and their submissions recorded. The Insurer contended that the assured mentioned in the proposal that her husband was aged 42 years and was alive whereas it came to their knowledge during investigation that he died in 05/2001 itself. Had this correct information in the family history been available, they would have categorized this life on a different footing as a 'widow' and the underwriting rules for covering risk would have entirely been different. They would be required to call for further medical requirements and moral hazard report before underwriting risk and insurance under the New Janaraksha Plan would not have been given. Since this opportunity for proper risk appraisal was denied to them, they repudiated the claim, they put forth. The complainant pleaded that LIC agent only had filled the proposal form and her mother had only put her hand to it and, as such, she should not be penalized for the fault of the agent.

The insurer produced death certificate of the assured's husband and the family card to buttress their contention that her husband died much earlier to proposing for this insurance. It was clear from the above evidence that the husband of the assured died on 12.05.2001 itself and the family history in the proposal was falsely given. But the insurers did not raise any other contention of material suppression relating to the health of the assured nor did they raise any plea that her husband died of any particular ailment, the ill-effect of which was passed on to her. Their only contention was that furnishing of correct information would have necessitated calling for different requirements like medical report and moral hazard report. Moral Hazard Report generally takes care to preclude 'absence of insurable interest', which in this case was very much present since the assured had income of her own and also has dependants. No other adverse feature relating to social & health background was evident. Insurance would, nevertheless, be granted to her, if not under this plan, under an endowment plan. Due to her death in these circumstances, no special benefit available under New Janaraksha plan became payable and what was payable was only the benefit as would

be applicable to endowment policies. There was, however, untrue averment relating to some important information in the proposal which was taken cognizance of by this forum.

In the light of the peculiar circumstances of the case, forum felt that the interests of both the contending parties have to be cared for from the angle of 'equity and natural justice' and hence this forum decided to grant an ex-gratia payment equal to 75 % of the sum assured to the complainant. The insurer is directed to act accordingly. **The complaint is partly Allowed.**

Chennai Ombudsman Centre
Case No. IO(CHN)/21.07.2391/2005-06
Smt. V. Mariammal
Vs
Life Insurance Corporation of India

Award Dated 07.12.2005

Smt. V. Mariammal of Tuticorin lodged a complaint with this forum against LIC of India, Tirunelveli that her claim under the policies on the life of her husband was repudiated by LIC and she sought the intervention of this forum in arranging for payment of the claim. The assured late A. Velayutham took two policies for Rs. 30,000/- each in 08/2003. He died due to cardio-respiratory arrest on 17.12.2004. The insurer contended that they resorted to repudiation as the assured suppressed in the proposal material information to his suffering from various serious ailments in the pre-proposal period.

This forum collected all the relevant documentary evidence from both the parties and also conducted a personal hearing of the parties. The insurer's main contention was that the assured suffered from major ailments like Myocardial Infarction, Hypothyroidism, Dyslipidaemia, Diabetes Mellitus and had treatment for the same in a hospital nine months prior to his proposing for insurance. These facts were not disclosed in the proposal by falsely answering question nos. 11 (a) to 11(i), leading to material suppression, they pleaded. The complainant contended that her husband never suffered from any ailment and was regular in attending to his official duties. Her husband's death was sudden and unexpected.

The insurers submitted to this forum medical records from Sundaram Arulraj Hospital of Tuticorin. According to these reports, the assured admitted in the hospital on 01.11.2002 with complaints of 'retrosternal chest pain'. ECG taken showed 'Hyper Acute Anterior Septal Myocardial Infarction'. The chronic risk factors in his case were recorded as 'smoking, diabetes, hypothyroidism and dyslipidemia'. Very high blood sugar levels were noticed. Lipid profile showed very high Cholesterol levels. Thyroidism test revealed hypothyroidism. Echocardiogram taken showed Coronary Artery Disease involving IVS & Inferior Wall. He was treated in the hospital upto 11.11.2002 and on discharge was advised to quit smoking and alcohol. It is pertinent here to note that his death was the result of cardio-respiratory arrest. All this suffering and treatment therefore was in the pre-proposal period Thus the insurer with irrefutable documentary evidence established material suppression in the proposal.

Thus it was clear that there was a clear breach of the golden principle of 'utmost good faith', vitiating the contract of insurance and leaving open to the insurer the options of avoiding of the contract. Thus the insurer's repudiation action could not be faulted and the same was, therefore, upheld.

The complaint is **dismissed**.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.08.2300/2005-06
Smt. T. Usha Rani
Vs
Life Insurance Corporation of India

Award Dated 07.12.2005

This forum received a complaint from Smt. T. Usha Rani, a nominee under policies on the life of late M. Thirumaran of Kothanur. Her contention was that LIC of India, Vellore Division repudiated her claim under policies on the life of her husband and she requested this forum to review her case favourably. The assured, who was a school - teacher, took two policies with LIC of India for Rs. 50,000/- and Rs. 52,000/- respectively on 11.10.2003. He died on 06.01. 2004 due to chest pain. The complainant's claim was rejected by the insurer on the ground that there was material suppression in the proposal relating to the ailment suffered by the assured in the pre-proposal period.

All the relevant documents were obtained and the same were gone through. The parties to the complaint were also heard. The insurer contended that the assured did not divulge in the proposals his suffering from pulmonary tuberculosis, treatment taken therefor, the medical leave availed etc, which tantamounted to material suppression of vital information. They contended that the assured was an educated man and knew the implications of his non-disclosure and as such they repudiated the claim on the policies. The complainant denied having any knowledge of her husband suffering from tuberculosis and further stated that the leave availed by him was for purpose of constructing a house.

The insurer produced before this forum the In-patient Certificate from Government Hospital of Thoracic Medicine, Cuddalore. They also produced, on advise from the Ombudsman, a detailed medical certificate incorporating full details of the treatment given to the assured. From these certificates, it bore out that the assured suffered from Tuberculosis and was treated in the hospital as an in-patient for 78 days. His ailment was diagnosed as 'heavy sputum positive pulmonary tuberculosis' and he was treated with Cat-I Anti-Tubercular drugs. After completion of treatment in the said hospital, he was also referred to a local hospital for further review and treatment. He availed medical leave for 78 days during the period of this treatment, as vouchsafed by the medical certificates given for medical leave availed by him. The medical leave was forwarded to the medical board, which approved the leave. Thus there was very clear evidence of the assured suffering from tuberculosis, getting treatment therefor being on medical leave for the said period. All this information was very vital for the insurer's proper assessment of risk and non-disclosure of the same in the proposal was a clear wilful material suppression. Thus there was a clear breach of the principle of 'utmost good faith', which forms the basis for any contract of insurance.

This forum therefore, found that the insurer's decision to repudiate was both legally and factually tenable and hence upheld the same.

The Complaint is found to be of no substance and hence **dismissed**.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.05.2350/2005-06
Smt. K. Nagarathinam
Vs
Life Insurance Corporation of India

Award Dated 08.12.2005

Late K. Thiruvengadam of Chennai took a policy of insurance with LIC of India, Chennai Division - II under Jeevan Mitra Triple Cover Plan of LIC for Rs. 1,00,000/- on 15.10.2003. He nominated his mother Smt. K. Nagarathinam under the policy. The assured died on 18.08.2004 of Hepatic Encephalopathy and Hepato-renal Shutdown. The complainant's claim was rejected by the insurer on the ground that the assured suppressed in the proposal information relating to the operation he underwent for Fissures in Ano and Piles and the medical leave availed by him prior to proposal. The complainant challenged the insurer's decision before this forum.

All the relevant documents relating to the case were obtained and scrutinized. Both the contending parties were granted personal hearing and their submissions recorded. The Insurer's main contention was that the assured underwent surgery for Fissures in Ano and Piles six months prior to proposing and was on medical leave for considerable period in the pre-proposal period. The policy was given under a triple-cover plan, covering very high risk and had these details about medical leave and surgeries been disclosed to them, their underwriting decision would have been accordingly different, which opportunity was denied to them, they averred. The complainant, while agreeing that her son underwent surgeries as stated by the insurer, informed that they did not mention the same in the proposal, as they considered it to be of little consequence. She further informed that her son had jaundice and was treated therefore and died due to chronic liver failure. This forum called for medical opinion from the insurer's medical referee as to the nexus between 'piles and liver failure'. The insurer submitted details of treatment at the time of piles operation. They also produced proof for the assured availing medical leave on two different occasions. They brought forth details of his treatment for jaundice and chronic liver failure. They obtained their medical referee's opinion and forwarded to this forum. The medical referee opined that the assured must be suffering from Chronic Active Hepatitis with Cirrhosis and that his liver ailment would have pre existed even prior to proposal. The doctor further opined that Jaundice could lead to bleeding disorders and the bleeding per rectum itself could have been secondary to Liver Cell Disease and thus there was correlation between the two. Even the medical literature on Liver Ailments reveal that 'complications of liver cell disorder can result in easy **bruising and bleeding** due to slowing down or stoppage of production of proteins for blood clotting.'

In the light of direct and clinching evidence about the pre-existing ailment, treatment and about the medical leave availed and non-disclosure of the same in the proposal and also in view of non-operation of Sec. 45 of Insurance Act in entirety, it is decided by this forum to uphold the repudiation action of the insurer.

The Complaint is, therefore, **dismissed**.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.03.2312/2005-06
Smt. K. Perumayee
Vs
TATA AIG Life Insurance Co. Ltd.

Award Dated 08.12.2005

TATA AIG Life Insurance Company issued a policy of life insurance for Rs. 20,000/- to Shri K. Elayaraja on 28.03.2004 with accident Benefit Rider. Shri K. Elayaraja nominated his mother Smt. K. Perumayee under the policy. He died on 10.04.2005 in a two-wheeler accident. Smt. K. Perumayee preferred the claim on her son's policy with TATA AIG but the same was repudiated by the insurer on the ground that the assured

suppressed material information relating to his health in the proposal. The complainant challenged this decision of the insurer before this forum.

This forum called for and received all the relevant documents from both the parties and the same were perused. A personal hearing of the parties was also arranged. The insurer's contention was that the assured was under consultation and treatment for kidney failure in the pre-proposal period which was not disclosed in the proposal. Since the said information was relevant for consideration of risk and since the same was not divulged to them, they repudiated the claim, they added The complainant categorically stated that her son was enjoying good health. She added that he died in a road-traffic accident, when he fell down from the bike. He was not taken to any hospital and accident was also not reported to the police, since he died within a short time of the accident.

The Insurers, in support of their contention that the assured suffered from kidney ailment, produced to this forum Lab Reports given by Satish Medical Laboratory of SKS Hospital. The hospital and lab report recorded that the assured was registered as an out-patient for Dr. R. B. Nair, a Nephrologist of their hospital. No other record pertaining to details of the ailment and treatment was available. The lab reports showed adverse readings of 'Blood Urea' and Serum Triglycerides. But the other cholesterol parameters are within normal limits. Except this solitary lab report, where abnormal blood urea readings were noted and a mention that Mr. Elayaraja was registered as an out-patient of their Nephrologist, no other concrete evidence relating to the actual ailment and treatment therefor could be produced by the insurer. During the hearing, the insurer was given further time to come forward with concrete evidence to buttress their stand. Even after a lapse of nearly 50 days, the insurer did not come forward with any evidence.

Thus the insurers' case suffers from inadequacy of evidence. The insurer also did not dispute the fact of accidental death and thus the death was due to a totally independent cause. At the same time, the complainant could not also bring forth any concrete recorded evidence like Police Inquest Report and Post-mortem Report etc to substantiate her claim for accident benefit. In the circumstances, this forum decided to allow to the complainant only the basic sum assured under the policy without accident benefit payment.

The complaint is thus **partly allowed**.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.03.2315/2005-06
Smt. K. Baby
Vs
TATA AIG Life Insurance Co. Ltd.

Award Dated 08.12.2005

Shri G. Kathirvel of Tirupur insured his life with TATA AIG Life Insurance Company for Rs. 2,00,000/- on 10.03.2004. Smt. K. Baby, w/o Shri G. Kathirvel was nominated thereunder. The assured died on 07.04.2005 due to Bilateral Cerebellar Infarct. The insurer repudiated the complainant's claim on the ground that the assured did not disclose in the proposal his having undergone Coronary Angioplasty prior to proposal. The complainant challenged the insurer's decision.

All the relevant case records were received and scrutinized. Both the contending parties were called for a personal hearing and their oral submissions were recorded. The insurer contended that the assured underwent angioplasty twice in 1998, which was not divulged to them in the proposal. Since this information was very vital for them

to underwrite the risk and since the information relating to health was misrepresented to them, they resorted to repudiation of the claim, they put forth. The complainant stated that her husband never suffered from any ailment and had never taken any treatment in any hospital. The allegation that her husband underwent angioplasty was utterly false, she argued.

The Insurer produced before this forum two hospital reports containing details of treatment given during terminal illness of the assured, which was brief and sudden. During the course of this treatment, the assured was treated in three different hospitals. The reports from the second and third hospitals were submitted to this forum. In the second hospital report, in the previous history column, there was a mention 'PTCA twice in 1998.' His risk factors were noted as 'smoking, alcohol, diabetic and hypertensive.' No further details about the surgery in 1998 were mentioned nor was there any mention about further treatment for the same ailment. The same day he was referred and shifted to a bigger hospital, whose recordings suggested that the assured was free from any major ailment. This hospital record did not make any mention about the angioplasty. Further, it recorded that the assured was '**Not a known DM, SHT, BA, IHD.**' These readings, coupled with, the categorical assertion of the complainant about her husband's non-affliction with any ailment and hospitalization and further the absence of any further details except a solitary reference to angioplasty in one hospital record, did not equip this forum with unassailable evidence to decide the case.

This forum gave the insurer further time to come forward with concrete evidence and waited for more than a month for the insurer's response. Nothing positive came forth. This forum, in the circumstances, decided to apply the principles of 'equity and natural justice' to this case and thus awarded an amount equal to 50 % of the sum assured as an ex-gratia payment to the complainant.

The Complaint was, therefore, **Partly Allowed.**

Chennai Ombudsman Centre
Case No. IO(CHN)/21.08.2410/2005-06
Smt. R. Kamatchi
Vs
Life Insurance Corporation of India

Award Dated 08.12.2005

LIC of India Vellore Division issued a policy for Rs. 5,00,000/- on 28.06.2001 under Jeeven Shree Plan to Shri A. Raghupathy of Padavedu, under which Smt. R. Kamatchi was the nominee. The assured committed suicide on 22.04.2002, i.e., within 9 months and 24 days of the policy. The insurer declined the claim on the ground that the death was due to suicide within the suicide clause operative period. The complainant, while not disputing the decision of the insurer, pleaded for atleast refund of the premiums paid on compassionate grounds.

The insurer submitted all the relevant records of the case. The complainant also sent a detailed letter explaining the circumstances under which her husband committed self-immolation. All the evidence submitted to the forum like Hospital records, First Information Report, Police Inquest Report, Post-mortem Report, letters from the complainant herself, from the brother and father of the assured all go to establish the fact that the assured committed suicide unable to bear the anguish arising out of his newly constructed house not conforming to Vasthu Principles. The policy commenced on 28.06.2001 and the suicide clause, which was incorporated in the policy, was operative upto 27.06.2002. Thus, as on the date of death, the suicide clause was very

much operative and the claim under the policy was not payable. The only exception for payment of the policy amount during the operative period of the suicide clause is to meet the obligations of third parties, to whom the policy is assigned for valuable consideration. There is no provision for payment of any monies to the assured's beneficiaries during the operation of this clause. Para 5 of the 'conditions and privileges' printed on the back of the policybond, clearly stipulates that if any of the conditions mentioned therein are contravened, the policy shall be void and the monies paid thereunder shall forfeit to the insurer. Further Sec. 64 of Indian Contract Act also makes it clear that if any specific provision is available in the policy for such forfeiture, such condition is valid.

In the light of the contractual and legal provisions as enumerated above, it was not found possible to accede to the request of the complainant for refund of the premiums paid.

As such, the complaint is found to be of no substance, and hence dismissed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.02.2371/2005-06
Smt. G. Selvi
Vs
Life Insurance Corporation of India

Award Dated 09.12.2005

Late E. Gowthaman of Itchiputhur insured his life with LIC of India under Jeevan Mitra Plan of LIC on 15.01.2001 and nominated his wife Smt. G. Selvi under the policy. He died within 11 days of taking the policy, on 26.01.2001 due to liver ailment. The nominee's claim for policy sum was repudiated by the insurer on the ground that the assured did not disclose in the proposal his suffering from Jaundice prior to proposal. The complainant approached this forum requesting for intervention and for arranging for claim payment.

Both complainant and the insurer submitted all the case papers. They attended the personal hearing conducted by this forum. The insurer put forth before this forum that the claim was a very early one and they conducted an investigation into the bonafides of the claim. It came out from the investigation that the assured was suffering from Jaundice even at the time of proposing. There was inordinate delay in submitting the claim intimation and claim forms, which put them in a disadvantageous position to conduct proper investigation and collect proper evidence due to long lapsation of time. They alleged that the assured was treated in Billroth Hospital in Chennai for liver failure, which fact came to light during their investigation. They sought a few days' time to collect concrete evidence, which this forum granted. The complainant pleaded that her husband did not suffer from jaundice and he was not treated in any hospital.

The insurer produced the hospital records as promised. The records revealed that the assured was admitted in Billroth Hospital just three days after the policy on 18.01.2001 and the case sheet recorded that he was treated for Jaundice in December 2000 itself in ESI Hospital, where he was diagnosed to be a case of 'Cirrhosis of Liver with Pulmonary Hypertension'. This was very much before proposing for insurance. There was further recording that the assured was treated for Jaundice 4 year back. It is further to be observed that the assured was on continuous treatments from 18.01.2001 till 26.01.2001, on which date he died of chronic liver ailment. Thus the medical records made it clear that the assured was a chronic case of liver ailment and suffered from liver ailment even before proposing for insurance. He was ailing from liver disease even at the time of proposing for insurance. Non-disclosure of such vital information in

the proposal, which contains specific questions relating to various ailments, was a clear violation of the cardinal principle of 'utmost good faith', which forms the basis of any contract of insurance. The insurer, with clinching documentary evidence, established material suppression on the part of the assured.

The repudiation of the insurer was, therefore upheld and the complaint **dismissed**.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.04.2490/2005-06
Smt. S. Soundari
Vs
Life Insurance Corporation of India

Award Dated 23.1.2006

LIC of India, Madrai Division issued a policy for Rs. 5,00,000/- with Date of Commencement of risk as 27.05.2002 under Jeevan Shree Plan for 25 years to Shri R. Subramanian of Muthuoor, Eroder District, under which Smt. S. Soundari was the nominee. The assured died on 09.10.2004. The insurer declined the claim for full sum assured on the ground that the policy was in a lapsed condition at the time of death even without acquiring paid-up value. Premiums were paid only for 9 quarters i.e. for a period of 2 years and 3 months only. However, LIC had settled the paid up value of Rs. 1,40,313/- (paid-up sum assured of Rs. 70,313/- + gurantee additions of Rs. 70,000/-) on 31.12.2004 to the complainant applying the special concessions available for Jeeven Shree policies as a special case. The complainant not satisfied with the same appealed to this Forum for payment of full sum assured.

The insurer submitted all the relevant records of the case. The Insurance Ombudsman was of the opinion having regard to the nature of the controversy to be resolved in the light of contentions of the parties and documents available on the file that a personal hearing of the parties was not necessary. The Insurer had stated that as a minimum of three years premiums were not paid under the policy, as per the policy conditions, nothing was payable under the policy. Since the premiums were heavy under Jeevan Shree policies, the insurer applied the special concession applicable to these policies, as per their Central Office Circular in this regard and accordingly settled the paid-up value of Rs. 70,313/- and guaranteed addition of Rs. 70,000/- totalling to Rs. 1,40,313/-. This is a relaxation and does not form part of the policy conditions and privileges.

In the light of the contractual and legal provisions as enumerated above, it was not found possible to accede to the request of the complainant. The decision of the insurer to offer payment of paid-up value under the policy is in order and was itself beyond the terms of the contract utilising the special provisions that came into vogue subsequent to the contract.

As such, the complaint is found to be of no substance, and hence **dismissed**.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.02.2474/2005-06
Smt. K. Nageswari
Vs
Life Insurance Corporation of India

Award Dated 24.1.2006

Shri K. Kattandi had taken an Endowment Policy no. 715683597 for a sum of Rs. 50,000/- for a term of 15 years. The proposal was accepted by the Insurer with the date of commencement of policy being 17.06.1997. The policy lapsed due to non-payment of the premiums due from 06/2001 and the same was revived on 14.07.2004 on the

strength of a personal statement of health and a medical report. The assured died on 09.08.2004 due to Heart Attack. The complainant Smt. K. Nageswari, wife of the deceased approached the Insurer for claim monies. The Insurer repudiated the claim on the plea that the insured had made deliberate misstatement and suppressed material information in the personal statement of health dated 12.07.2004 relating to his correct state of health. The deceased life assured was affected by paralysis 6 months prior to the revival which fact was not disclosed at the time of revival. The complainant approached this Forum for intervention.

A hearing was held on 13.01.2006, when both the parties were present. The complainant said that her husband was a fisherman and was maintaining good health. She stressed upon the fact that her husband was never hospitalised nor consulted doctor at any point of time. She denied that her husband ever suffered from paralysis and took treatment for the same. The Insurer argued that the assured was affected by paralysis six months prior to revival of the policy and was treated therefor by Dr. Jayarama Reddiar. They could not get any letter from the Doctor though the Doctor confirmed orally that he treated the assured. To repudiate they based their decision on official's investigation report and three letters from the neighbours. The Insurer's main contention seemed to be that the assured's illness was not disclosed in the personal statement of good health which amounted to material suppression affecting adversely their underwriting decision.

The Ombudsman observed that the information gathered by the investigating official of LIC was not substantiated by either direct or circumstantial evidence to show that the assured was affected by paralysis 6 months prior to revival. The Forum therefore sets aside the repudiation of the insurer and directs them to pay the sum assured along with all the attendant benefits.

The complaint was **allowed**.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.08.2408/2005-06
Shri D. Solairaj & Smt. Vincent Solairaj
Vs
Life Insurance Corporation of India

Award Dated 06.2.2006

Shri D. Solairaj and Smt. Vincent Solairaj, Parents of late S. Senthikumar, in their complaint to this Forum informed that LIC, Vellore Division rejected their claim for policy monies under the policies of their deceased son on the ground that the assured committed suicide within one year of the commencement of the policies. They requested the intervention of this forum to arrange for reconsideration of their claim. They pleaded that the intention of their son in committing suicide was not with any ulterior motive or with the intention of helping the family financially to get the insurance claim and that the suicide was due to emotional stress. They prayed that the suicide clause should not be given a narrow technical interpretation, instead of going into the spirit of the clause.

Policy Nos. 732205883, 733078814 and 733078815 for a Sum Assured of Rs. 2,00,000/-, Rs. 5,00,000/- and Rs. 10,00,000/- respectively taken by the assured in the year 2002 and the risk under the policies commenced on 19.12.2002. The assured had committed suicide by consuming poison and died on 09.11.2003 within one year from the acceptance of risk under the policies. The policies contain a suicide clause, as per which, if death of the assured takes place within a year of the commencement of risk due to suicide, no claim under the policies is payable.

The Insurance Ombudsman was of opinion, having regard to the nature of the controversy to be resolved in the light of the contentions of the parties and documents available on the file, that a personal hearing of the parties was not necessary. All the documentary evidence and relevant case papers were collected and the same were gone through scrupulously. Insurer has proved that the death is due to suicide with all the reports like FIR, Post-Mortem Report, PIR etc. The suicide clause is part of the policy conditions governing the policy, enshrined in the Policy Bond and it makes it categorically clear that if death takes place due to suicide within one year of the date of this policy, no claim under the same is payable. Since every contract of insurance is legally binding bilateral agreement entered into by two competent parties and as such, the benefit flowing out of such a contract cannot be outside the scope of "the terms of the contract". Thus the insurer's decision to repudiate the claim under the policy in question is in accordance with the policy terms and conditions and hence the same is legally tenable.

The Complaint, therefore, is dismissed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.02.2481/2005-06
Smt. Ellammal
Vs
Life Insurance Corporation of India

Award Dated 22.2.2006

Smt. Ellammal, W/o Late Bhakthavatsalam lodged a complaint with this Forum against the repudiation decision of the insurer under her husband's policy bearing no. 715646484. The Insurer repudiated on the grounds that the policy was revived after the death of the assured and as such the revival was null and void and there was no legal obligation on the part of the insurer to honour the claim made by the complainant as nominee of the assured under the aforesaid insurance policy.

A personal hearing was conducted on 13.01.2006 and both the parties to the dispute were present. The representative of the complainant finally confessed that death took place after the assured came back from the hospital i.e. on 09.03.2002 though she did not admit the same in the beginning. She stated that the revival was done by the Agent, who alone had completed all formalities required in that regard. The representative of the insurer informed that the policy was revived on 23.04.2002 under loan-cum-revival scheme after adjusting 13 quarterly premiums. The life assured's death intimation was received with the date of death as 09.03.2002. The assured was treated in a hospital on 08.03.2002 and he died the very next day. In the claimant's statement and the affidavit duly stamped and notarised given by the complainant herself, the date of death was mentioned as 09.03.2002.

The death certificate in the case file purportedly issued by Dy. Tehsildar, Uthukottai in which the date of death was mentioned as 08.05.2002. The left hand thumb impressions affixed in the personal statement and medical report at the time of revival do not in any way tally with those affixed in the proposal and allied papers. This forum concluded that the revival effected on 23.04.2002 was invalid and the Insurer was advised to ignore the grant of loan for revival and make available to the complainant the entire paid-up value along with accrued bonuses as accrued prior to revival.

The Complaint, therefore, is dismissed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.08.2502/2005-06

**Shri S. Vijayakumar
Vs
Life Insurance Corporation of India**

Award Dated 24.2.2006

Smt. R. Pachaiammal has taken a policy bearing no 730786952. The proposal was accepted by the insurer on 28.03.1998. The policy lapsed and was revived on the strength of a personal statement of health on 07.02.2003. The assured died on 12.10.2004. When the claim was preferred the insurer repudiated the claim on the ground that the policy was revived suppressing material information in the personal statement of health at the time of revival. The assured did not disclose in the personal statement the fact that she had undergone Hernioplasty on 30.04.2002. This amounted to withholding of material information vitiating the revival effected on 07.02.2003. Hence the insurer invalidated the revival. Shri S. Vijayakumar, H/o late R. pachiallammal approached this Forum for intervention.

A personal hearing was conducted on 13.02.2006 and both the parties to the dispute were present. The complainant stated that they were not aware that they should disclose the operation underwent. He confessed that she underwent Hernioplasty in 2002 and non-disclosure of this information was due to their ignorance. The insurer informed that they were willing to offer the paid-up value of approximately Rs. 14,000/-.

Since the assured was an educated lady having been under continuous treatment and knew the intensity of her ailment, which is the ultimate cause of death, the non-disclosure cannot be brushed aside as non-material. The Forum concludes that the documentary medical and other evidence proved beyond any shred of doubt that there was deliberate material suppression at the time of revival on 07.02.2003 and hence the revival was null and void.

The Complaint, therefore, is dismissed.

**Chennai Ombudsman Centre
Case No. IO(CHN)/21.08.2520/2005-06
Smt. M. Selvanayagi
Vs
Life Insurance Corporation of India**

Award Dated 27.2.2006

Late Shri K. Manickam had taken two Endowment Policies bearing nos. 710825304 and 710825407 for sums assured of Rs. 25,000/- each. The proposals were accepted by the insurer with Dates of commencement of risk as 20.07.2001 and 20.09.2001. The assured died on 12.04.2004 due to Acute Pancreatitis. The complainant Smt. M. Selvanayagi, wife of the deceased, approached the insurer for settlement of the claim monies and the Insurer refused to honour the claims on the plea that the policies were taken by suppressing information about his state of health in the proposal.

A personal hearing was conducted on 13.02.2006 and both the parties to the dispute were present. The complainant stated that her husband was quite healthy and was never taking any treatment and he never availed any leave. She said that she was unaware of mentioning in the certificate given by the Doctor that her husband was under treatment for the past 10 years. Premiums were recovered from his salary and remitted. The representative of the Insurer said that there were 5 and 3 gap premiums under both the policies respectively. The assured was an alcoholic and suffered from severe stomach pain right from 1994 as per the information given by their investigating

officials. He was suffering from Acute Pancreatitis and Peritonitis. They depended on the doctor's certificate to repudiate. They did not have any treatment particulars.

There was no concrete evidence to show that the assured suffered from serious acid peptic disorder and had continuous treatment for the same, though there was a mention about the same in the certificate of hospital treatment given by Dr. P. Jeevanandam. The other certificates given by the same doctor did not throw much light on the ailment. Section 45 of the Insurance Act was applicable and it was for the insurer to prove material suppression. The Insurers could not substantiate their argument with clinching documentary evidence. Hence, the insurer was directed to pay 75 % of the basic sum assured under both the policies.

The Complaint, therefore, is partially allowed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.08.2545/2005-06
Smt. M. Periammal
Vs
Life Insurance Corporation of India

Award Dated 28.2.2006

Late Shri K. Marudai had taken an Endowment Policy bearing no. 733044189 for a sum assured of Rs. 20,000/- for a term of 20 years. The proposal was accepted by the insurer with Date of commencement of risk as 28.03.2002. The assured died on 11.10.2003 due to a tumour in neck. The complainant Smt. M. Periammal, wife of the deceased, approached the insurer for settlement of the claim monies and the Insurer refused to honour the claim on the plea that the policy was taken by deliberately suppressing information about his state of health in the proposal.

A personal hearing was conducted on 13.02.2006 and both the parties to the dispute were present. The complainant stated that her husband was quite healthy and suddenly one day he complained of throat pain which they initially ignored taking it to be mumps. Later, he was taken for treatment to JIPMER Hospital, Pondicherry and the doctors suspected it to be throat cancer and advised them to take him to Cancer Institute, Chennai. He was treated there and her elder son had the hospital records. The Insurer's representative informed that the policy had run only for 6 months and their investigation revealed that the assured was suffering from cancer for more than 1 year and was taking treatment at Cancer Hospital, Adyar. She stated that the complainant did not cooperate with them during investigation and had she submitted the JIPMER Hospital records at that time they would have settled the claim.

There was no report from the hospital in the case file. The letters from the neighbours also suggested that the assured had the problem of tumour in neck only six months prior to death, which again pointed to post-proposal period. Regarding the understatement of age, the Branch Manager of LIC has certified that the horoscope was genuine and prepared at the time of birth and that the age according to that was 50 years. It was also clear from the proposal papers that the insurer at the time of underwriting had also charged age extra, which was intended to take care of the likely variations in age.

The Complaint, therefore, is allowed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.03.2504/2005-06
Shri V. Senthil Kumar
Vs

Life Insurance Corporation of India

Award Dated 28.2.2006

Shri C. Velusamy had taken an Endowment policy bearing No. 763576913 for a sum assured of Rs. 1,00,000/- for a term of 21 years on his life. The proposal was accepted by the insurer with date of commencement of policy as 05.12.2003. The life assured died on 05.09.2004 due to Cardio-respiratory arrest. The complainant, Shri V. Senthil Kuimar, S/o Shri C. Velusamy approached the insurer and the claim was repudiated on the grounds of deliberate material suppression about his father's ill-health.

A hearing was held on 14.02.2006 when both the parties were present. The complainant said that his father was enjoying good health and had occasional cold and fever. He denied that his father ever suffered from COPD or that he was treated for the same. He said that his mother, who accompanied his father, might have said 10 days and the same might have been wrongly recorded as 10 years in the hospital records. The representative of the Insurer contended that the assured had suffered from Chronic Obstructive Pulmonary Disease and had taken treatment for the same about 10 years before proposing.

The Certificate of Hospital Treatment recorded that the assured was admitted in Perundurai Hospital on 04.09.2004 and he expired in the same hospital on 05.09.2004 with history recorded as "breathing difficulty one week duration" and diagnosis was Chronic Obstructive Pulmonary Disease and Cor Pulmonale + Acute Exacerbation. It was recorded that he was suffering from the said disease for 10 years. Except this solitary mention in both the certificates all other details were of terminal illness only. There was no conclusive evidence to show that the assured suffered from COPD in the pre-proposal period and evidence of any treatment therefore.

The complaint was therefore allowed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.08.2501/2005-06
Smt. S. Anjammal
Vs
Life Insurance Corporation of India

Award Dated 28.2.2006

Late R. Subramanian had taken an Endowment policy bearing No. 713341294 for a sum assured of Rs. 50,000/- on his life. The proposal was accepted by the insurer with date of commencement of policy as 11.12.2001. The life assured died on 21.05.2003 due to Myocardial Infarction and Cardiogenic Shock. The complainant, Smt. S. Anjammal, W/o Shri R. Subramanian approached the insurer and the claim was repudiated on the grounds of deliberate material suppression about his state of health.

A hearing was held on 14.02.2006 when both the parties were present. The complainant said that her husband had a paralytic stroke on left side in 1998 and was treated in NLC Hospital and also Shri Ramachandra Medical College Hospital. He recovered and was leading a normal life. Her husband never complained of chest pain or hypertension and also was not taking any medicines for heart problem. The representative of the Insurer said that the assured suffered from heart disease and was treated therefor in 1998, which fact was not disclosed. They could not get any evidence in spite of their best efforts.

There was a reference that the assured was last reviewed on 15.10.1998 in the review sheet given by NLC Hospital and he was referred to SRMC Hospital for treatment of heart ailment on 21.05.2003. There was no reference to any earlier ailment in the

death report of the Shri Ramachandra Medical College Hospital. The medical leave particulars of the assured also did not record any long leave suggestive of any suffering by him. There was no conclusive evidence to show that the assured suffered from heart ailment in the pre-proposal period and evidence of any treatment therefor. However the suffering of paralysis in 1998 was not brought to the notice of the insurer in the proposal. Hence the complaint was allowed 50 % of the basic sum assured on ex-gratia basis.

The complaint was therefore partially allowed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.05.2447/2005-06
Smt. S. Krishnaveni
Vs
Life Insurance Corporation of India

Award Dated 28.2.2006

Shri K. Subramanian, had taken a policy bearing No. 701366831 for a sum assured of Rs. 50,000/- on his life. The proposal was accepted by the insurer with date of commencement of risk as 28.03.2002. The life assured died on 23.08.2004 reportedly due to snake-bite. The complainant Smt. S. Krishnaveni, W/o late K. Subramanian approached the insurer and the claim was repudiated on the grounds that the assured withheld correct information in the proposal.

A hearing was held on 13.02.2006 when both the parties were present. The representative of the complainant stated that the assured was on leave for taking treatment for Jaundice. Stating that he was treated by a Siddha Doctor for Jaundice, he produced a letter from the said doctor as to what medicines the assured was taking. He also showed a letter from the doctor to the effect that the assured was cured after 3 months. The representative of the insurer informed that the assured was on medical leave for 48 days for treatment of Jaundice with Liverosis. Had the assured disclosed these details, they would have called for special reports and their decision would have been different.

There was clinching evidence to conclude that the assured had suffered from Jaundice and Liverosis and he was taking treatment by Dr. P. Krishnamurthy and availed medical leave during that period to get treated for these ailments. There was no medical or circumstantial evidence to prove that the assured died due to snake-bite. It was concluded that there was clear breach of principle of 'Utmost Good faith' and fraudulent material suppression of vital information was proved.

The complaint was therefore dismissed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.03.2547/2005-06
Shri P. Ponnusamy
Vs
Life Insurance Corporation of India

Award Dated 18.3.2006

Late Smt. P. Kamala had taken a policy bearing No. 762127933 for a sum assured of Rs. 50,000/- on her life. The proposal was accepted by the insurer with date of commencement of policy as 28.03.2001. The life assured committed suicide by hanging on 31.03.2002. The complainant, Shri P. Ponnusamy, H/o Late P. Kamala approached

the insurer and the claim was repudiated on the grounds that the assured committed suicide within one year of the commencement of the policy, as per the terms of the policy.

A hearing was held on 14.02.2006 when both parties were present. The Complainant contended that the first premium was paid on 28.03.2001, whereas she died on 01.04.2002. The Insurer's representative informed that the policy was issued on 13.04.2001. Due to heavy rush of proposals at the end of March, it took a few days' time for them to underwrite the proposal and the underwriting decision was taken on 13.04.2001 implying that the risk was accepted on 13.04.2001 only.

First Information Report, Police Inquest Report, Post-mortem report, Paper cuttings of news paper and the claim investigation report prove that the assured had committed suicide by hanging with her paramour Mr. Sampath on 31.03.2002. The Police Inquest Report also confirms that the death took place on 31.03.2002 around 14.10. hrs. The denial of claim by the insurer was in accordance with the policy conditions as enshrined in the "suicide Clause" incorporated in the policy which makes it categorically clear that if death takes place due to suicide within one year of the date of the policy, no claim under the same was payable.

The complaint was therefore dismissed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.02.2515/2005-06
Smt. J. Dhanalakshmi
Vs
Life Insurance Corporation of India

Award Dated 18.3.2006

Smt. J. Dhanalakshmi Ammal had taken a policy bearing No. 716863674 for a sum assured of Rs. 50,000/- on her daughter's life (Miss J. Rekha) and the proposal was accepted by the insurer with date of commencement of risk as 13.08.2002. The assured died on 13.02.2003 reportedly due to drowning in a pond. The complainant Smt. J. Dhanalakshmi Ammal mother of the deceased approached the insurer for claim and the Insurer repudiated the claim on the plea that the proposer withheld correct information about the assured's health in the proposal.

A hearing was held on 06.03.2006 when both the parties were present. The complainant said that her daughter was suffering from fever and was admitted to hospital for treatment 6 months prior to proposing. The agent himself filled in the form and took their signature. They did not know that she had heart disease since they were illiterates. One day when the life assured had taken the cows for grazing after her lunch when she went to wash her hands in the pond she got caught in the slush and died. The representative of the insurer stated that it was an early claim and on investigation they found that the minor life assured was suffering from Rheumatic Heart Disease and was taking treatment for more than 1 year at Children's Hospital Egmore and as in-patient prior to taking policy. Had they disclosed her heart disease they would not have offered endowment plan but offered Children Deferred Assurance with Clause 76.

The prescriptions by Children Heart Disease Section, Children Hospital, Egmore dated 06.01.2002 and treatment particulars given by Institute of Child Health and Hospital for Children, Egmore, Chennai prove that the life assured had taken treatment for Rheumatic Mitral Regurgitation with Infective Endocarditis. Rheumatic fever is an attendant symptom of rheumatic heart disease and that rheumatic heart disease is a

deadly disease in children. Thus the insurance was obtained by clear misrepresentation to the insurer about the real state of health of the assured.

The complaint was therefore dismissed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.02.2589/2005-06
Smt. S. Violet
Vs
Life Insurance Corporation of India

Award Dated 21.3.2006

Smt. S. Violet, complained to this forum that the death claim under the policy on the life of her husband Late S. Stanley Doss, was repudiated on the grounds that the deceased life assured had suffered from Hypertension and Diabetes during the pre-proposal period and was under continuous treatment but did not disclose them in proposal dated 11.08.2003. The date of commencement of risk was 20.08.2003.

A hearing was held on 06.03.2006 when both the parties were present. The complainant said that her husband was a Railway employee and admitted that he was taking treatment as an outpatient in the Railway Hospital Perambur. He used to take tablets but he never told for what illness he was taking treatment. He was never hospitalised for any in patient treatment. The agent filled up the proposal form and they were not aware that they had to disclose. She argued that since her husband died due to an accident, there was no relation between the cause of death viz. accident and the illness he suffered.

The readings and medicines prescribed on various occasions in the medical book sheets of Railway Hospital clearly proved that he was suffering from high blood pressure and high blood sugar levels. The leave particulars given by his employer indicated that he availed medical leave on various occasions for treatment of these ailments. Thus the Insurer's contention of misrepresentation of health condition in the proposal bears substance. The First Information Report given by one of the railway staff stated that the assured was run over by Jolarpettai Express Train in between Basin Bridge and Central Station while trying to get down from the moving train. All the documents confirmed that he died due to shock and haemorrhage arising out of traumatic amputation of right lower limb caused by his accident run-over by a moving train. The Insurer was therefore directed to pay the complainant Rs. 37,500/- as ex-gratia under the policy.

The complaint was therefore partially allowed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.02.2581/2005-06
Shri R. Swaminathan
Vs
Life Insurance Corporation of India

Award Dated 21.3.2006

Shri R. Swaminathan, complained to this forum that the death claim under the policy on the life of his wife Late S. Nandini, was repudiated on the grounds that the deceased life assured had obtained the policy No. 715705885 withholding correct information in the proposal and as such the policy was null and void. The proposal dated 14.08.1996 was accepted by the Insurer on 28.08.1996. The policy lapsed and was revived on the strength of a personal statement of health on 28.01.1999. The life assured died on 11.07.1999. The life assured was only a housewife at the time of taking the policy. But

she has mentioned in the proposal that her occupation was business viz. Computer spare parts shop named Gayatri Agencies at Tiruvotriyur. In the Claim form given by the complainant the occupation has been given an 'housewife'.

A hearing was held on 08.03.2006 when both the parties were present. The complainant said that they started a computer spare parts business in the name of Gayatri Agencies. They used to earn Rs. 150 or 200 only per month. Since they started it in a small way they did not obtain any licence and since they anticipated better income he declared an income of Rs 45,000/- per annum in the proposal. He had a rental income of Rs. 4,000/- a month and interest from Fixed Deposits. At the time of death she was working as steno-typist in a private company earning Rs. 1,500/- per month. She died in a fire accident due to stove burst in the kitchen. The representative of the insurer stated that it was time-barred claim and had she declared that she did not have an income of her own they would have imposed clause 4 (b) treating her as category III female life for age below 30.

The policy given was under the plan called Jeevan Sathi whereunder risk on the lives of husband and wife is covered under one single policy. Apart from risk cover on both lives, it also provides for waiver of premiums subsequent to the earlier death of one of the life assured. Thus the policy carried extra risk and it was proved that the information relating to income as given in the proposal was false. The contract is vitiated by material misrepresentation and the same is unenforceable for all the benefits guaranteed under the policy.

The complaint was therefore dismissed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.01.2574/2005-06
Shri K. Adiyatham
Vs
Life Insurance Corporation of India

Award Dated 22.3.2006

Shri K. Adiyatham, nominee under the 3 LIC policies on the life of Smt. A Revathy, his daughter, lodged a complaint with this forum that LIC refused to honour his claim on the policies citing material suppression of information as the reason for repudiation. His daughter took three policies for Rs. 50,000/- under Money-back plan, and two policies under Bima Kiran plan for Rs. 3,00,000/- and Rs. 5,00,000/- in 03/2000 and 10/2002. The first policy taken in 03/2000 lapsed and got revived in 10/2003. She died on 22.04.2004. The insurer contended that the assured suffered from leukemia prior to proposing and revival and was treated for the same, which fact was not informed to them. They further contended that she took four different policies in different branches without furnishing the previous insurance particulars. The documentary evidence from both the parties was called for and perused. The contending parties were afforded an opportunity to personally present their cases. The insurer brought forth evidence in the form of a certificate from Hindu Mission Hospital, Tambaram, Chennai and also an investigation report by one of their officials. It was recorded in the hospital reports that she was suffering from leukemia for the past 4 years. She was treated in the hospital for the said ailment and she was again referred to an Oncologist for further treatment. She continued the treatment till two days prior to her death, indicating that she could have died due to leukemia only. She took 4 policies from LIC and under one policy for Rs. 3,00,000/-, the claim was settled by LIC. Under all the other three policies, the proposals were given in three different branches without mentioning the previous insurance particulars in the proposals, though there is a specific question seeking to

elicit that information. This resulted in a situation where the insurer could not study the need for insurance and also could not obtain necessary medical reports to properly assess risk on her life. Further, it was proved by records that the assured did not have permanent employment and she did not have regular income. Thus the insurance was obtained by furnishing false information relating to her employment, income and previous insurance. Information relating to her suffering from serious ailments in pre-proposal and revival period was also suppressed in the proposal. Thus the policies suffered from gross misrepresentation relating to material information and they were rightly voided by the insurer.

For the reasons cited above, the insurer's decision was not interfered with and the complaint was dismissed as devoid of any merit.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.06.2492/2005-06
Smt. R. Amudha
Vs
Life Insurance Corporation of India

Award Dated 27.3.2006

Shri S. Rajendran of Thiruthuraipoondi insured his life with LIC of India, Thiruthuraipoondi Branch on 12.12.2002 for Rs. 20,000/-. The assured, Shri Rajendran nominated his wife, Smt. R. Amudha under the policy. The policy got lapsed due to non-payment of premiums and was revived on the strength of a personal statement of health on 14.12.2004. According to the insurer, the assured died on 11.12.2004 itself and they contended that the revival was effected after the death of the assured and, as such, the same was invalid. The insurer denied the claim under the policy. The complainants, Smt. Amudha contested the decision of the insurer and sought intervention of this forum to get her policy benefits.

The details of the case were studied and the parties were also heard. It emerged therefore that the policy, which was taken on 12.12.2002, lapsed due to non-payment of premiums from 09/2003. The said policy was revived on 14.12.2004 on the strength of a personal statement of health allegedly given by the assured. Since it was a case of an early claim death having occurred very shortly after revival, the insurer conducted an investigation into the bonafides of the claim. It came to light that the assured was admitted in Rohini Hospital Tanjavur on 14.11.2004 with complaints of difficulty in breathing and swelling of legs and he was treated by Dr. V. Murugesan of the said hospital. The assured was an in-patient in the hospital from 14.11.2004 till his death in the same hospital on 11.12.2004. The cause of death was recorded as 'Pericardial effusion with cardiac tamponade and cardio-respiratory arrest'. The other medical certificates available also corroborated the above evidence. It was clear from the hospital records that the assured died there on 11.12.2004. The personal statement of health was given dated 14.12.2004 and the amount needed for revival of the policy was also remitted on 14.12.2004.

It was clear from the records that the revival of the policy was effected after the death of the policy holder fraudulently, evidently with the connivance of the agent. Hence the revival was set aside. Since the policy did not acquire any paid-up value prior to revival, nothing was payable under the policy, it was concluded.

Since the revival itself was ineffectual, the insurer was directed to refund the consideration amount paid for revival to the complainant as a special case. With this direction, the complaint is dismissed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.06.2604/2005-06
Smt. G. Neelavathi
Vs
Life Insurance Corporation of India

Award Dated 27.3.2006

Late V. Govindasamy took a policy of insurance on his life from LIC of India, Perumbalur Branch of Tanjore Division for Rs. 30,000/- on 22.03.2004. He nominated his wife Smt. Neelavathi under the policy. He died due to massive hematemesis and acute pancreatitis on 06.05.2004. The claim lodged by Smt. Neelavathi, the nominee, was repudiated by the insurer on the ground that the assured suppressed material information relating to his health in the proposal. This decision of the insurer was contested by the complainant before this forum.

All the records pertaining to the case were called for from both the parties and gone through. A personal hearing of both the parties was also conducted. The insurer's main contention was that the assured suffered from abdominal pain and vomiting since 1998 and he underwent laprotomy in 1998 and 1999. He also got admitted in JIPMER Hospital, Pondicherry on 20.11.2003 for Hernia treatment. He underwent exploratory laprotomy. He was again admitted in JIPMER Hospital, Podicherry for treatment of Acute pancreatitis and also underwent surgery for the same on 29.04.2004. He was a chronic alcoholic and that the ailment of acute pancreatitis was also there earlier as per the recordings in the hospital reports. The insurer was able to produce documentary evidence to substantiate all the above contentions. The pre-existing ailments of the assured were recorded to be 'pancreatitis, hematemesis and ventral hernia.' The investigation conducted by the insurer also corroborated the above details.

A perusal of the proposal papers revealed that all the relevant questions seeking to elicit all the information were falsely answered to misrepresent to the insurer that all was well with the health of assured, whereas he was suffering from serious and life-threatening ailments in the pre-proposal period, all of which had a direct nexus with the cause of death also. Hence it was concluded that there was a clear material suppression of information in the proposal and, as such, the repudiation need not be called in question.

The complaint is proved to be devoid of merit and hence dismissed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.03.2605/2005-06
Smt. R. Vennila
Vs
Life Insurance Corporation of India

Award Dated 27.3.2006

Late N. Ramadoss of Tiruppur insured his life with LIC of India, Coimbatore Division for a sum of Rs. 78,000/- and nominated his wife Smt. R. Vennila under the policy. Late N. Ramadoss was working as a Malaria Mazdoor with Tiruppur Municipality. He took the policy on 15.07.2002. He died on 26.07.2004 due to an accidental fall from his bicycle while he was proceeding on his duties. His wife lodged a claim with LIC of India and the said claim was rejected by LIC on the plea that the assured suffered from 'epilepsy', which fact was hidden from them in the proposal. This decision of the insurer was challenged before this forum by the complainant.

The death of the assured occurred after 2 years of taking the policy. It was reported that the assured, while proceeding on his official work, carrying a container with disinfectant on his bicycle, fell off his bicycle and died due to shock shortly thereafter. The records collected and depositions during personal hearing revealed that the brother-in-law of the deceased gave a first information report to the police that the assured fell off his bicycle accidentally and he had fits thereafter. Since the FIR was given by a close relative of the assured, which contained a mention that he had fits, the insurer construed that the assured suffered from 'Fits'. The complainant, who deposed, clarified that her husband never had the problem of fits in her 18 years of married life. She opined that his struggle for life when he fell off from his bicycle was misunderstood by the passers-by as 'fits' and the same was reported to the police. The insurer also could not bring forth any further evidence to show that the assured suffered from fits earlier and was treated therefore.

But there was evidence in the file to the effect that the assured availed medical leave on many occasions and the reason for leave was mentioned as 'peptic disease' and 'respiratory tract infection'. There were specific questions in the proposal calling for information of medical leave availed and various ailments suffered from. From this angle, there was definite material suppression in the proposal.

The entire documentary and circumstantial evidence, when viewed objectively, gave rise to a situation where the interests of both the parties are to be safeguarded from the angle of 'equity and natural justice'. Hence, this forum decided to allow the claim partially as an ex-gratia for 60 % of policy amount.

The Complaint is **partly allowed**.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.07.2606/2005-06
Shri S. Charles
Vs
Life Insurance Corporation of India

Award Dated 27.3.2006

Thuckalay Branch of LIC of India under Tirunelveli division issued a life insurance policy to Late T. Kanaga Bai for a sum of Rs. 50,000/-, which commenced from 09.06.2004. Smt. Kanaga Bai nominated her husband Shri S. Charles under the policy. The policy resulted into a death claim on 14.11.2004. The claim of the complainant was turned down by the insurer on the ground of material suppression by the assured in the proposal. The complainant approached this forum seeking justice.

The case records have been collected from both the parties. The same have been studied thoroughly. Both the parties were afforded an opportunity to present their cases personally.

The insurer's contention was that the assured misrepresented to them her correct health condition. They put forth that as per their investigations, it came out that the assured suffered from 'carcinoma breast with secondaries', which existed even before the proposal date and the assured was treated therefor. The complainant contended that his wife was medically examined before issue of the policy and that her illness was terminal only.

The documentary evidence revealed that the assured was treated in Kanyakumari Medical Mission Hospital from 08.01.2001 to 23.01.2001 for Carcinoma left breast with secondaries and was later referred to International Cancer Centre, Neyyoor for further

treatment. She was also treated for Carcinoma Right breast in Regional Cancer Centre, Thiruvananthapuram. In all the hospital records, it was mentioned that she was suffering from this ailment for the last 3 years. Mastectomy was also done during the course of treatment in these hospitals. The cause of death was 'septicemia', which had a direct nexus with the ailments suffered from earlier. Thus the evidence was clear and categorical that she suffered from Carcinoma Breast much prior to proposing for insurance and was in fact suffering from the said ailment even at the time of proposing. There was clear material suppression of vital information in the proposal, vitiating the golden principle of 'utmost good faith'.

As such, the repudiation decision of the insurer was held to be sustainable in law and on facts and the same was not interfered with.

The Complaint is, therefore, dismissed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.08.2546/2005-06
Smt. S. Vasantha
Vs
Life Insurance Corporation of India

Award Dated 28.3.2006

Late S. Nirmal insured his life with LIC of India, Vellore Division, for Rs. 75,000/- and nominated his mother Smt. S. Vansantha to receive the policy monies. Smt. S. Vasantha lodged a complaint with this forum stating that her claim under the policy on the life of her son was denied to her by the insurer pleading material suppression of information in the proposal. She contended that her son did not suffer from Bilateral Bronchiectasis since childhood and that his ailment was of recent origin. She pleaded for favourable consideration of her claim.

The insurer put forth through case papers and through personal deposition that the assured suffered from Bilateral Bronchiectasis since childhood and got treated in CMC Hospital, Vellore. There were specific questions in the proposal relating to ailments of lung and hospitalisation etc, which were answered negatively, resulting in material suppression of vital information, they claimed.

The hospital records revealed that the assured suffered from recurrent cold, cough etc since childhood and that he had symptoms of bilateral bronchiectasis ever since. This information was given to the hospital authorities by the assured himself. Further his condition grew worse and irreversible in the past one year and he died due to Empyema Thoracis - left side and Bilateral Bronchiectasis. There was a clear nexus between the ailments suffered from childhood, ailments for which treatment was received in CMC Hospital, Vellore and the cause of death. The ailment 'bilateral bronchiectasis', which resulted in 'Sepsis' in the final stages would definitely have had a long gestation period suggesting that the ailment was there even prior to proposal.

Thus both the documentary and circumstantial evidence pointed to existence of a serious and life threatening ailment for a very long period and hence its non disclosure in the proposal was a definite material suppression, capable of vitiating the contract of insurance.

As such, repudiation was upheld and the complaint dismissed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.08.2521/2005-06
Smt. T. Suguna
Vs

Life Insurance Corporation of India

Award Dated 28.3.2006

Smt. T. Suguna, W/O Late G. Thangarasu, a policyholder of LIC, Vellore Division, lodged a complaint seeking the intervention of this forum in making available to her the claim amount, as her claim was repudiated by LIC, Vellore division. The Insurer contended that the policy was in a lapsed condition as on the date of death of the assured and hence no claim was payable thereunder.

The case papers were gone through and the both the contending parties were heard in person. The policy was issued under Bima Kiran Plan, a low premium term-insurance plan, which has special non-forfeiture regulations unlike in the case of other LIC policies. The policy was under salary savings scheme and the premiums were recovered from the salary and remitted by the employer of the policyholder. The records revealed that there were 8 unpaid monthly premiums, which when taken back, put the policy in a lapsed condition, disentitling the complainant for the claim amount.

The records further revealed that as per the authorisation letter for salary recovery given by the assured, in case of non-remittance of premiums by the employer due to reasons beyond his control, the responsibility of arranging for premium payment lies on the policyholder himself. There is a letter from the employer in the case file stating that the assured was on loss of pay for 5 months and hence premiums for those months could not be recovered due to non-availability of any salary. The insurer also produced evidence to show that the assured was duly reminded of the gap premiums in due time. The policy under BIMA KIRAN Plan does not qualify for any claims concession and even the surrender value on the policy also will accrue only when the premiums are paid for a minimum period of 5 years. In this case, the premiums were paid effectively for a period of 3 years and 2 months only.

Under the circumstances as detailed, this forum decided not to interfere with the decision of the insurer to repudiate the claim. Reliance was placed on the decision of Hon'ble National Commission in the case of Smt. Yashoda vs LIC of India (Revision Petition No. 2709 of 2002), where it was held that if the non-remittance of premium was due to the fault of the assured, the rejection of the claim for lapsation of policy is valid.

The complaint is dismissed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.04.2607/2005-06
Shri P. Muthukumar
Vs
Life Insurance Corporation of India

Award Dated 28.3.2006

Shri P.Muthu Kumar & Shri P. Siva Kumar, sons of and nominees under policy on the life of Late P. Dhanalakshmi lodged a complaint with this forum stating that the claim under the policy on their mother's life was rejected by LIC of India, Madurai. Their mother was given insurance on 28.03.2002 and she died on 05.12.2004. They contended that their mother was given insurance only after a thorough medical examination and as such the repudiation was unjustified. The insurer contended that the assured suppressed from them information relating to her suffering from and treatment for breast cancer prior to proposal.

The case records have been perused. A personal hearing of the parties was also conducted. The insurer maintained that the assured, who was an employee of United India Insurance Company, availed medical reimbursement from her employer for the

medical expenses incurred in connection with the treatment she had in Vijaya Hospital, Madurai for Breast Cancer. She was also on medical leave for the said treatment. The hospital records showed that the assured was admitted in their hospital and treated between 05.05.99 and 09.05.99 for Carcinoma Breast with Secondaries. The certificate issued by Medical Officer, Madurai Corporation also testified that the assured suffered from Cancer for the last 3 years. The leave records along with the medical certificates submitted also corroborated this information. There was also evidence to show that she continued treatment for cancer till her death. The cause of her death was also Carcinoma Breast with Secondaries. Thus it was conclusively established that the assured suffered from Breast Cancer right from the pre-proposal days and that she died of the same cause. There was clear material suppression in the proposal of vital information, which was very much needed by the insurer for proper assessment of risk. The Complainants could not disprove the evidence brought forth by the insurer and they only contended that their mother was medically examined by insurer before grant of insurance. It was held that the basic 'duty to disclose' was that of the person going in for insurance.

Hence, the repudiation decision of the insurer was not interfered with. The complaint is, therefore, **dismissed**.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.002.2445/2005-06
Smt. Darly Glorabel Florence
Vs
SBI Life Insurance Company

Award Dated 31.3.2006

SBI Life Insurance Company granted group term insurance to deposit-holders of State Bank of Travancore under SBI LIFE Super Suraksha Policy. Smt. Darly Glorabel Florence, the complainant is the nominee under the policy. The group master policy covers risk of the lives of the deposit-holders of state Bank of Travancore, of whom Mr. K. Sam was one. The policy came into effect from 21st august, 2004. The assured, Mr. K. Sam, died on 12.01.2004. It was alleged by the insurer that Mr. K. Sam committed suicide and the insurer contended that no claim was payable under the policy to the complainant, since the death of the assured was due to suicide within the first year of the policy. This was refuted by the complainant and hence the present complaint.

All the relevant case records have been called for and perused. A personal hearing of both the parties was conducted and their depositions recorded. The insurer brought forth evidence from Dr. Jayasekharan Hospital, Nagercoil that the assured died due to 'Unknown Poisoning, aspiration pneumonia and respiratory failure'. The insurer also submitted a copy of the first information report to the police, the police inquest report and post-mortem report. The first information report given by the brother of Mr. K. Sam to the police stated that he rushed to the residence of Mr. K. Sam on hearing that he collapsed at his residence after consuming some poison mixed with liquor. He rushed Mr. K. Sam to hospital. He stated that Mr. K. Sam resorted to this extreme step unable to cope up with the burden of heavy debts. The police inquest report also recorded that Mr. K. Sam, saddled with heavy debts, consumed poison mixed with liquor. Mr. K. Sam was treated in the hospital for about 7 hours before he died in the hospital. The chemical analysis report stated that 'the examination of viscera' did not indicate any presence of poison. But in view of the preponderant medical and other evidence pointing to consumption of poison and death due to the same cause, the chemical analysis report could not be given much weightage to. Further the complainant, in her

claim forms to the insurer, had also stated the cause of death of her husband as 'unknown poisoning'. Further she could not produce any further evidence to substantiate her contention that death was due to natural causes and not due to consumption of poison.

The Policy contained a specific clause, which clearly stipulated that no claim is payable if death is due to suicide within the first year of the policy.

In the light of the above it was decided by this forum to uphold the insurer's decision and hence the complaint is dismissed.

Delhi Ombudsman Centre
Case No. LI / AJ / JP - 270 / 05 - 06
Smt. Kalli Devi
Vs
Life Insurance Corporation of India

Award Dated 27.01.2006

The complainant, Smt. Kalli Devi, did not turn up. LIC of India was represented by Shri S. K. Tak, Manager (claims), Jaipur.

The complainant, Smt. Kalli Devi wife of the policy holder, Shri Mool Chand had died on 01.04.1999. The complainant had filed all requisite papers with LIC of India, Ajmer office on 13.04.1999. She had further submitted the policy bond on 09.08.1999 to Jaipur Office, LIC of India. The complainant is an illiterate woman as can be seen from the documents, has been corresponding with LIC of India, Ajmer Office for non-settlement of death claim. It is observed that Shri Mool Chand who was an employee in Govt. of Rajasthan, had taken a policy No. S-192292031 under Salary Savings Scheme. LIC Jaipur Office did not bother to take up the matter with the employer about the non-payment of premium from 1999 till the settlement of death claim. LIC Jaipur office has been negligent in servicing the policy, as it has not taken up with the employer to ascertain the status of the policy.

The deceased's wife has been corresponding with LIC, Ajmer Office since 13.04.1999 and had sent all the relevant documents on 09.08.1999 to LIC, Ajmer Office. Though the servicing office was LIC, Jaipur as per the policy bond, the claimant, being illiterate, has to be given the benefit of doubt since LIC, Ajmer Office has forwarded the papers to the servicing office only on 06.11.2004 which amounts to deficiency of service by LIC of India, Ajmer Office.

In the result, therefore, Hon'ble Insurance Ombudsman passed the Award that Life Insurance Corporation of India, Jaipur should pay interest at the rate of 8 % to Smt. Kalli Devi, the nominee under the policy No. S-192292031 from 01.09.1999 to the actual date of payment. LIC should ensure that the payment should be made on ascertaining that the same is made to the nominee of the deceased policy holder.

The Award shall be implemented within 30 days of receipt of the Award.

Delhi Ombudsman Centre
Case No. LI / Om Kotak / 166
Smt. Veena
Vs

Kotak Mahindra Old Mutual Life Insurance Limited

Award Dated 03.02.2006

The complaint was heard on 23rd January, 2006. The complainant, Smt. Veena, failed to turn up. The Insurance Company was represented by Ms. Sujata Punjabi, Chief Manager - Legal and Compliance.

Shri Mani Ram, the insured was found dead near railway track on 17th June, 2004. The Insurance Company repudiated the claim since the proposal was not accepted by them and no policy bond was issued. The The brief details are as under :-

1. The proposer, late Shri Mani Ram, had submitted a proposal, as it evident from the acknowledgement of Babita Gupta, on 24.04.2004 where the premium of Rs. 9,600/- was paid in cash.
2. The Proposal Deposit Receipt has been issued by Om Kotak Mahindra Life Insurance Company Limited on 30.04.2004. The Insurance Company has subsequently changed its name to Kotak Mahindra Old Mutual Life Insurance Limited.
3. The proposal form bearing No. 132467 for an insurance cover on his life with a sum assured of Rs. 1,01,000/- and an accidental death benefit of Rs. 80,000/- along with the medicals was submitted.
4. Based on the said proposal, the Insurance Company vide its letter dated 14.05.2004 requested the proposer to undergo the specific medicals and submit CBC / ESR report of the life to be assured from panel doctor.
5. The proposer underwent these medical examinations after a month i.e. on 14.06.2004 and the Insurance Company received the medical reports on 22.06.2004.
6. The proposer, Shri Mani Ram, passed away on 17.06.2004.
7. The Proposal Deposit Receipt was issued on 30.04.2004 on certain conditions for accepting the proposal.
8. In the absence of non-existence of proposer, the proposal could not be accepted.

During the course of the hearing, the representative of the Insurance Company was asked to clarify the following points :-

- (i) In case the proposer had not expired, whether the Insurance Company was presented to underwrite the proposal ?

The representative of the Insurance Company informed that there would be an additional loading of Rs. 400/- for acceptance of the risk and had the proposer agreed to the same, the risk could have been commenced.

Further, it was observed that the Insurance Company had centralized Underwriting Department and policy issuance department at Mumbai. As such, all proposals are sent to them for their examination.

- (ii) The Insurance Company was further asked to furnish details of proposals received on that date i.e. 30.04.2004 and how much time did they take to underwrite the proposals so as to examine whether there was any delay on the part of the Insurance Company as required by IRDA (Protection of Policyholders' Interest Regulation 2002).

The details have been furnished by Kotak Mahindra Old Mutual Life Insurance Limited vide their fax dated 2nd February, 2006 and it has been observed that the proposals acceptance are as per the guidelines of the Regulator.

After careful consideration of the facts of the case, Hon'ble Insurance Ombudsman is in agreement with the decision taken by the Insurance Company, Kotak Mahindra Old Mutual Life Insurance Limited in repudiating the claim of the complainant. In doing so, I am guided by the Hon'ble Supreme Court of India in the

case of Life Insurance Corporation of India Vs Raja Vasireddy Komalavalli Kamba (1984) 56 Comp. Case 174, AIR 1984 SC 1014, where the court ruled that acceptance is complete only when it is communicated to the offerer, and silence or receipt and retention of premium cannot be construed as acceptance. It was observed in the aforesaid judgement as follows :

“A contract of insurance will be concluded only when the party to whom an offer has been made accepts in unconditionally and communicates his acceptance to the person making the offer. Though in certain human relationship silence to a proposal might convey acceptance yet in the case of insurance proposal, silence does not denote consent and no binding contract arises until the person to whom an offer is made says or, does something to signify his acceptance. Mere delay in giving an answer cannot be construed as an acceptance, as prima facie, acceptance must be communicated to the offerer.

Similarly, the mere receipt and retention of premium until after the death of the applicant or the mere preparation of the policy document is not acceptance”.

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

Delhi Ombudsman Centre
Case No. LI / JD / 316
Shri Abdul Sakoor
Vs
Life Insurance Corporation of India

Award Dated 28.02.2006

The complaint was heard on 27th February, 2006. The complainant, Shri Abdul Sakoor, was absent. LIC of India was represented by Shri R. N. Meena, Asstt. Divisional Manger.

Shri Abdul Sakoor had lodged a complaint with this Forum on 29.11.2004 for non-settlement of the death claim of his mother, Smt. Khatoon who expired on 02.07.2004. LIC of India repudiated the claim vide their letter dated 20.12.2004 on the grounds that Smt. Khatoon had wrongly declared her age as 40 years at the time of submitting the proposal to LIC of India whereas her actual age was 60 years.

Smt. Khatoon had taken a policy No. 180292285 for sum assured of Rs. 20,000/- from LIC of India on 28.12.1989. She had been paying premium regularly for more than fourteen and a half years before she expired on 02.07.2004. LIC of India has repudiated the claim as Smt. Khatoon has not rightly declared her age at the time of the submission of the proposal which according to them was 60 years and not 40 years as declared by her. LIC of India would have not accepted the proposal at the age of 60. The repudiation by LIC of India is based on the Investigation Report dated 14.08.2004 submitted by Shri M. K. Agarwal, AAO wherein he has produced the voter's list form. This form is not signed by Smt. Khatoon. Shri Agarwal has produced the photocopy of the Pension Pass Book of State Bank of India, Jodhpur of Smt. Khatoon but failed to collect necessary evidence from the Bank with regard to the age of Smt. Khatoon as she would have mentioned her age at the time of opening of Bank account. The medical report submitted at the time of the proosal was done and the doctor could have easily identified whether Smt. Khatoon was 60 years 40 years of age at the time of submitting the proposal for insurance. Since there is a big gap, the doctor could have clearly mentioned the correct age if it was differing from the proposal, but she has mentioned the age as 42.

I am not in agreement with the repudiation done by LIC of India on the basis of the age of deceased, Smt. Khatoon being 60 and pass the Award that LIC of India should pay to Shri Abdul Sakoor, the nominee under the said policy, Rs. 20,000/- sum assured plus bonus accrued, if any with 8 % interest per annum from 02.07.2004 till the time of making the payment since the doctor at the time of submitting the proposal has not contradicted the age of the proposer. The policy having run for fourteen and a half years, if Smt. Khatoon was 60 years of age then, at the time of death she was more than 74 years of age, it means she was enjoying good health and this would have been more possible if the age was 40 years. She was also getting the pension and had a bank account. The Investigating Officer did not try to verify her age from her bank opening account, the benefit of this also ensues to her. Further the doctor, at the time when she submitted the proposal, on her examination, has mentioned the age of Smt. Khatoon as 42.

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

Delhi Ombudsman Centre

Case No. LI / DL - II / 345

Shri Surinder Pal Sanan

Vs

Life Insurance Corporation of India

Award Dated 27.03.2006

A complaint was received from Shri Surinder Pal Sanan on 1.1.05 that LIC of India has not settled death claim under policy No. 110993637 (Jeevan Akshay) on the life of Smt. Avinash Wati, mother of the complainant.

On intervention Of Ombudsman's office, LIC of India has paid the death claim under the above policy amounting to Rs. 1,00,000/- vide cheque No. 880317 dated 09.02.2005. LIC of India has further paid penal interest of Rs. 3,800/- for delayed payment vide cheque No. 880363 dated 14.02.2005 which has also been encashed.

There is no further relief to be granted to the complainant. Complaint is disposed of finally.

Guwahati Ombudsman Centre

Case No. 21.01.031 / L / 05 - 06 / GHY

Smt. Krishna Singha

Vs

Life Insurance Corporation of India

Award Dated 03.10.2005

Facts (Statements and counter statements of the parties)

Accident benefits in connection with the two policies were refused to complainant / nominee of the DLA on the ground that if someone is murdered for his own provocation or murdered while indulging in unlawful activities, accident benefit is not payable for which this office was approached by the aggrieved person.

Contention of the opposite part / LIC is that DLA was an active member of UIFA. That although he left the organization, he maintained connection with the organization and due to such connection, the DLA was shot dead as per Police Report and accordingly, under such situation accident benefits were not available.

Issue involved

Whether on given facts the policy condition is invited to refuse accident benefit etc.

Decision and Reasons

On perusal of Final Report of police under Section 173 of CRPC, it was found that there was no evidence collected by Police to connect the DLA with any illegal activities and no persons could be apprehended who caused death of DLA by firing at him. The Final Report further reveals that in spite of request from the banned organization (ULFA), which organization DLA left 2 years next before his death, the DLA refused to rejoin them and started to live as a law abiding citizen by doing business. Therefore, it is the admitted position that 2 years before his death the DLA disassociated himself from the banned organization and started living as a free law abiding citizen when he was shot.

**Guwahati Ombudsman Centre
Case No. 14.002.026 / L / 05 - 06 / GHY
Shri Bimal Dutta
Vs
Life Insurance Corporation of India**

Award Dated 31.10.2005

Brief Facts leading to complaint

A student of school aged 15 years died in hospital due to punctuating injury to his back and the school where he was reading had insurance cover of the student under SSI Scheme. The Principal referred the death claim after observing formalities. But the claim was repudiated by the insurance company on the basis of opinion collected from an advocate stating thereby that death in question was not an accident as contemplated in the connected policy of insurance.

Opponent's views

The contention of the insurer is that the student was assaulted with a dagger by a co-student causing the death and that as per the opinion of Advocate, Mr. Kamal Kumar Bhatta the death in question could not be considered as an accident.

Issue Involved

Whether assault by a co-student is to be treated as accident as contemplated by the policy terms and conditions.

Decision & Reasons

The relevant part of Student Safety Insurance goes as follows.

The Company shall pay if the Insured person sustain bodily injury resulting solely and directly from accident caused by external violent and visible means.

The Exception part of the policy disallows claim for (i) intentional self injury, suicide, attempted suicide, (ii) Whilst under the influence of drugs or intoxicating liquor, (iii) whilst engaged in aviation or ballooning, (iv) whilst racing on the Horse back (v) whilst big game hunting, mountaineering or being engaged in winter sports, skiing or ice Hockey, (vi) arising or resulting from the insured person committing any breach of law with criminal intent.

Now as per policy condition all students of the school were covered and will be provided compensation irrespective of how and where he got injury or met with death. Therefore, ground shown for repudiation in my opinion is not valid and cannot be

accepted. Initially the injury was sustained by external violent & visible means resulting in death.

Order / Award

Repudiation was found not valid and justified and accordingly directed that the insurance company will entertain the claim and process the same making payment for appropriate sum assured as per terms and conditions of the policy.

**Guwahati Ombudsman Centre
Case No. 21.01.001 / L / 05 - 06 / GHY (LICI)
Smt. Suro Prova Das
Vs
Life Insurance Corporation of India**

Award Dated 31.10.2005

Brief Facts leading to complaint

The husband of the complainant, Late Ananda Das, the holder of policy no. 441228616 died on 27.9.02. The policy commenced w.e.f. 28.01.2001. Complaint filed for repudiation of the claim by the insurer.

Opponent's views

The insurer repudiated the claim on the ground of understatement of age by the Life Assured at the time of proposal.

Facts (Statement and counter statement of the parties)

The age of the Life Assured mentioned as 39 years at the time of proposal, the date of birth 03.01.1962. On the basis of Investigation Report collected by the insurer, the age of Life Assured was 50 years at the time of death. This contention is based on evidence collected regarding date of birth of son of the Deceased Life assured & if the age of life assured is taken as 39 years, the difference of age of father & son was only 12 years and that of mother & son only 8 years is not probable. Hence the claim repudiated.

Issue Involved

Whether a death claim can be repudiated by an insurer for mis/under statement of age as per terms & conditions of policy.

Decision & Reason

The complaint decided in favour of the complainant for the reasons :

- i) The age proof was given as reference to previous policy & under previous policy, the age proof mentioned as certificate issued by Talahi High School, North Lakhimpur. The genuineness of the certificate was confirmed by the said school vide letter dated 29.8.2005, addressed to LICI.
- ii) The claim enquiry report also mentioned the claim as genuine.
- iii) The surrender value under the previous policy settled without any dispute regarding age.
- iv) The service record of the deceased life assured also contains the same date of birth.
- v) There is no conclusive evidence as to whose date of birth is correct & whose date of birth is wrong & that too without finding the correct identity of Dipen Das, stated to be the son of deceased life assured. The admit card does not contain full address of Dipen Das to remove all reasonable doubts etc.

vi) The policy condition regarding over statement of under statement of age suggests recovery of arrear premium in case of under statement of age & other alternatives. There is no such condition of repudiation of death claim for under statement of Age only.

Order / Award

The Hon'ble Ombudsman directed the OP / insurer to review the matter, process the claim & release the amount due to the complainant as per terms & conditions of the policy.

**Guwahati Ombudsman Centre
Case No. 22.01.057 / L / 05 - 06 / GHY
Smt. Molani Saikia
Vs
Life Insurance Corporation of India**

Award Dated 28.12.2005

Facts :

The Life Assured Late Golap Ch Saikia holder of Policy No. 440904188 died on 30.04.02 due to heart attack. Death Claim repudiated on the ground of suppression of material facts regarding health by the assured on the proposal form at the time of opening the policy and at the time of revival on 29.04.02. As per medical certificate issued by Dhalpur PHC on 30.01.03, the life assured was suffering from hypertension for a long time and it was not a sudden disease.

Issue Involved

Whether there was any willful suppression of material facts regarding health at the time of proposal / revival.

Decision & Reasons

1) No neighbours or the Headmaster of the locality confirmed that Life Assured was suffering from hypertension for a long time.

2) In the medical attendant's certificate dt. 30.04.2002 Dr. J. Kakoky stated the DLA died at 8.45 p.m. on 30.04.2002 at Bholabori, North Lakhimpur due to heart attack (primary) and Hypertension (secondary) and he suffered from the disease for 1 (one) day with symptoms of breathlessness / sweating and the symptoms were observed by the diseased on the same day and he (doctor) was consulted on 30.04.2002 only. But interestingly the certificate relied upon and supposed to have been issued by the same Dr. D. J. Kotaky as in charge of Dholpur PHC goes as follows :-

"This is to certify that Lt. Golap ch. Saikia S/o Lt. Bhadra Kt. Saikia of vill-Bholabari, P.O. - Bholabari, Dist. N. Lakhimpur who has been examined by me on 30.04.02 & found that he was suffering from heart attack due to hypertension. He was suffering from hypertension since long back, it was not a sudden disease. The symptoms at the time of examination were breathlessness, Sweating etc.

He had been advised to attend N. L. Civil Hospital or Catholic Hospital for further treatment as soon as possible".

The certificate above quoted appears to have been issued after 9 (nine) months from the date of alleged examination of the patient. The meaning of 'suffering from heart attack due to hypertension' is difficult to understand. Be that as it may, even if he was suffering from hypertension which was secondary cause of death, there is nothing to establish beyond any doubt that the DLA had any knowledge of such disease. There is nothing to show that the DLA ever before consulted any doctor before his death on

30.04.02. The certificate also states that DLA was examined only on 30.04.2002 and not earlier. Under the facts and circumstances, all that can be said is that there is a reasonable inference that the DLA might have been suffering from hypertension without his having any knowledge of such disease. Therefore, he (DLA) was not obliged to make declaration to that effect while filling up the proposal form. Therefore, DLA correctly answered the questions regarding, personal history (item no. 11 of proposal form) in negative informing (a) that he did not consult any medical practitioner for last five years for any ailment requiring treatment, (b) that he was not admitted to any hospital / nursing home for check - up, treatment etc. etc., (c) that during last five years he did not remain absent from place of work on ground of health etc.

Thus, there is no cogent and convincing evidence of 'non-disclosure of material facts' or 'suppression of material facts' etc and as such the decision of the insurer was not proper and appropriate. The decision of repudiation is liable to be set aside.

Award

In the result, the act of repudiation of the death claim is set aside.

Guwahati Ombudsman Centre
Case No. 21.01.042 / L / 05 - 06 / GHY
Shri Chandan Deb
Vs
Life Insurance Corporation of India

Award Dated 02.01.2006

Grievance

The grievance of the complainant is that his father late Swadesh Ch. Deb was holder of the LIC policy in reference and died on 22.12.02. After the death of his father the claimant lodged the death claim as the nominee but after expiry of about two years he was informed by Divisional Manager, Jorhat, that the claim has been repudiated on plea that his father (DLA) understated his age by 7 years.

Reply

In its self-contained note, LIC would submit, inter alia, that death claim was repudiated 'for understatement of age in the proposal form. That as per the contents of certificate dtd. 22.02.05 issued by Dr. N. Bhattacharyee, MOIC Uptakali PHC, Dharmanganar the age of DLA was 65 years. That the report of the investigation officer also has mentioned the age of DLA as 65 years at the time of his death and that fact was supported also by voter - list of 1999 etc. for which it was a case of suppression of age for which competent authority decided to repudiate the claim.

Issue Involved

Whether repudiation due to suppression of age is valid.

Decision and reasons

The claim inquiry report prepared by one Shri R. N. Chodudhury, ABM(S), Dharmanganar on 25.02.05 says 'it was difficult to verify the bonafide of the claim'. But a cautious approach to the contents of the report will reveal that Inquiry Officer (I.O.) relied upon a certificate issued by Dr. N. Bhattacharyee in respect of one patient named Deb C/O Dulal Deb of Uptakali who was admitted in hospital (PHC) on 19.12.02 giving his age as 65 years and was discharged on 21.12.02 after being treated for 'sudden loss of consciousness with hypertension' etc. I.O. states in his report that the DLA Swadesh Ch. Deb was also known as Ajoy Deb as per his neighbours but no statement from any of such neighbours was recorded. Rather it is stated in the report that they declined to give written statements. Other document relied upon by I.O. is ration-card. These are

not dependable documents to prove age. Moreover, the paternity of Ajoy Deb was not established. The proposal form states that father's name of DLA was Girish Chandra Deb. It appears that an unnecessary confusion was created by the report of the I.O.

The proposal form has recorded the age as 58 years (DOB 11.03.1945) on the basis of school certificate, the copy of which was verified by the Branch Manager of LIC Dimapur. The copy of the certificate says it was issued by Headmaster of UPTKALI Colony Junior Basic School on 8.10.02 with official seal of school mentioning date of birth as 11.3.1945. It is the established norms to accept the school certificate, unless contradicted, as the best proof of age. The facts alleged by I.O. to contradict and confront the school certificate are baseless and on the face of them cannot have any effect vis-a-vis the school certificate. The school certificate was issued on 8.10.02 and proposal was submitted on 18.11.02. Therefore, there is hardly any scope to suspect mala fide. Be that as it may, there is no scope to repudiate a death claim on the ground of discrepancy in age. As per Policy Condition No. 1 I am told as per usual norms of guidelines in case of understatement of age any deficiency in premium can be adjusted against future claims and balance may be released. It is true that the policy duration was only about month and a half but that will not, by itself, frustrate the claim if otherwise valid. Thus, I find the repudiation was improper and unjust and liable to be set aside. Even in case of established age variation, the insurer is at liberty to recalculate the premium and re-consider the plan/term and settle the claim after deducting the appropriate difference of premium. But this is evidently not the case here.

Award / Order

The decision of repudiation of the death claim by the insurer is set aside. It is directed that the death claim be admitted to be reprocessed by the insurer as per the established norms.

Guwahati Ombudsman Centre
Case No. 24.01.051 / L / 05 - 06 / GHY
Abu Bakkar Laskar
Vs
Life Insurance Corporation of India

Award Dated 09.01.2006

Facts

The Life Assured Lutfurnessa Choudury died within 19 days of the policy - claim repudiated by the insurer on the ground of wrong / false statement by the DLA regarding her occupation & income.

Issue

Whether the insurer correctly repudiated the claim for false statement by the DLA at the time of proposal regarding her occupation & income.

Opponent's view

As the DLA was not a businessman by occupation & had no income of her own, she falls under cover of female category - III & as her husband had no policy, she was not eligible for any insurance. Hence claim repudiated.

Decision & Reasons

The husband of the DLA confirmed that the DLA was not a businessman & had no income of her own. The DLA wrongly / falsely stated her occupation as business of paddy sale & annual income of Rs. 40,000/- which has been proved false by the enquiry & statemnt of husband of the DLA. Hence the DLA was entitled for insurance under Category III provided insurance cover is there on the life of her husband. Her husband had no policy, hence she was not entitled for any insurance. Hence there is no merit in the complaint.

Order

The complaint dismissed.

Guwahati Ombudsman Centre
Case No. 21.01.064 / L / 05 - 06 / GHY
Smt. Jono Deka
Vs
Life Insurance Corporation of India

Award Dated 06.03.2006

Facts leading to complaint

Claim under 4 policies settled but repudiated under policy no. 482332439 (very early claim) on the ground of suppression of material facts regarding health at the time of proposal.

Oppnent's (insurer's) views

The proposer (life assured) answered in negative to Q. No. 11 (d) & (h) & positive to Q. No. 11 (i) on the proposal whereas he was an Ethanol Abuser & he had been suffering from parenchymal Liver Disease prior to commencement of policy. He had withheld correct information regarding his health & habits at the time of effecting insurance & hence claim repudiated.

Issue Involved

Was the insurer's decision in repudiating the claim correct ?

Decision & Reasons

The contention of the insurer - LIC is that the policy in question commenced on 19.03.02 and the life assured o 18.04.02, the proposal being made on 15.03.02 and, therefore, the claim was 'very early one' with a duration of 29 days from D.O.C. and total 33 days from date of proposal. That the treatment particulars of Guwahati Medical College (G.M.C.) and discharge slip from Good Health Hospital, Guwahati reveal that the D.L.A. was patient of ALD (Acute Liver Disease) associated with jaundice w.e.f. 01.04.2002. He had undergone treatment in Good Health Hospital w.e.f. 28.03.02 on complaint of liver problem although formally admitted on 11.04.02 as per discharge certificate and the final diagnosis was Parenchymal Liver Disease (Ethanol related) along with the viral hepatitis on discharge. That the opinion of Divisional Medical Referee (D.M.R.) was taken by the insurer who opined as follows :

"Chronic Parenchymal Liver Disease due to ethanol may be a prolonged disorder, but onset of Viral Hepatitis (V.H.) can be of acute onset leading to acute fulminating deteriorating condition of liver leading to hepatic failure and death".

During investigation LIC collected particulars of leave from the employer and such certificate granted by the employer shows that there are long periods of earned leave availed on 'domestic grounds' and no sick leave ever during the service career.

Certificate of hospital treatment and medical attendance would show that the DLA was admitted on 11.04.02 at the age of 50 years in Good Health Hospital with complaint of Jaundice and pain in abdomen and the diagnosis was Chronic Parenchymal Liver Disease and he was discharged from the said hospital on 13.04.02. The medical attendant Dr. Mitrani Barua stated in her report dated 29.06.2002 that the DLA was suffering from the particular disease for 1 (one) month before his death and the symptoms of the disease were observed 1 month before his admission in Hospital. The claimant in her statement mentioned that the DLA consulted doctors of GMC from 1.4.02 till 11.04.02 and in God Health Hospital 11.04.02 with complaints of fever and vomiting (jaundice) and ultimately the DLA died due to cardio-respiratory arrest.

From the contents of the documents and discussions aforesaid it can reasonably be argued that under all probability the DLA had full knowledge of the disease of the chronic Parenchymal Liver Disease (Ethanol related) when he submitted the present proposal for insurance on 15th March 2002. He had categorically answered to the query demanded by the question '11 (h) do you use or have you ever used (i) alcohol drinks ?' in negative. But the diagnosis in the case was positively alcohol related liver disease and the DMR of LIC has very categorically stated that such incidence of Chronic Parenchymal Liver Disease due to ethanol relation, may be a prolonged disorder. It is another question that the said disease was accompanied with other complications of 'viral hepatitis'.

We find that the Branch Manager B. C. Swargiary of the Hajo Branch of LIC in his investigation report concluded that the claim is genuine simply on the basis of oral statements of the neighbouring people who stated that the DLA was suffering from Jaundice before his death and none stated anything about his physical condition of chronic liver disease. It is true that chronic liver disease is internal cause and neighbouring people may not notice the same but what about the fact of such disease being Ethanol related, i.e., alcoholic ?, particularly when the proposer / DLA answered question in this context that he was not in the habit of taking alcohol. The inquiry report of the Branch Manager, in my opinion, does not inspire confidence. Therefore, in my considered opinion it is difficult to believe that the Chronic Parenchymal Liver Disease is of sudden origin and not related to alcoholic habits of the proposer earlier to the date of submission of the proposal. The doubt is particularly strong because of 'very early claim' and 'doubtful' leave report of the employer. The leave report wants to say that after joining the service on 1.11.71 till his death on 18.4.2002 i.e., during period of about 31 years, the DLA took earned leave on ground of domestic affairs only and not that the earned leaves availed were stretching over a period of 41 days, 13 days, 84 days, 89 days, 60 days etc within about 2 years with the effect from 1.5.99 till 18.8.01.

In conclusion, I find that it is not a good case or a fit case for the Insurance Ombudsman to interfere. In my view LIC was sincere and honest in the investigation of the claim and the conclusion arrived at is logical and free from any bias etc.

Order

The complaint is dismissed.

**Guwahati Ombudsman Centre
Case No. 21.01.033 / L / 05 - 06 / GHY
Smt. Jaba Das
Vs
Life Insurance Corporation of India**

Award Dated 07.03.2006

Brief Facts leading to complaint

The complainant's husband purchased 2 policies from LIC. Death claim was preferred but repudiated by the insurer.

Opponents views

Opposite party LIC contended that both claims were repudiated on the basis of prescription issued by the doctor which would reveal DLA had been suffering from Cancer before submission of the proposal. So there was suppression of facts.

Point (s) for determination

Whether there was any suppression of material fact while submitting the proposal for insurance.

Decision & reasons

Photocopy of prescription from Dr. N. C. Sharma dated 17.10.1999 shows that the DLA was treated from 17.08.99 to 01.11.99 i.e., for about 2 months or so. Evidence (discussed) within the knowledge of the complainant. Question 11 (a) & (e) were answered by the DLA while submitting the proposal in negative and 11 (i) regarding health condition was answered stating 'Good' thereby suppressing the ailments and treatment under Dr. Nirmal Chandra Sharma. Both the policies were taken in consecutive years and that too after the DLA was having his treatment for certain purpose which he omitted to mention in the proposal form. No other ground could be shown to challenge the merit of repudiation of the death claim. Therefore, it was held that there is nothing to interfere with the decision of the insurer.

But considering the entire matter in its proper perspective taking the question of desperation of the DLA for future provision apprehending immediate danger to life, perhaps proposals were submitted to get insurance cover to the possible minimum amount of Rs. 20,000/- and Rs. 26,000/- respectively.

Award / Order

As a special consideration under Rule 18 of the RPG an ex-gratia amount of Rs. 15,000/- were allowed by the Ombudsman.

Guwahati Ombudsman Centre
Case No. 21.01.061 / L / 05 - 06 / GHY
Shri Raman Choudhury
Vs
Life Insurance Corporation of India

Award Dated 15.03.2006

Facts

This Life assured Sarat Choudhury met with a vehicular accident on 16.01.04 and after prolonged treatment, died on 3.9.04 after 226 days of accident. No information given to LICI regarding accident prior to date of death.

LICI paid the claim under the policy but repudiated the accident benefit claim as per policy condition 10 by which accident benefit claim for death under a policy is payable only if the Life assured dies within 180 days from the date of accident and due to direct cause of accident.

Issue Involved

Whether accident benefit claim for death is payable if the Life assured dies after 180 days of accident ?

Decision and reasons

Decided that as per policy condition, the accident benefit claim for death is payable if death occurs within 180 days from the date of accident. There is no scope for extension of time limit & hence the insurer had rightly decided the claim.

Order / Award

The complaint stands dismissed.

**Guwahati Ombudsman Centre
Case No. 21.03.036 / L / 05 - 06 / GHY
Mrs. Madhumita Bhattacharjee
Vs
Tata AIG Life Insurance Co. Ltd.**

Award Dated 16.03.2006

Facts

On death of holder of the policy Rudrendra Bhattacharjee on 30.11.2004, the claim was refused by the insurer on the ground of suppression of facts regarding health & habits of the life assured on the proposal. A case of early claim - signed application on 13.05.2004 & died on 30.10.2004 - the request for review was considered by the insurer & death benefit of Rs. 1,000/- was extended to the complainant on compassionate ground.

Issue Involved

Whether the repudiation of the claim by the insurer on suppression of material facts justified.

Opponent's View

The insured was suffering from hypertension, diabetes & melena before his application for insurance on 13.05.2004 which facts were not disclosed by the insured when he signed application on 13.5.2004. This information was material for underwriting decision. Hence the policy is void since inception as per Section 45 of Insurance Act, 1938. On review of the decision on request, death benefit of Rs. 1,000/- extended on compassionate ground.

Decision & Reasons

From the case summary & discharge record issued by Neurology & Critical Case shows the DLA died due to stroke at age 43 & was admitted on complaining of sudden onset slurring of speech, weakness of left half of the body etc. Also stated that the deceased was a known case of diabetic & hypertensive for years & part history of melena in 1998 - 99. The family doctor Dr. B. Bhattacharjee when interviewed also confirmed that the DLA, R. Bhattacharjee was suffering from diabetes for 1 ½ years & first consulted on 14.1.03. Therefore, it is proved that the DLA was suffering from the ailments since long which were material for underwriting decision but the DLA did not disclose the same at the time of application. Hence the decision of refusal of claim by the insurer appears to be justified.

Order

The complaint stands dismissed.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0214.2005-06
Shri T. Nagajanardhana Rao
Vs
Life Insurance Corporation of India**

Award Dated 10.10.2005

FACTS OF THE CASE : One Smt. Tammana Ratna Manikyamba, W/o Shri T. Nagajanhana Rao, housewife and resident of Gudivada (Post) in Krishna District took a Life Insurance Policy no. 672813225 in 03/2005 from Gudivada Branch of LIC of India, under Machilipatnam Division. The life assured died on 29.05.2003. The cause of death was reported to be **heart attack**. Shri T. N. Janardhana Rao, who is the nominee and complainant under the policy, lodged a claim with the LIC. The LIC repudiated his claim on 28.01.2004, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal forms. It was also stated by the LIC that they held indisputable proof to show that even before she proposed for the above policy, she was suffering from **diabetes since 10 years and was on insulin treatment**. She, however, did not disclose these facts in the proposals. Instead, she gave false answers to the relevant questions in the proposal form. Finding the life assured to be guilty of deliberate suppression of material facts relating to her health at the time of taking the insurance policy, LIC repudiated the claim.

DECISION : I heard the contentions of the insurer and also perused all the documents including the written submissions of both the parties.

Incidentally, there is also nexus between the material facts suppressed and the cause of death of the life assured on 29.05.2003.

From the records/documents and the contentions submitted by both sides, I am convinced that the insurer (LIC) rightly repudiated the claim because the policy had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and the policy was unenforceable. Therefore, I have to hold for the reasons as aforesaid, the repudiation of the claim by the insurer invoking the provisions of 1st part of sec. 45 of the Insurance Act 1938 on the ground that the insured had deliberately suppressed material facts relating to her health is sustainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands.

In the aforesaid circumstances, the complaint fails and is dismissed as devoid of any merit.

Hyderabad Ombudsman Centre

Case No. L-21.001.0120.2005-06

Smt. S. Suseela

Vs

Life Insurance Corporation of India

Award Dated 10.10.2005

BACKGROUND : Shri Sanchana Lakshmana Rao, S/o Shri S. Chinnama Naidu, working as Security Officer in M/s Coromandel Fertilisers Limited and a resident of Visakhapatnam in Andhra Pradesh took the insurance policy no. 691822692 from City Branch-1 of LIC under Visakhapatnam Division. The life assured died in CARE Hospital, Visakhapatnam on 07.09.2003 on account of cardio respiratory arrest. Smt. S. Suseela, who is the nominee and complainant under the policy, lodged a claim with the LIC. But the LIC repudiated her claim on 29.02.2004, on the ground of suppression of material facts by the life assured at the time of submission of the proposal for taking the insurance policy. It was also alleged by the insurer that they held indisputable proof to show that even before he proposed for the above policy, he suffered from **diabetes and hypertension** and took treatment for the same.

DECISION : I have carefully perused all the documents placed before me and also heard the contentions submitted by both the parties.

The insurer, in the present case, repudiated the claim invoking the provisions of the 2nd part of Sec. 45 of the insurance Act 1938. The only evidence on which the insurer relied was a statement given by Dr. K. V. L. Narasimham of Visakhapatnam. Even this statement also did not contain any information relating to details of treatments for diabetes/hypertension. The insurer, therefore, could not produce any concrete record, however, of periodical tests and findings/readings of diabetes/hypertension prior to taking the policy.

The only contention of LIC appears to be violation of the principle of utmost good faith. But the fact that the material fact not disclosed is not affecting consideration of the insured for insurance as explained by me above; the fact that the insurer could not fulfill all the three ingredients required for considering repudiation of the claim since 2nd part of Sec. 45 of the Insurance Act 1938 is applicable under the claim and the fact that the insurer could not obtain and submit full particulars relating to treatment for diabetes and hypertension, I am left with no alternative but to give the benefit of doubt to the life assured / complaint.

Therefore, for the reasons as mentioned above, I hold that the repudiation of the claim of the complainant under the aforesaid policy by the insurer is not legal, correct and proper and hence I direct the Corporation to settle the claim under the policy.

In the result, the complaint is allowed.

Hyderabad Ombudsman Centre

Case No. L-21.001.0214.2005-06

Smt. G. Kamalakumari

Vs

Life Insurance Corporation of India

Award Dated 10.10.2005

FACTS OF THE CASE :

One Shri Gundabattula Sitaramaiah, s/o Shri G. Nancharaiah, working as Assistant Engineer and a resident of Krishna District took the life insurance policy no. 671243178 from City Branch-II of LIC, under Machilipatnam Division. The mode of payment of premium was quarterly. The policy was in a lapsed condition due to non-payment of premium due from 02/2002. Subsequently, the policy was revived by the life assured on 15.12.2003. But the life assured died on 28.02.2004. The cause of death was reported to be chest pain. Smt. G. Kamala Kumari, the complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by LIC of India, citing the reason, that the life assured, while reviving his lapsed policy, gave false answers to certain questions in the declaration of good health form, submitted by him at the time of reviving his lapsed policy. It was also stated by the LIC that they held indisputable proof, to show that even before he revived his lapsed policy, he suffered from **Esophagus Cancer** and took treatment including **chemotherapy since 14.08.2003 till his death**. It was also asserted by the insurer that the life assured also availed leave on sick grounds during the period 20.05.2003 to 31.12.2003. He, however, did not disclose these facts in the declaration of good health form. Instead, he gave false answers to the relevant questions in the declaration of good health form. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of reviving his lapsed policy, the insurer repudiated the claim by setting aside the revival.

DECISION :

I heard the contentions of both sides and perused all the documents, including the written submissions of the complainant, placed before me.

The fact of admission in a hospital in Hyderabad as referred by me earlier and the treatment thereto, which was very serious in nature, ought to have been disclosed to the insurer to enable them to assess the risk in the right perspective. Instead, these facts were suppressed, which clearly established the fraudulent intent of the life assured.

The policy was revived on 15.12.2003, just 17 days after his admission and treatment in Indo-American Cancer Institute & Research Centre, Hyderabad must be green in his memory.

Therefore, for the reasons as aforesaid and also in the light of concrete medical evidences available on record as referred to above, the repudiation of the claim by the insurer has to be upheld on law as well as on facts; and hence the repudiation of the claim by the insurer does not warrant any interference at my hands;

In the result, the complaint is, dismissed.

Hyderabad Ombudsman Centre
Case No. L-21.001.0254.2005-06
Smt. B. Anasuya
Vs

Life Insurance Corporation of India

Award Dated 10.10.2005

FACTS OF THE CASE

One Shri Bobbili Ramalingam, S/o Shri B. Bojjanna, working as Khalasi in Visakhapatnam Steel Plant and a resident of Visakhapatnam took three Life Insurance Policies no. 692633484, 692635176 & 673597498 in 03/2003, 06/2003 and 07/2003 from Gajuwaka Branch of LIC of India, under Visakhapatnam Division The life assured died on 28.02.2004. The cause of death was reported to be Intra Cranial Bleed-Right Hemiplegia. Smt. B. Anasuya, who is the nominee and complainant under the policies, lodged a claim with the LIC. The LIC repudiated her claims on 05.11.2004, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal forms. It was also stated by the LIC that they held indisputable proof to show that even before he proposed for the above policies, he suffered from **heart disease and hypertension** and took treatment for the same. He, however, did not disclose these facts in the proposals. Instead, he gave false answers to the relevant questions in the proposal forms. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policies, LIC repudiated the claims.

DECISION :

I heard the contentions of the insurer and also perused all the documents including the written submissions of both the parties.

It is the consistent and positive case of the LIC (insurer) that the answers given by the deceased life assured to various questions in the proposal forms are not reflecting the real state of affairs and as a matter of fact, he had suppressed the vital facts relatable to his health while submitting the proposals for insuring his life. According to the insurer, the life assured suffered from heart disease and hypertension and that the insured was a known patient of hypertension/alcoholic, as per the medical evidences

secured by them. In proof of the stand, they secured and submitted the relevant hospital records from Visakhapatnam Steel Plant (Hospital), Visakhapatnam. Therefore, it can be inferred that the deceased life assured willfully and deliberately suppressed the material facts relating to his health as getting revealed by the medical records referred above. Had these material facts been disclosed in the proposals submitted by the life assured, according to the underwriting norms of LIC, the insurer would not have accepted the proposals and issued the policies in question.

In the case on hand, the deceased life assured knowingly gave incorrect information on the personal health in the proposal forms for insurance. This ground of incorrect information and false statements regarding health make the insurance contract null and void and thus the policy is vitiated. Hence, no claim is admissible under a policy, which is vitiated.

In the forsaidd circumstances, the complaint fails and is dismissed as devoid of any merit.

Hyderabad Ombudsman Centre

Case No. L-21.001.0149.2005-06

Shri China Saida Reddy

Vs

Life Insurance Corporation of India

Award Dated 14.10.2005

BACKGROUND

Shri Kunireddy Gopi Reddy, s/o Shri K. Nagi Reddy, doing cultivation and a resident of Nellore took the life insurance policy no. 672999353 from Gurazala Branch of LIC under Machilipatnam Division. The life assured died due to sudden heart attack on 22.02.2003. The insured, while proposing his life for insurance, understated his age by 18 years and thereby induced the insurer for issue of the policy. According to the insurer, had the life assured disclosed his correct age of 72 years at the time of taking the insurance policy, they would not have issued the insurance policy, as the life assured was not eligible for insurance at all. In view of suppression of material facts relating to his age by the life assured, LIC repudiated the claim under the policy.

DECISION :

I have carefully perused the papers placed before me and heard the arguments presented by both the sides.

All these documents/proofs when arranged chronologically established the fact that there was certainly gross understatement of age by more than 18 years. Even if the gross understatement was by 18 years, the insured was not eligible for insurance.

Though the complainant disputed the authenticity of the voters' list on the basis of which the claim was repudiated by the insurer, he failed to submit any other concrete evidence and prove that there was no understatement of age by the insured.

Therefore, I have to hold, for the reasons as aforesaid and also in the light of the evidences available on record as referred to above, the repudiation of the claim by the insurer is legal, proper and correct and does not call for any interference at my hands.

The complaint is, therefore, dismissed.

Hyderabad Ombudsman Centre

Case No. L-21.011.0193.2005-06

**Smt. Devarakonda Anasuya
Vs
ING VYSYA Life Insurance Company**

Award Dated 17.10.2005

FACTS OF THE CASE

One Smt. Devarakonda Lakshmi Rajyam, D/o Shri Boshaiyah, working as clerk in R.T.O.'s Office and a resident of Chirala (Post), Prakasam District in Andhra Pradesh took a Fulfilling Life Anticipated Whole Life Insurance Policy no. 00176672 with Accident Death Disability Dismemberment Benefit Rider for a Sum Assured of Rs. 30,00,000 from ING VYSYA Life Insurance Company Limited at Bangalore on 16.09.2004. The life assured died on 20.09.2004. The complainant reported the cause of death as sudden. Smt. D. Anasuya, who is the nominee and complainant under the policy, lodged a claim with the ING VYSYA Life Insurance Co. Ltd., Bangalore. But the ING VYSYA Life Insurance Co. Ltd., repudiated her claim on 31.01.2005, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal form. It was also stated by the insurer that they held indisputable proof to show that even before she proposed for the above policy, she was suffering from "**Gross Anaemia**" and took treatment for the same. She, however, did not disclose these facts in the proposal. Finding the life assured to be guilty of deliberate suppression of material facts relating to her health at the time of taking the insurance policy, the insurer repudiated the claim.

DECISION :

I heard the contentions of the insurer and also perused all the documents including the written submissions of both the parties.

According to the treatment particulars obtained by the insurer from Dr. N. Bhaskara Rao, in their claim form Last Medical Attendant's Certificate, the primary cause of death was "**Severe Menorrhagia**" and the secondary cause of death was "**Cardio Respiratory Arrest**". The symptoms prior to death as reported by the doctor were "**Breathlessness Cyanosis**".

According to the underwriting norms of the insurer, had the life assured disclosed the above material facts at the time of taking the insurance policy, the insurer would have declined the insured for insurance purpose.

In the result, the complaint is dismissed.

**Hyderabad Ombudsman Centre
Case No. L-21.011.0140.2005-06
Smt. G. S. M. Chandraleela**

Vs

Life Insurance Corporation of India

Award Dated 17.10.2005

FACTS OF THE CASE

One Shri Kukatlapalle Rajasekhar, S/o Shri K. Samuel John, working as hotel warden and a resident of Markapur in Prakasam District took a Jeevan Saathi life insurance policy no. 841945247 with his wife for Rs. 1 Lakh Sum Assured commencing from 01.03.2002 from Giddalur Branch of LIC of India, under Nellore Division. The life assured died on 19.08.2003, within 1 year and 5 months from the date of risk of the policy. The cause of death was reported to be "murder". Smt. G. S. M. Chandraleela, who is the nominee and complainant under the policy, lodged a claim with the LIC. The LIC repudiated her claim on 14.02.2004, citing the reason that the life assured, while

proposing for insurance, gave false answers to certain questions in the proposal form. It was also alleged by the LIC that they held indisputable proof to show that even before he proposed for the above policy, he suffered from “**Triple Vessel Disease (RCA + LAD + OMs)** and took treatment for the same. He, however, did not disclose these facts in the proposal form for taking the insurance policy. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, LIC repudiated the claim.

DECISION :

I heard the contentions of both sides and also perused all the documents including the written submissions of both the parties.

As could be seen from the charge sheet and other police reports, a case was already filed by the police against the accused and the case is in progress and the matter has become subjudice.

Since the matter is already before the Hon'ble Court, it would be fair and justified if we wait till the judgement is delivered by the Hon'ble Court where the case is pending for hearing. Normally, on examination and assessment of evidence for and against, including evidence culled out through cross-examination, the Hon'ble Court decides the cause of death (murder). Such finding is crucial to evaluate claim of the insured in this case. Therefore, I direct the insurer to obtain a copy of the judgement of the Hon'ble court at the earliest and review their decision of repudiation of the claim in the light of the Hon'ble Court's decision. I observe that it is the duty of the complainant to supply a copy of the Hon'ble Court's Order, as soon as it is delivered to the insurer to enable the latter to review the decision of repudiation. Further the complainant may approach this Office if she is not satisfied with the review decision of the insurer and when such decision is rendered or when there is undue delay in communicating the review decision after the communication of the decision of the Hon'ble Court.

In the result, the complaint is closed.

Hyderabad Ombudsman Centre

Case No. L-21.011.0111.2005-06

Smt. S. Suvarna Sarada Mani

Vs

Life Insurance Corporation of India

Award Dated 25.10.2005

FACTS OF THE CASE

One Shri Satti Venkat Sree Rama Subba Reddy, S/o Shri S. Rama Reddy, doing business and a resident of Anaparthi Mandal in East Godavari District, took a Jeevan Mitra Pol No. 693240183 (Triple Cover Endowment Insurance Policy) from Chodavaram Branch of LIC of India, under Visakhapatnam Division. The life assured died on 28.04.2003. The cause of death was reported to be heart attack. Smt. S. Suvarna Sarada Mani, who is the nominee and complainant under the policy, lodged a claim with the LIC. The LIC repudiated her claim on 31.03.2004, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal form. It was also stated by the LIC that they held indisputable proof to show that even before he proposed for the above policy, he suffered from **Hypertension and Diabetes** and took treatment for the same. He, however, did not disclose these facts in the proposal. Instead, he gave false answers to the relevant questions in the proposal form. Finding the life assured to be guilty of deliberate

suppression of material facts relating to his health at the time of taking the insurance policy, LIC repudiated the claim.

DECISION :

I heard the contentions of both sides and also perused all the documents including the written submissions of both the parties.

It is very much pertinent to mention here that the deceased life assured underwent several special medical tests like ECG, CBC and ESR besides the normal medical examination by authorized medical examiner of the insurer (LIC). Interestingly, the findings of all these reports were very much normal. No adverse feature relating to the health of the insured in general and in particular, about diabetes and hypertension had come to light. All these reports were examined by the special medical examiner of the LIC, Visakhapatnam called Divisional Medical Examiner (DMR) and, on the basis of his report/findings, the case was accepted for insurance and, accordingly, the policy in question was issued by the insurer.

It is not fair to come to the conclusion that the deceased suppressed material facts relating to his health, especially relating to diabetes/hypertension. Although there is some basis for the contentions of the insurer (LIC) the same is not supported by evidences as referred by me.

In the aforesaid circumstances, the complaint is allowed.

**Hyderabad Ombudsman Centre
Case No. L-21.002.0165.2005-06
Smt. D. V. L. Jyothi
Vs
SBI Life Insurance Company**

Award Dated 26.10.2005

BACKGROUND

One Shri D. V. L. Narasimha Rao, working as lecturer is S. G. S. College, Jaggaiahpet and a resident of Krishna District, Submitted dated 17.09.2004 for membership of the SBI Life Super Suraksha Group Insurance Scheme for Housing Loan Borrowers through State Bank of Hyderabad, Jaggaiahpet. The Policy no. 830001000507 is for a term of 18 years. The life assured died on 23.11.2004. The cause of death was reported to be sudden heart attack. Smt. D. V. L. Jyothy, who is the nominee and complainant under the policy, lodged a claim with the insurer. But the insurer repudiated/rejected her claim on 18.05.2005 on the ground that there was no contracts between the life assured and the company. It was alleged by the insurer that the life assured was advised to undergo medical examination to enable them to consider his application for membership of the Group Insurance Scheme. But the insured did not respond. Since it was an uncompleted contract, there was no coverage of risk on the life of the insured and the claim was accordingly repudiated/rejected by the insurer.

DECISION :

According to the complainant, the deceased life assured was working as a lecturer, attending to his duties regularly. He also did not avail any leave on sick grounds, which incidentally confirm that he was hale and healthy at the time of joining the group insurance coverage offered by the insurer in the absence of any evidence contrary to the above submitted before me by the insurer.

Taking into account the totality of the facts of the case, I am of the view that there was absolutely no lapse on the part of the insured or on the part of the complainant and it was only the responsibility of the insurer to have arranged for all the requirements

necessary for considering insurance coverage. The complainant or the insured is not at fault and therefore, the repudiation/rejection of the complainant's claim is not only unjustified but also against law. I am, therefore, convinced to give the benefit of doubt to the insured/complainant and accordingly, I direct the insurer to pay the insured sum to the complainant.

The complaint is allowed.

Hyderabad Ombudsman Centre
Case No. L-21.001.0241.2005-06
Shri Gundarapu Vaikuntamu
Vs
Life Insurance Corporation of India

Award Dated 26.10.2005

FACTS OF THE CASE

One Shri Gundarapu Rajaiah, S/o Shri G. Komuraiah, doing cultivation and a resident of Warangal District took the life insurance policy no. 681590763 from City Branch-I, Warangal of LIC, under Warangal Division. The policy was in a lapsed condition due to non-payment of premium due from 06/1998. Subsequently, the policy was revived by the life assured on 15.07.2003 by paying the arrears of premiums and also submitted health requirements, as advised by the LIC. But the life assured died on 27.08.2003. The cause of death was reported to be "**vomiting and motions**". Shri G. Vaikuntamu, the complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by LIC of India, citing the reason that the life assured, while reviving his lapsed policy, gave false answers to certain questions in the declaration of good health form, submitted by him at the time of reviving his lapsed policy. It was also stated by the LIC that they held indisputable proof to show that even before he revived his lapsed policy, he suffered from paralysis and took medical treatment during the year 2003. He, however, did not disclose these facts in the declaration of good health form. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of reviving his lapsed policy, the insurer repudiated the claim by setting aside the revival.

DECISION :

I heard the contentions of both sides and also perused all the documents, including the written submissions of the complainant, placed before me.

As already referred by me, the only contention of the insurer was violation of the principle of utmost good faith by the insured. It would also be pertinent to mention here that the deceased life assured was examined by authorized medical examiner of LIC who had not pointed out any adverse features relating to health of the life assured and on the basis of this report, the policy in question was revived.

While, there is undoubtedly a suppression of some facts relating to health as referred above, the total repudiation of the claim in the absence of substantial evidence to the effect that the life assured was on continuous treatment for right hemi paresis prior to revival except the treatments obtained by the insurer in their form no. 5152 and the cause of death is connected with the undisclosed, pre-existing, physical disease / condition, I am of the opinion that the total repudiation of the claim is not proper, correct and justified.

In the result the complaint is considered under ex-gratia for face value of the policy Rs. 50,000/- (Rupees Fifty thousand only).

Hyderabad Ombudsman Centre
Case No. L-21.001.0046.2005-06
Smt. S. Suvarna Sarada Mani
Vs

Life Insurance Corporation of India

Award Dated 26.10.2005

FACTS OF THE CASE

One Shri Satti Venkata Sree Rama Subba Reddy, S/o Shri. S. Rama Reddy, doing business and a resident of Anaparthi Mandal in East Godavari District, took a Money Back Policy No. 800225413 from Rajahmundry Main Branch of LIC of India, under Rajahmundry Division. The policy lapsed due to non-payment of premiums due from 02/2002 and it was revived by the life assured on 03.04.2003 by paying the arrears of premium and submitting declaration of good health form. The life assured died on 28.04.2003. The cause of death was reported to be heart attack. Smt. S. Suvarna Sarada Mani, who is the nominee and complainant under the policy, lodged a claim with the LIC. The LIC repudiated her claim on 31.03.2004, citing the reason that the life assured, while reviving the policy on 03.04.2003, gave false answers to certain questions relating to his health in the declaration of good health form. The insurer also alleged that they held indisputable proof to show that even before he revived the above policy, he suffered from **Hypertension and Diabetes** and took treatment for the same. The life assured, however, did not disclose these facts at the time of reviving the insurance policy. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of reviving his insurance policy, LIC repudiated the claim.

DECISION :

I heard the contentions of both sides and also perused all the documents including the written submissions of both the parties.

The claim was investigated by three different officials in three different places. But none of the official could gather any evidence to substantiate his recommendation for repudiating the claim. Although the investigating officials suspected that the deceased life assured committed suicide due to financial loss in his business, they could not secure any piece of evidence to substantiate their suspicion. No enquiries also appear to have been made with the police authorities to obtain information to the effect that police case had been registered since the death was an unnatural one. In fact, the officials of the insurer themselves admitted that they could not secure any evidence to prove suicide but they concluded that the death was sudden.

Therefore, I have to hold for the reasons as aforesaid, the repudiation of the claim by the insurer invoking the provisions of 2nd part of Sec. 45 of the Insurance Act 1938 on the ground that the insured had deliberately suppressed material facts relating to his health is not justified as the insurer failed to prove the fraudulent intent of the insured and also in view of the fact that no adverse features were reported in the special medical reports submitted to the insurer at the time of considering the insurance policy no. 693240183 (serviced by Visakhapatnam Division). Further, the insurer also could not secure any evidence other than an affidavit/F. No. 5152 relating to diabetes/hypertension as alleged by them to strengthen their repudiation, it would be unfair and unjustified to repudiate/reject the total claim of the policy. I, therefore, direct the insurer to consider the claim for face value of the policy (Rs. two lakhs only).

In the aforesaid circumstances, the complaint is allowed.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0283.2005-06
Smt. Rage Sundaramma
Vs**

Life Insurance Corporation of India

Award Dated 28.10.2005

FACTS OF THE CASE

One Shri Raga Papaiah A/s Ramudu, S/o Shri Narayana, doing cultivation and a resident of Bijinapally Mandal in Mahaboobnagar District, took life insurance policy no. 642762329 from Wanaparthy Branch of LIC, under Hyderabad Division. The mode of payment of premium was quarterly. The policy was in a lapsed condition due to non-payment of premium due from 09/1999. Subsequently, the policy was revived by the life assured on 18.10.2003. But the life assured died on 28.02.2004. The cause of death was reported to be **fever**. Smt. R. Sundaramma, the complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by LIC of India, citing the reason, that the life assured, while reviving his lapsed policy, gave false answers to certain questions in the declaration of good health form, submitted by him at the time of reviving his lapsed policy. It was also stated by the LIC that they held indisputable proof, to show that even before he revived his lapsed policy, he suffered from **Ischemic CMP Cardiomyopathy and Severe LV dysfunction** and took treatment for the same in a hospital. He, however, did not disclose these facts in the declaration of good health form. Instead, he gave false answers to the relevant questions in the declaration of good health form. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of reviving his lapsed policy, the insurer repudiated the claim by setting aside the revival.

DECISION :

I heard the contentions of both sides and perused all the documents, including the written submissions of the complainant, placed before me.

The fact of admission in the hospital and the treatment thereto which was very serious in nature, ought to have been disclosed to the insurer to enable them to assess the risk in the right perspective. Instead, these facts were suppressed, which clearly established the fraudulent intent of the life assured. The policy was revived on 18.10.2003, just 3 months after his admission and treatment in Medi Citi Hospital, Hyderabad.

In the result, the complaint is, dismissed.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0204.2005-06
Smt. P. Lakshmi Devamma
Vs**

Life Insurance Corporation of India

Award Dated 18.11.2005

BACKGROUND

One Shri Palle Srinivas Reddy, s/o Shri P. Ramachandra Reddy, doing business and a resident of Anantapur in Andhra Pradesh, took the insurance Policy No. 652464694 from Anantapur-II Branch of LIC, under Cuddapah Division. The policy covered the risk of accidental benefit, in case of death by accident, as per the policy conditions. The life assured died on 20.02.2004. The cause of death was reported to be accident. LIC settled the claim for Basic Sum Assured but repudiated/rejected the claim for accident

benefit alleging that the insured committed Breach of Law by boarding into running train from off side, that too, without a ticket.

DECISION :

I have carefully perused the papers placed before me including the written submission of the complainant and also heard the arguments presented by both sides.

LIC settled the claim for Basic Sum Assured but repudiated/rejected the claim for accident benefit. Their investigations lead them to conclude that the life assured committed breach of law. In support of their contentions, the insurer obtained police reports FIR, PMR and PIR in Cr. No. 06/2004. The Post Mortem Report (PMR) opined the cause of death as "Traumatic Separation of Head". The Panchayatdars, in the police Inquest Report, reported that on 20.02.2004 at about 11.45 hours at Anantapur Railway Station PF No. 1, the life assured tried to board a running train no 2628 from the offside. The life assured slipped and fell under the running train, resulting in his instantaneous death. The police authorities clearly reported the cause of death as "accidental death".

The insurer totally relied upon the panchayatdars report and rejected the claim for accident benefit alleging that the deceased life assured committed breach of law. The insurer could not cite provisions of any law, duly laid down by the competent authority, which holds it illegal for a person to board a train off side.

The allegation of the insurer that the deceased life assured was travelling without valid ticket is not at all substantiated. It is illogical to infer that the deceased was traveling without valid ticket from the fact that the police did not report the presence of a ticket on the body (In pockets) of the deceased in the articles they found when panchnama was prepared. For all that we know, the ticket might have slipped off and fallen to ground or on the absence of good supporting evidence, the inference by the insurer is no more than a wild hunch.

Thus, the repudiation/rejection of the complainant's claim for accident benefit is neither legal nor correct and hence the decision of the insurer warrants interwarrants interference at my hands and accordingly, I direct the insurer to settle the claim for accident benefit also.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0127.2005-06
Smt. M. Basheerunnisa
Vs**

Life Insurance Corporation of India

Award Dated 18.11.2005

FACTS OF THE CASE

One Shri Mittaigiri Hajamathulla S/o Shri M. A. Gafoor Saheb, doing business and resident of Cuddapah District, took a life insurance policy from Rayachoty Branch of LIC, under Cuddapah Division. The mode of payment of premium was yearly. The policy was in a lapsed condition due to non-payment of premium due from 04/2002. Subsequently, the policy was revived by the life assured on 01.09.2003. But the life assured died on 06.09.2003. The cause of death was reported to be heart attack. Smt. M. Basherunnisa, the complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by LIC of India, citing the reasons, that the life assured, while reviving his lapsed policy, gave false answers to certain questions in the declaration of good health form, submitted by him at the time of reviving his lapsed policy. It was also stated by the LIC that they held indisputable proof, to show that even before he revived

his lapsed policy, he suffered from jaundice and took treatment for the same. He, however, did not disclose these facts in the declaration of good health form. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of reviving his lapsed policy, the insurer repudiated the claim by setting aside the revival.

DECISION :

I heard the contentions of both sides and perused all the documents, including the written submissions of the complainant, placed before me.

The life assured took a New Janaraksha Insurance Policy in 04/2001 for a Sum Assured of Rs. 50,000/-. The mode of payment of premium was yearly. The life assured paid only the first instalment premium. Premiums under the policy from 04/2002 were not paid in time. Hence the policy lapsed. The life assured got the policy revived on 01.09.2003, by paying the entire arrears of premia with interest and also submitted declaration of Good Health Form duly executed by him. But the life assured died on 06.09.2003. The duration of the claim from revival was just 5 days. Since it was a very early claim, the LIC arranged for investigation of the claim;

LIC repudiated the claim by setting aside the revival effected on 10.04.2004, as the life assured suffered from jaundice and took treatment for the same prior to revival of the policy. The insurer also alleged that the deceased life assured was diagnosed for **Hepatitis-B and Cirrhosis of liver-Portal Hypertension in Manipal Hospital, Bangalore** in 12/2002, which was prior to revival of the policy;

In support of their repudiation action, they obtained the treatment particulars in the form of hospital records from Manipal Hospital, Bangalore. According to the clinical laboratory report for blood taken by the insured in the above hospital vide Hospital No. 399325 on **02.12.2002**, the impression of the report was "**Hepatitis B surface antigen (HBsAg-ELISA)-POSITIVE**". It was also reported in the clinical report by the hospital authorities "Repeated twice on same sample". The life assured also underwent Real Time Ultrasonography of the Abdomen at Manipal Hospital, Bangalore on 03.12.2002. The impression of the report was "**(1) Cirrhosis of liver with Portal Hypertension and (2) Moderate Ascites**". The deceased life assured also underwent other pathological tests and their findings all indicated that the insured was suffering from liver-related ailments/diseases.

The insurance policy in question was revived on 01.09.2003 and the life assured knew very well that he was diagnosed for hepatitis B and Cirrhosis of liver with Portal Hypertension. But the life assured answered all the questions in the declaration of good health form in a clear-cut fashion as if he was enjoying good health although he was diagnosed to be suffering from the above diseases. Thus the answers given by the life assured are not reflecting the real state of his health and as a matter of fact, he had suppressed the vital facts relating to his health while submitting the said form.

The revival of an insurance policy considers the question of insurability of the life assured afresh and any concealment of material facts would clothe the insurer with the right to treat the revival as void. The medical evidences produced by the insurer established beyond doubt that the answers given by the insured to the questions in the declaration of good health form were totally untrue to the knowledge of the insured and that he uttered falsehood.

The fact of the diagnosis in Manipal Hospital, Bangalore as referred to by me was very serious in nature and this fact ought to have been disclosed to the insurer to enable them to assess the risk in the right perspective. Instead, these facts were suppressed, which clearly established the fraudulent intent of the life assured. Further, the

complainant during the course of the hearing also submitted that it was a fact that the deceased life assured took treatment in Manipal Hospital Bangalore.

Therefore, for the reasons as aforesaid and also in the light of concrete evidences available on record as referred to above, the repudiation of the claim by the insurer has to be upheld on law as well as on facts; and hence the repudiation of the claim by the insurer does not warrant any interference at my hands;

In the result, the complaint is, dismissed.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0321.2005-06**

Smt. Sabera Begum

Vs

Life Insurance Corporation of India

Award Dated 23.11.2005

BACKGROUND

The life assured late Md. Habibuddin, S/o Shri Jawaharuddin, working as driver in Panchayat Raj Department and resident of Penugonda in Anantapur District, took the two life insurance policies from Hindupur Branch of LIC under Cuddapah Division, as per the details furnished above. The insured died on 22.10.2004 on account of heart attack. The duration of the 1st claim was 1 year and 07 months and that of the 2nd claim was just 7 months. Smt. S. Sabera Begum, who is nominee and complainant under the policies, lodged a claim with the LIC. But the claims were repudiated by the LIC of India, citing the reason that the life assured, while submitting the proposals for insurance in 03/2003 and 03/2004, gave false answers to certain questions relating to his health in the proposal forms. The insurer also alleged that they held indisputable proof to show that even before he proposed for insurance, he had been suffering from **diabetes, ulcer to the left foot, lower leg tumour and Nephropathy** and was taking **treatment**. The life assured, however, did not disclose these material facts at the time of taking the insurance policies. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policies, the insurer repudiated the claims.

DECISION :

I have carefully perused the papers including the written submissions of the complainant placed before me and heard arguments presented by both sides.

- i. The life assured late Md. Habibuddin, working as driver in Panchayat Raj Department and resident of Penugonda in Anantapur District took two life insurance policies in 03/2003 and 03/2004 for a sum assured of Rs. 75,000/- and 51,000/- respectively under Non-medical Scheme. After taking the policies, the insured died within 1 year and 7 months of the 1st policy and 7 months of the 2nd policy on 22.10.2004. The cause of death was reported to be heart attack. Since the duration of the claims was less than two years from the dates of the commencement of the policies, the insurer arranged for investigation into bonafides of the claims.
- ii. Both the claims were repudiated by LIC on the ground that the life assured, while proposing the insurance policies, deliberately suppressed material facts relating to his health as the life assured was reported to have suffered from diabetes, ulcer to the left foot, lower leg tumour and nephropathy and took treatment for the same, even before he took the insurance policies. It was also alleged by the insurer that the deceased life assured availed leave on medical grounds on three occasions for treatment of the above, prior to taking the policies.

- iii. All the treatments, as alleged by the insurer, were confirmed by the employer of the life assured by furnishing the information to LIC in their claim form E. Beyond this, the employer did not furnish any information relating to medical reimbursements or other financial benefits allowed to the deceased life assured from their end.
- iv. **Policy Nos. 652169167** :- Section 45 of the Insurance Act 1938 is applicable under the claim. Before discussing the facts of the cases further, it is useful to refer to the provisions contained in Section 45 of the Insurance Act, 1938. The said section provides, inter-alia, that no policy of the life insurance effected after the coming into force of this act after expiry of two years from the date on which it was effected be called in question by the insurer on the ground that a statement in the proposal for insurance or any report of a medical officer or a referee or a friend of the insured or any other document leading to the issuance of the insurance policy was on a material matter or the insured suppressed a fact which it was material to disclose and that it was fraudulently made by the insured and that the insured knew at the time of making it that the statement was false or that the insured suppressed the facts, which it was material to disclose. The said section lays down three conditions for the applicability of the second part of Section 45.(1) Statement must be on a material matter or the insured must have suppressed facts which it was material to disclose (2) The suppression must be fraudulently made by the insured (3) The insured must have known at the time of making the statement that it was false or the insured suppressed facts which it was material to disclose.
- v. It is, therefore, incumbent for the insurer to prove not only that the undisclosed/suppressed information is material but that the non-disclosure/suppression was owing to the intention on the part of the DLA to defraud the insurer. In my opinion, the insurer failed in this regard. The only evidence obtained and submitted by the insurer are the claim form E issued by the employer of the deceased life assured. And copy of leave application and medical certificate issued by the doctor. As already referred by me earlier, the deceased life assured availed leave on medical grounds for 8 days during 14.12.2000 to 21.12.2000 for treatment of diabetic ulcer of left lower leg; 02.03.2001 to 16.03.2001 for treatment of ulcer of left foot. The other spell of leave 03.03.2004 to 01.06.2004 was after taking of the two policies in question. Although the insurer submitted copies of leave applications and medical certificates, the insurer could not submit the relevant intention to commit fraud through such suppression is to be proved beyond all doubt. And the insurer did not do that.
- vi. Having regard to the overall circumstances of the case, I, without hesitation, hold that the repudiation of the claim by the insurer is unreasonable and unjust especially when the insurer could not prove fraudulent intent on the part of the life assured beyond doubt. I, therefore, direct the insurer to settle the claim under this policy.
- vii. **Policy No. 652170826** :- For this policy, Sec. 45 of the Insurance Act, 1938 is not applicable under the claim. The implication is that the insurer need not establish fraudulent intent on the part of the life assured. As the contract of insurance being a contract of uberrima fide (utmost good faith), there must be complete good faith on the part of the insured and the insured is under a solemn obligation to make full disclosure of material facts which may be relevant to the insurer to take into account while deciding whether the proposal for insurance should be accepted

subject to certain conditions. While making a disclosure of the relevant facts, the duty of the insured to state them truly and correctly cannot be watered down.

- viii. It is also pertinent to note that if two years have not elapsed from the date of acceptance of the insurance policy/commencement of the policy, the insurer is under no obligation to prove that the suppression of material facts having a bearing upon the acceptance of the proposal is fraudulent in nature; and it is sufficient for the insurer to prove that there was misstatement or incorrect statement or inaccurate statement of facts in the proposal to rescind the contract of insurance.
- ix. The insurer in the present case repudiated the claim invoking the provisions of the first part of Section 45 of the Insurance Act 1938. In other words, they have to only highlight proved papably false but also inaccurate, incorrect and misstatement of facts by the life assured at the time of executing the proposal for insurance. Therefore, the policy is justifiably null and void. The decision of LIC, therefore, in repudiating the claim on the basis of the available medical evidence is legal, correct, proper and justified and does not call for my interference with their decision.
- x. In the aforesaid circumstances, the complaint fails and is therefore, dismissed as devoid of any merit.

In the result, the complaint is allowed under Policy No. 652169167 and dismissed under Policy No.652170826.

The attention of the Insured and the Insurer is hereby invited to the following provisions of the Redressal of Public Grievances Rules, 1998.

- i. According to Rule 16 (5) of Redressal of Public Grievances Rules, 1998, the complainant shall furnish to the insurer within a period of one month from the

Hyderabad Ombudsman Centre
Case No. L-21.001.0294.2005-06
Smt. M. Lakshmi Devi
Vs

Life Insurance Corporation of India

Award Dated 23.11.2005

FACTS OF THE CASE

One Shri Macherla Sivudu, S/o Shri M. Santenna, doing business and a resident of Kurnool District, took the life insurance Policy No. 652358950 from Nandyal Branch of LIC, under Cuddapah Division. The mode of payment of premium was half-yearly. The Policy was revived by the life assured on 24.01.2004. But the life assured died on 21.03.2004. The cause of death was reported to be liver Cancer. Smt. Lakshmi Devi the complainant under the policy lodged a claim with the LIC. But the claim was repudiated by LIC of India, citing the reason, that the life assured, while reviving his lapsed policy, gave false answers to certain questions in the declaration of good health form, submitted by him at the time of reviving his lapsed policy. It was also stated by the LIC that they held indisputable proof, to show that even before he revived his lapsed policy, he suffered from **Malignancy at Lower End of Oesophagus** and took treatment in a hospital. He, however did not disclose these facts in the declaration of good health form. Instead, he gave false answers to the relevant questions in the declaration of good health form. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of reviving his lapsed

policy, the insurer repudiated the claim by setting aside the revival and offered the paid up value accrued under the policy.

DECISION :

I heard the contentions of both sides and also perused all the documents, including the written submissions of the complainant placed before me.

LIC repudiated the claim by setting aside the revival on 24.01.2004 (and offered paid up value) on the ground that the life assured had deliberately suppressed material facts relating to his health for treatment of **malignancy at lower end of oesophagus**, which was prior to revival of the policy;

In support of their repudiation action, they obtained the treatment particulars from Dr. B. Shankara Sharma, Kurnool Medical College, Kurnool. According to the treatment particulars obtained by the insurer from the above doctor in their claim form no. 5152, the deceased life assured **first** consulted the doctor on **17.12.2003 (Prior to revival)**. The insured consulted the doctor for complaints of chest pain-**difficulty in swallowing**. The doctor reported the duration of illness as two months. The diagnosis arrived by the doctor was **“Malignancy at Lower End Esophagus (GEJ Growth)**.

For processing the claim, the complainant submitted claim form A duly executed by her. In the claim form, A, the complainant reported the cause of death as **liver cancer**. The complainant also reported that Dr. B. Shankara Sharma treated the deceased life assured.

Further, the complainant also submitted a statement/letter to the insurer (LIC) wherein she had stated that the deceased life assured took treatment only from Dr. B. Shankara Sharma of Kurnool and that the insured did not have any treatment from any other doctor at any place.

All the above three evidences when chronologically arranged, establish the fact that the life assured was not enjoying good health at the time of reviving the policy. In fact, he was on treatment from Dr. B. Shankara Sharma, when he executed the declaration of good health form, as confirmed by the complainant and nominee under the policy, who was his wife. Therefore, the deceased life assured ought to have disclosed the above facts to the insurer to enable them to assess the risk in the right perspective.

The policy under dispute was revived under Non-medical Scheme, without undergoing medical examination by authorized medical examiner of LIC. Therefore, the life assured was more responsible to furnish all the facts relating to his health truthfully and correctly to enable the insurer to assess the risk in the right perspective.

The insurance policy in question was revived on 24.01.2004 and the life assured answered all the question in the declaration of good health form in a clear-cut fashion as if neither he suffered from esophagus cancer nor took treatment from a doctor. Thus the answers given by the life assured are not reflecting the real state of his health; and as a matter of fact, he had suppressed the vital facts relatable to his health while submitting the said form.

Therefore, for the reasons as aforesaid and also in the light of concrete medical evidences and statements furnished by none other than the complainant herself available on record as referred to above, the repudiation of the claim by the insurer has to be upheld on law as well as on facts; and hence the repudiation of the claim by the insurer does not warrant any interference at my hands;

In the instant case the life assured and complainant hail from a rural area with complete rural background. They were also illiterates without much financial support. Already the unfortunate death of the deceased policyholder must have had an adverse impact on the livelihood of the complainant and her family. Further, this must have also

rendered the family of the complainant impossible for them to earn and lead their life. Therefore, I am of the view that it is just and proper to meet the ends of justice to direct the insurer to make a payment of Rs. 5,000/- as ex-gratia by invoking Rule 18 of Redressal of Public Grievances Rules, 1998, on humanitarian grounds and hence, the insurer is directed to pay Rs. 5,000/- as ex-gratia to the complainant. In the result, the complaint is dismissed. But the insurer is directed to pay an amount of Rs. 5,000/- as ex-gratia in view of Rule 18 of Redressal of Public Grievances Rules, 1998. This is in addition to the paid up value amount already offered by the insurer and communicated to the complainant vide their repudiation letter dated 27.01.2005.

Hyderabad Ombudsman Centre

Case No. L-21.001.0306.2005-06

Smt. Ch. Pedda Sivamma

Vs

Life Insurance Corporation of India

Award Dated 23.11.2005

FACTS OF THE CASE

One Shri Chennampalli Nadipi Chowdaiah, S/o Shri C. C. Nagaiah, doing cultivation and a resident of Sirivella Mandal in Kurnool District, took the Endowment Life Insurance Policy No. 652557082 in 02/2002 from Banganipalli Branch of LIC of India, under Cuddapah Division. The life assured died on 03.03.2002. The cause of death was reported to be **Heart attack**. Smt. C. Pedda Sivamma, who is the nominee and complainant under the policy, lodged a claim with the LIC. But the LIC repudiated her claim on 03.10.2002, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal form. It was also stated by the LIC that they held indisputable proof to show that even before he proposed for the above policy, he suffered from **Jaundice, Pain in Abdomen, Carcinoma of the Gall Bladder, Diabetes** and was **operated for removal of Abdominal Gland** and took treatment for the same. It was also alleged by the insurer that the deceased life assured had undergone **Cholecystojejunostomy and jenuojejunostomy** operation prior to taking the policy in 02/2002. He, however, did not disclose these facts in the proposal. Instead, he gave false answers to the relevant questions in the proposal form. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, LIC repudiated the claim.

DECISION :

I heard the contentions of both sides and also perused all the documents including the written submissions of both parties.

In support of their repudiation action, the insurer obtained treatment particulars from K. M. Hospitals, Kurnool. According to the treatment particulars obtained by the insurer in the form of medical certificate dated 16.09.2002 from the above hospital the deceased life assured was admitted there on 06.12.2001 and got discharged on 07.01.2002; got operated by Dr. S. Sanjeev Kumar for removal of Abdominal Gland; he was a known DM. The insurer also obtained a certificate/letter dated 17.09.2002 from Dr. S. Sanjeev Kumar wherein the doctor reported that the deceased life assured underwent **surgery on 11.12.2001** at KM Hospitals, Kurnool; had **Carcinoma of the gall bladder with obstructive jaundice; for which Cholecystojejunostomy and jejunostomy was done; was a diabetic; was discharged on 07.01.2002**. The insurer also obtained treatment particulars duly furnished in their claim from no. 5152 by this doctor.

According to this doctor, the entire history/complaints relating to his ailments/disease were reported to him by the deceased life assured himself.

It is the consistent and positive case of the LIC (insurer) that the answers given by the deceased life assured to various questions in the proposal forms are not reflecting the real state of affairs and as a matter of fact, he had suppressed the vital facts relating to his health while submitting the proposal for insuring his life. According to the insurer, the life assured had undergone surgery for removal of abdominal gland; had carcinoma of the gall bladder with obstructive jaundice and for which cholecystojejunostomy and jejunojejunostomy was done and that the insured was also reported to be a known diabetic, as per the medical evidences secured by them. In proof of the stand, they secured and submitted the relevant medical certificates from the concerned hospital/doctors. Therefore, it goes without saying that the deceased life assured willfully and deliberately suppressed the material facts relating to his health as getting revealed by the medical records referred above. Had these material facts been disclosed in the proposal submitted by the life assured, according to the underwriting of LIC, the insurer would not have accepted the proposal and issued the policy in question.

Sec. 45 of the Insurance Act 1938 was not applicable under the claim as the claim was repudiated within two years. Such being the case, there is no need at all for the insurer to prove that the suppression of material facts having a bearing upon the acceptance of the proposal is fraudulent in nature and it is sufficient for the insurer to prove that there was misstatement or incorrect statement or inaccurate statement of facts in the proposal to rescind the contract of insurance. In the case on hand, the insurance policy had run for just 22 days only.

From the records/documents and the contentions submitted by both sides, I am convinced that the insurer (LIC) rightly repudiated the claim because the policy had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and the policy was unenforceable. Therefore, I have to hold for the reasons as aforesaid, the repudiation of the claim by the insurer invoking the provisions of 1st part of Sec. 45 of the Insurance Act 1938 on the ground that the insured had deliberately suppressed material facts relating to his health in sustainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands.

In the aforesaid circumstances, the complaint fails and is dismissed as devoid of any merit.

Hyderabad Ombudsman Centre
Case No. L-21.001.0245.2005-06
Smt. Suseelamma
Vs

Life Insurance Corporation of India

Award Dated 28.11.2005

BACKGROUND

The life assured late D. M. Mayanna, S/o late Mariyappa, working as Group 'D' employee in Health & Family Welfare Department and a resident of Bangalore took a life insurance policy from M. G. Road Branch of LIC under DO-II, Bangalore. The insured died on 09.01.2004 due to **Cirrhosis of liver**. The duration of the claim was between 2 to 3 years. Smt. Susheelamma, who is the nominee and complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by the LIC of India, citing the reason that the life assured, while submitting the proposal for insurance

in 02/2001, gave false answers to certain questions relating to his health in the proposal form. The insurer also alleged that they held indisputable proof to show that even before he proposed for insurance, he was reported to be suffering from **Cirrhosis of liver** and took treatment for the same. The life assured, however, did not disclose these material facts at the time of taking the insurance policy. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, the insurer repudiated the claim.

DECISION :

I have carefully perused the papers including the written submission of the complainant placed before me and heard the arguments presented by the insurer.

In support of repudiation action, the insurer obtained treatment particulars from Bowring & Lady Curzon Hospitals, Bangalore. According to the treatment particulars obtained by the insurer from this hospital, the life assured was admitted there on **11.04.2000 vide In-patient N. 5456** and was discharged on 27.04.2000 (**prior to taking the policy**). The diagnosis arrived by the authorities was "**Cirrhosis of liver**".

The life assured was also admitted in Mallige Medical Centre, Bangalore on 09.01.2004 vide Hospital/IP No 14.7587 and died in the hospital itself on the same day. The primary cause of death as per the hospital authorities was "**Cirrhosis of liver**" and the secondary cause of death was "**Portal Hypertension with massive hemorrhage**".

According to the information obtained by the insurer (LIC) from the employer of the life assured, the deceased life assured availed himself leave on sick grounds for 19 days from 11.04.2000 to 29.04.2000. The employer also reported that the deceased life assured availed medical reimbursements from them for treatment of **cirrhosis of liver** and accordingly the insured was sanctioned a sum of Rs. 7893.00.

According to the underwriting norms of LIC, had the life assured disclosed the above material facts at the time of taking the insurance policy, they would not have considered the insurance to the life assured.

The insured had not disclosed his illness relating to cirrhosis of liver with portal hypertension, which had a nexus with the cause of death. There is, therefore, fraudulent intent on the part of the life assured in not disclosing the material facts, which were vital for assessment of the risk.

Insurance had been held to be a contract of utmost good faith. In this case the life assured knowingly gave incorrect information on the personal health in the proposal form for insurance. This ground of incorrect information and false statements regarding health make the insurance contract null and void. In support of this contention, the insurer also obtained medical records from the hospitals as referred by me earlier and submitted before me.

From the records/documents and contentions submitted by both sides, I am convinced that the insurer (LIC) rightly repudiated the claim because the policy in question had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and policy was unenforceable.

Therefore, I have to hold for the reasons as aforesaid, the repudiation of the claim by the insurer is sustainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands.

In the result, the complaint is not allowed.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0200.2005-06
Smt. Sandhya Gaikwad**

Vs
Life Insurance Corporation of India

Award Dated 28.11.2005

BACKGROUND

One Shri V. S. Gaikwad, S/o Shri S. Anantha Rao, Advocate and a resident of Bangalore, took an Endowment Life Insurance Policy in 12/2001 for a sum assured of Rs. 50,000/- from City Branch -I of LIC of India, Bangalore Division - 1. The life assured died in BMJ Hospital, Bangalore on 13.01.2004 on account of **Chronic Liver Disease**. Smt. Sandhya Gaikwad, who is the nominee and complainant under the policy, lodged a claim with the LIC, But the LIC of India, repudiated her claim on 14.08.2004 on the ground of suppression of material facts by the life assured, at the time of submission of the proposal for taking the insurance policy. It was also alleged by the insurer that they held indisputable proof to show that even before he proposed for the above policy, he was suffering from **Chronic Liver Disease and Diabetes Mellitus** and took treatment for the same. But the life assured, however, while proposing for insurance, gave false answers to the relevant questions in the proposal form. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, LIC repudiated the claim.

DECISION :

I have carefully perused the papers including the written submissions of the complainant placed before me and heard the arguments presented by both sides.

The life assured late V. S. Gaikwad S/o Shri S. Anantha Rao, working as advocate and resident of Bangalore, took an Endowment Assurance Policy in 12/2001 for a Sum Assured of Rs. 50,000/-. The life assured died on 13.01.2004. The cause of death was reported to be Chronic Liver Disease. Since the duration of the claim was between 2 to 3 years, the insurer arranged investigation into the bonafides of the claim.

The above claim was repudiated by LIC on the ground that the life assured, while proposing for the insurance policy in question, fraudulently suppressed material facts relating to his health as he was reported to be a patient of **Chronic Liver Disease and Diabetes Mellitus** took treatment even before he took the insurance policy.

In support of their repudiation action, the insurer obtained treatment particulars in the form of case records from Mallya Hospital, Bangalore. According to the Discharge Summary (R-MED-11) obtained by the insurer from this hospital, the life assured was **first** admitted there on 30.08.2000 vide hospital no. 25195 with complaints (history) of **“known case of chronic liver disease, post sclerotherapy 2 times, known diabetic on daonil stopped 10 months back”** and **discharged from the hospital on 01.09.2000**. On examination “Mild Pallor, No cyanosis Icterus, Clubbing, Lymphadenopathy, Pedal Oedema-Flap-Markers of chronic liver disease”. The investigation of Upper GI Endoscopy done on 31.08.2000 done revealed “Esophageal Varices-Gastric erosions”. Again, the life assured was **admitted in the above hospital on 7.12.2000** with history (complaints) of “k/o of diabetes on OHA and h/o of Chronic Liver Disease presented with Upper GI Bleed (2 episodes) and pain abdomen and malena and on Examination: P/A : Hepatomegaly (+). USG Abdomen showed mild hepatomegaly, mild splenomegaly and OGD done showed Oesophageal Varices. After treatment, the insured was discharged from the hospital on 11.12.2000. **Both these admissions were prior to taking the insurance policy in question.**

In continuation of the above, the life assured took treatment in Mallya Hospital, Bangalore during 21.05.2002 to 26.05.2002, as reported by the complainant in the claim form A.

According to the treatment particulars obtained by the insurer claim forms B/1 from Bhagwan Mahaveer Jain Hospital, Bangalore, the life assured was admitted in the hospital on 20.01.2003 and took treatment upto 22.01.2003. Just before death, the deceased life assured was admitted in this hospital on 31.12.2003 vide IP No. 6724 with complaints of pain abdomen-abdominal distension and expired in the hospitals itself on 13.01.2004 while undergoing treatment. The hospital authorities recorded the **primary cause of death as "Chronic Liver Disease" and the secondary cause of death as "G.I.Bleed-Acute Renal Failure"**. The hospital authorities reported the duration of illness as **few years**.

The hospital records clearly established the fact that the life assured was not enjoying good health at the time of taking the policy. In the instant case, there is also nexus between the material facts suppressed and the cause of death of the life assured on 13.01.2004; In the circumstances of the case the suppression of material facts by the life assured is very clear. The facts suppressed were obviously material for the assessment of the risk. From the records before me and the contentions presented by the insurer, I am convinced that the insurer (LIC) rightly repudiated the claim because the said policy had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and the policy was unenforceable. It is also not disputed by anybody about the death of the insured arising out of liver disease and the treatment for the same given in the hospital referred above.

The insurer, in the present case, has repudiated the claim invoking the provisions of the 2nd part of Sec. 45 of the Insurance Act 1938. In other words, the insurer proved beyond doubt that there was not only a clear suppression of material facts but also fraudulent on the part of the insured and was therefore, well within his right to invoke second part of Sec. 45 of the Insurance Act 1938 in the present case and repudiated the claim.

It is a settled law that the contract of insurance is based on good faith. The information as to the insured having suffered from Chronic Liver Disease and other associated diseases, as confirmed by the hospital records before taking the policy was established beyond doubt on the basis of medical evidences submitted by the insurer. Therefore, it goes without saying that the deceased life assured willfully and deliberately suppressed the material facts relating to his health as revealed by the medical records referred above. It is for the insured to give correct information about his health while executing the proposal form for insurance policy, which he did not disclose at that time. This ground of incorrect information and false statement regarding his health make the contract of insurance policy as null and void.

Therefore, I have to hold for the reasons as aforesaid and also in the light of the medical evidences available on record as referred above, I am convinced that the insurer (LIC) rightly repudiated the claim because the policy has been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and the policy was unenforceable.

In the result, the complaint fails and is dismissed.

Hyderabad Ombudsman Centre
Case No. L-21.001.0284.2005-06
Smt. D. Vijaya Vani
Vs

Life Insurance Corporation of India

Award Dated 28.11.2005

FACTS OF THE CASE

One Shri Dwara Veera Venkata Satyanarayana, S/o Shri Dwara Satyanarayana, working as refractionist and a resident of Rajahmundry in Andhra Pradesh, took a Bima Kiran Insurance Policy on 28.03.1995 for a Sum Assured of Rs. 80,000/- from Rajahmundry Rural Branch of LIC of India, under Rajahmundry Division. The mode of payment of premium was quarterly. Accordingly, the premiums were payable on 28th March, June, September and December of every year. As per Policy conditions and privileges (policy condition no. 2) - Payment of premium - "A grace period of one month but not less than 30 days will be allowed for payment of yearly/half yearly/quarterly premiums and 15 days for monthly premiums. If death occurs within this period and before the payment of the premium then due, the policy will still be valid and the death benefit paid after deduction of the said premium as also the unpaid premium/s falling due before the next anniversary of the policy. If premium is not paid before the expiry of the days of grace, the policy lapses". In the instant case, the premium due 28.06.2003 fell due for payment. After allowing the grace period of one month, the premium had to be paid on or before 28.07.2003. This was not paid. Hence the policy lapsed. The insured died on 03.09.2003. The policy remained in a lapsed condition as on the date of death. In view of the terms and conditions of the policy, the insurer repudiated/rejected the claim of the complainant as the policy was **not in force** as on the date of death of the life assured and the insurer offered the eligible paid up value under the above policy.

DECISION :

I heard the arguments of the complainant and also perused all the documents, including the written submissions of the insurer placed before me.

The life assured took a Bima Kiran Insurance Policy in 03/1995 for a Sum Assured of Rs. 80,000/- from Rajahmundry (Rural) Branch of LIC under Rajahmundry Division. The date of commencement of risk under the policy was 28.03.1995. The mode of payment of premium was quarterly and the instalment premium was Rs. 244.00.

As per the schedule of the policy, the premiums under the policy were payable on the 28th March, June, September and March of every year. The life assured paid premium upto 28.03.2003 only. Premium due on 28.06.2003 was not paid by the life assured;

Now in the instant case, the life assured had to pay the quarterly premium due on 28.06.2003. This premium had to be paid by him before 28.07.2003 (before expiry of grace period). But this was not done by the life assured. Hence the policy lapsed.

Since the policy was in a lapsed condition as on the date of death, in view of policy conditions only paid up value was payable, which was already offered by the insurer and the complainant also accepted the amount as the complainant had already submitted the relevant discharge form to the insurer for settlement. It is also observed from the documents placed before me that the insurer (LIC) had already settled this amount.

The construction of the Insurance Policy including its terms and conditions will form the basis of Contract of Insurance;

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

The complaint is, therefore, **not allowed**.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0315.2005-06
Smt. Merceline D'Souza**

Vs

Life Insurance Corporation of India

Award Dated 28.11.2005

FACTS OF THE CASE

One Shri Peter Pereira, S/o late Louis Pereira, working as Second Division Clerk in St. Aloysius High School and a resident of Mangalore, took an Endowment Assurance Policy in 03/2003 for a Sum Assured of Rs. 1,00,000/- from Mangalore Branch Office-II of LIC of India under Udupi Division. The life assured died on 02.12.2004. The complainant reported the cause of death as Heart attack. Smt. Merciline D'Souza, who is the nominee and complainant under the policy, lodged a claim with the LIC. But the insurer (LIC), repudiated her claim 26.03.2005, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal form. It was also stated by the insurer that they held indisputable proof to show that even before he proposed for the above policy, he suffered from **Haemorrhoids with ulcer right leg with Epilepsy and took treatment for the same in a hospital from 22.10.2002 to 01.11.2002; underwent Haemorrhoidectomy under SA on 28.10.2002; was suffering from non-healing ulcer on the anterior aspect of leg; was a known case of Epilepsy on treatment since 10 years; chronic alcoholic since 20 years and availed leave on medical grounds during 22.10.2002 to 10.11.2002**. He, however, did not disclose these facts in the proposal form submitted by him at the time of taking the policy. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, the insurer repudiated the claim.

DECISION :

I heard the contentions of both sides and also perused all the documents including the written submissions of both parties.

The life assured took an Endowment Assurance Policy in 03/2003 for a Sum Assured of Rs. 1,00,000/-. The life assured was a resident of Mangalore and working as Second Division Clerk in St. Aloysius High School. The life assured died within two years from the date of commencement of risk under the policy i.e. he died on 02.12.2004 on account of heart attack. Since it was an early claim, the insurer arranged for investigation into the bonafides of the claim.

In support of their repudiation action, the insurer obtained treatment particulars from Fr. Muller's Hospital, Kankandy, Mangalore, According to the treatment particulars obtained by the insurer in the form of Case Summary & Discharge from Record from the hospital, the life assured was admitted in their hospital on **22.10.2002** vide in-patient no. 86934 with complaints of **"Bleeding per rectum since 2 months; Non-healing Ulcer Left Leg-2 years"** and discharged from the hospital on 01.11.2002. As per the hospital records, the investigations carried out were "C/O bleeding per rectum; Patient is a chronic alcoholic; Past H/O Known case of epilepsy since 10 years. It was also reported in the records that the deceased life assured was reported to be a known case of **epilepsy since 10 years on Tab. Pheropotitone and Chronic Alcoholic since 20 years**". The life assured also underwent Haemorrhoidectomy under SA on 28.10.2002. The diagnosis arrived by the hospital authorities was **"HAEMORRHOIDS WITH ULCER RIGHT LEG WITH EPILEPSY"**.

In support of their repudiation action, the insurer (LIC) also obtained information relating to the leave availed by the deceased life assured on medical grounds from his employer. As per the information furnished by the employer, the deceased life assured availed leave on medical grounds for 20 days during the period 22.10.2002 to 10.11.2002. The insurer also obtained copy of the leave application and medical certificate relating to the above leave submitted by the insured to his employer.

On a close scrutiny and perusal of the medical records, it is established that the life assured had Haemorrhoidectomy on 28.10.2002; was reported to be an epileptic since 10 years on treatment and a chronic alcoholic since 20 years. All these aspects clearly established the fact that the deceased life assured was not enjoying good health, before executing the proposal for insurance. Further, the hospitalization at Fr. Muller Hospital, Kankanady, Mangalore during 10/2002 to 11/2002 was prior to taking the policy. Just after 4 months of his hospitalization, the life assured executed the proposal for insurance. It is very much evident that the hospitalization and the treatment thereto must be very green in the memory of the insured and therefore, he ought to have disclosed the same to the insurer to enable them to assess the risk in the right perspective. Instead, he deliberately suppressed the material facts, establishing his fraudulent intent also. It is the consistent and positive case of the insurer that the answers given by the deceased life assured to various questions in the proposal form are not at all reflecting the real state of affairs and as a matter of fact he had conveniently suppressed the vital facts relatable to his health while submitting the proposal for insuring his life. But the medical evidences obtained and submitted before me by the insurer confirmed beyond doubt that the life assured was on treatment prior to insuring his life.

Sec. 45 of the Insurance Act 1938 was not applicable under the claim as the claim was repudiated within two years. Suppression of information itself violates the terms of the contract-utmost good faith is a tenet of insurance policy, which was not observed by the deceased life assured in the instant case. Sufficient evidence is on record to show the true picture and suppression of information by the insured.

I am convinced that the insurer had rightly repudiated because the said policy had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and the policy was unenforceable.

Therefore, I have to hold for the reasons as aforesaid, the repudiation of the claim by the insurer invoking the provisions of 1st part of Sec. 45 of the Insurance Act 1938 on the ground that the insured had deliberately suppressed material facts relating to his health is sustainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands.

In the instant case, the life assured paid premiums for about two years. Already the unfortunate death of the deceased policyholder must have had an adverse impact on the livelihood of the complainant and her family. Further, this must have also rendered the family of the complainant impossible for them to earn and lead their life. The complainant during the course of the hearing, pleaded for refund of at least the premiums paid by the life assured. Therefore, I am of the view that it is just and proper to meet ends of justice to direct the insurer to make a payment of Rs. 25,000/- as ex gratia by invoking Rule 18 of the Redressal of Public Grievances Rules 1998 on humanitarian grounds and hence the insurer is directed to pay Rs. 25,000/- (Rupees twenty five thousand only) as ex gratia to the complainant.

In the result, the complaint is dismissed, subject to (x) above.

Hyderabad Ombudsman Centre

Case No. L-21.001.0475.2004-05
Smt. Maria Mira Pinto
Vs
Life Insurance Corporation of India

Award Dated 29.11.2005

FACTS OF THE CASE

One Shri Udai Kamath, S/o Shri J. L. Pinto consultant and a resident of Bangalore in Karnataka, got insured his life by taking a Jeevan Shree Life Insurance Policy in 11/2001 for a Sum Assured of Rs. 5,00,000/- from Malleswaram Branch of LIC of India, under Bangalore-1 Division. The life assured died on 19.04.2003 on account of Chronic Myeloid Leukemia. Smt. M. M. Pinto, who is the nominee and complainant under the policy, lodged a claim with the LIC. The LIC repudiated her claim on 04.03.2004, citing the reason that they held indisputable proof to show that, after the life assured submitted his proposal dated 08.11.2001 but before the first Premium Receipt cum-acceptance letter was issued on 27.11.2001, he suffered from chronic myeloid leukemia and took treatment for the same. He, however, did not disclose these facts to the insurer as he was bound to do in terms of policy contract and declaration made in the proposal-dated 08.11.2001. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health and in terms of the policy contract and the declaration contained in the form of proposal for assurance and personal statement, LIC repudiated the claim.

DECISION :

I heard the contentions of both the parties and also perused all the documents including the written submissions of both the parties.

In support of their repudiation action, the insurer obtained medical evidences. The deceased life assured had blood test on 15.11.2001 at St. Johns Medical College Hospital Bangalore and the impression of the report was "Peripheral Blood Smear showing features consistent with CML". According to the medical certificate dated 18.02.2005 issued by the same hospital, "the life assured visited their hospital to donate blood on 12.11.2001. The blood sample was subjected to screening for malarial parasite when other abnormalities were noticed. Following this, he was called back and a repeat blood sample was collected and examined on 15.11.2001, which was reported as consistent with Chronic Myeloid Leukemia (SI. No. 7174). The insured was advised to proceed with more definitive tests-bone marrow aspirate was done on 17.11.2001, and reported on 19.11.2001 as bone marrow aspirate showing the features consistent with "CML" (SI. NO. 855/2001) The insured was then advised to undergo cariyotyping for philadelphia Chromosome which was not done in their hospital".

In continuation of the above, the deceased life assured consulted several hospitals including Apollo Hospital Chennai, for treatment of CML. Now the point of the dispute according to the complainant is that the deceased life assured was diagnosed for CML only after submission of the proposal form and payment of premium. In this connection, it would be more relevant and appropriate to refer to the declaration executed by the deceased life assured on 08.11.2001. In fact, this declaration along with the proposal form will form the basis for the contract between the insurer and the insured. As per the declaration executed by the deceased life assured, the life assured ought to inform the insurer if there was any change in the occupation or any adverse circumstances connected with financial position or the general health of himself or that of any members of his family, before issue of the acceptance cum first premium receipt/policy bond. In the instant case, although the life assured executed the proposal on 08.11.2001, he had undergone blood test at St. Johns Medical College,

Bangalore, for the first time on 12.11.2001 and again on 15.11.2001 and 17.11.2001. This established the fact that the deceased life assured underwent the test for the first time on 12.11.2001 i.e. just after three days after his executing the proposal for insurance. Even though the first test did not establish beyond doubt, the second test done on 15.11.2001 confirmed CML, as per the medical certificate dated 18.02.2005 of St. Johns Medical College Hospital, Bangalore, as already referred to by me earlier. Therefore, it is clear that the deceased life assured was diagnosed for CML much before the issue of the policy or the acceptance cum first premium receipt.

According to the underwriting norms of the LIC had the life assured disclosed the above material fact of CML to the insurer, they would not have accepted the proposal for insurance.

It would be more relevant and pertinent to refer to the declaration executed by the deceased life assured on 08.11.2001 wherein he had declared that "this declaration shall be the basis of the contract of assurance between me and the Life Insurance Corporation of India and that if any untrue averments be contained therein the said contract shall be absolutely null and void and moneys which shall have been paid in respect thereof shall stand forfeited to the Corporation.

And I further agree that if after the date of submission of the proposal but before the issue of the First premium Receipt (i) any change in my occupation or any adverse circumstances connected with my financial position or the general health of myself or that of any members of my family, occurs or (ii) if a proposal for assurance or any application for revival of a policy on my life made to any office of the Corporation had been withdrawn or dropped, deferred or accepted at an increased premium or subject to a lien or on terms other than as proposed, I shall forthwith intimate the same to the Corporation in writing to reconsider the terms of acceptance of assurance. Any omission on my part shall render the Assurance invalid and all moneys which shall have been paid in respect thereof forfeited to the Corporation".

Dated at Bangalore on the 8th day of November 2001.

The declaration was attested by one Ms. G. Laxmi, LIC Agent. The assured having answered the various questions in the proposal form and also filled the declaration as above, he ought to have brought to the notice of the insurer (LIC) about change in his health, as revealed by the medical reports. Instead, he had suppressed the material facts relating to his health, thereby violated the principle of utmost good health, which is the basis of the contract of insurance. Further, the facts suppressed were very vital to the insurer (LIC) in deciding the terms and conditions of the policy in question. Had these material facts been disclosed to the insurer before the issue of first premium receipts by the insurer, the insurer would have evaluated risk afresh and they might have even declined to cover the insured as the diagnosed disease was known to be fatal.

From the records before me and the arguments made by both the sides, I am convinced that the insurer (LIC) rightly repudiated the claim under the aforesaid insurance policy because the said policy had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and the policy was unenforceable.

In the result the complaint is not allowed.

Hyderabad Ombudsman Centre
Case No. L-21.001.0246.2005-06
Smt. A. Lakshmi Thayamma
Vs
Life Insurance Corporation of India

Award Dated 7.12.2005

FACTS OF THE CASE

One Shri Alamuri Gopala Krishna Gokhale, s/o Shri A. V. Radhakrishna Murthy, working as LIC Agent and a resident of Avanigadda in Krishna District, took the above life insurance policy from Avanigadda Branch of LIC, under Machilipatnam Division. The mode of payment of premium was quarterly. The policy was in a lapsed condition due to non-payment of premium due from 05/2002. Subsequently, the policy was revived by the life assured on 15.01.2003 and 30.04.2004. But the life assured died on 24.05.2004. The cause of death was reported to be **heart failure**. Smt. A. Lakshmi Tayaramma, the complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by LIC of India, citing the reason, that the life assured, while reviving his lapsed policy on 15.01.2003 and 30.04.2004, gave false answers to certain questions in the declaration of good health form, submitted by him at the time of reviving his lapsed policy. It was also stated by the LIC that they held indisputable proof, to show that even before he revived his lapsed policy, he suffered from Chronic Filariasis and Cellulitis and was admitted in a hospital on 18.04.2002 with complaints of swelling of legs, distension of abdomen and Chylous Ascites and took treatment for the same. He, however, did not disclose these facts in the declaration of good health form. Instead, he gave false answers to the relevant questions in the declaration of good health form. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of reviving his lapsed policy, the insurer repudiated the claim by setting aside the revival.

DECISION :

I heard the contentions of both sides and perused all the documents, including the written submissions of the complainant, placed before me.

The life assured took a Bima Kiran Insurance Policy in 08/1994 for a sum Assured of Rs. 1,00,000/-. The mode of payment of premium was quarterly. The life assured paid premiums upto 02/2002 and subsequent premiums due from 05/2002 remained unpaid. The policy, therefore, lapsed. Later, the life assured got it revived on 15.01.2003 by paying the arrears of premiums and complied with health requirements, as advised by the insurer. Again, the policy lapsed due to non-payment of premiums due from 02/2003 and the deceased life assured got it revived on 30.04.2004 after paying the arrears of premiums and submitted health requirements, as advised by the insurer (LIC). But the life assured died on 24.05.2004. The duration of the claim from revival was just 24 days. Since it was a very early claim, the LIC arranged for investigation of the claim.

LIC repudiated the claim by setting aside the revival effected on 15.01.2003, on the ground that the life assured had fraudulently suppressed material facts relating to his treatment for Chronic Filariasis and Cellulitis in a private nursing home at Vijayawada during 04/2002 to 05/2002, which was prior to revival of the policy.

In support of their repudiation action, they obtained the treatment particulars in their claim forms B1 from Prashanthi Nurshing Home, Vijayawada. According to the treatment particulars furnished by this hospital (nursing home), the deceased life assured was admitted there on **18.04.2002 (prior to revival)** with complaints of **“swelling of Legs-Distension of Abdomen-About 6 months”** and the exact history reported was **“Recurring Swelling of Legs and Swelling of abdomen”**. It is reported by the authorities that the entire history was reported to them by the patient himself (life assured). After treatment, the life assured was discharged from the hospital on 07.05.2002. The diagnosis arrived by the hospital authorities was **“Elephantiasis of both legs; Chylous Ascites”**.

As per the Outpatient Slip No. 1027 issued by the Andhra Pradesh Vaidya Vidhana Parishad, the deceased life assured was brought dead and it was also recorded therein "both legs filariasis, cellulitis". The life assured died in Karuna Nursing Home, Avanigadda due to heart failure on 24.05.2004.

In the instant case, according to the records of Karuna Nursing Home, Avanigadda, the life assured died due to heart failure. Incidentally, no nexus between the facts suppressed and the cause of death is established. If there existed any nexus, the insurer ought to have obtained independent medical opinion and submitted before the Insurance Ombudsman to drive home their contention to support the repudiation action.

Again the deceased life assured was examined by authorized medical examiner of the LIC, who found the insured to be fit for insurance and accordingly, the policy in question was revived twice. When the life assured was reported to be suffering from elephantiasis of both legs, it should have been observed by the medical examiner and brought it to the notice of the insurer by mentioning the same in his medical report. But the medical examiner, for reasons better known to him, was silent on this aspect and gave a clean chit about the health of the deceased life assured. Even more so, the deceased life assured was an LIC Agent since 10 years, as reported by the complainant. His health aspect must have been very much known to the personnel working in the Branch Office, where the policy in question was revived. This aspect was also overlooked by the insurer and revived the policy in question.

In the present case, the insurer, therefore, had not proved its case to the hilt by cogent and clear evidence to strengthen their repudiation. It is only a futile attempt on the part of the insurer to cash in on documents, which fail to substantiate the allegations of the insurer. Further, the repudiation action also did not fulfill all the three ingredients required under 2nd part of Sec. 45 of the Insurance 1938.

Having regard to the facts and circumstances of the case, as discussed above and also the manner in which the claim was made by the complainant under the aforesaid insurance policy was dealt with by the insurer without taking into account the ground realities, I am of the view that it is only fit and proper to direct the insurer to settle the claim under the above policy.

Therefore, for the reasons as aforesaid, I hold that the repudiation of the claim under the policy by the insurer is not legal, correct, proper and justified.

I, therefore, direct the insurer to settle the claim under the policy.

In the result, the complaint is allowed.

**Hyderabad Ombudsman Centre
Case No. L-21.009.0029.2005-06**

Smt. Rekha N. Murthy

Vs

Bajaj Allianz Life Insurance Co. Ltd.

Award Dated 08.12.2005

FACTS OF THE CASE

One Shri G. Narasimha Murthy, S/o late Gururaja Rao, a resident of Bangalore in Karnataka, took an Investgain Economy Life Insurance Policy from Bajaj Allianz Life Insurance Co. Ltd., Bangalore, in 03/2004 for a sum assured for Rs. 1,00,000/-. The life assured died on 30.04.2004. The cause of death was reported to be "hyperacute antero-septum MI Cardiogenic shock". Smt. Rekha. N. Murthy, who is the nominee and complainant under the policy, lodged a claim on Bajaj Allianz Life Insurance Co. Ltd., Bangalore. The insurer repudiated her claim on 01.08.2004, citing the reason that the

life assured, while proposing for insurance gave false answers to certain questions in the proposal form. It was also stated by the insurer that they held indisputable proof to show that even before he proposed for the above policy, the life assured was suffering from diabetes and took treatment for the same. He, however, did not disclose these facts in the proposal. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, the insurer repudiated the claim.

DECISION :

I heard the contentions of both sides and also perused all the documents including the written submissions of both the parties.

The life assured took an Investigain Economy Life Insurance Policy in 03/2004 for a Sum Assured of Rs. 1,00,000/-. He died on 30.04.2004. The duration of the claim was just one month from the date of risk. The cause of death was reported to be Hyperacute Antero-Septal M.I. Cardiogenic Shock. Since it was a very early claim, the insurer arranged for investigation into the bonafied of the claim.

The insurer repudiated the claim on the ground that the life assured had suppressed material facts relating to his health prior to taking the insurance policy. According to the insurer, the life assured suffered from diabetes and took treatment from a doctor, prior to taking the insurance policy.

In support of their repudiation action, they obtained treatment particulars from Kaushak X-Ray, Lab & Respiratory Care Centre, Bangalore. According to the treatment particulars obtained from this hospital by the insurer, the life assured was reported to be a known **diabetic on treatment. Patient had pulmonary edema, bradycardia and hypertension.** The life assured died in the hospital itself while undergoing treatment.

The hospital records clearly established the fact that the life assured was not enjoying good health while executing the proposal for insurance. The treatment referred to above were well within his knowledge and life assured, therefore, ought to have disclosed them to the insurer while executing the proposal for insurance to enable the insurer to assess the risk in right perspective. Instead, he suppressed the information by not furnishing correct information to the relevant questions in the proposal form and thereby induced the insurer for issue of the policy. Diabetes Mellitus also cannot develop all of a sudden. Similarly, pulmonary edema and bradycardia, the implications of which were explained by me earlier also do not develop suddenly.

The policy under dispute was considered by the insurer under Non-medical Scheme, without undergoing medical examination. There was, therefore, more responsibility on the part of the insured to disclose all material facts to the insurer for assessing the risk in the right perspective.

Sec. 45 of the Insurance Act 1938 was not applicable under the claim as the claim was repudiated within two years. It is much pertinent to note that if two years have not elapsed from the date of acceptance of the insurance policy/commencement of the policy, the insurer is under no obligation to prove that the suppression of material facts having a bearing upon the acceptance of the proposal is fraudulent in nature and it is sufficient for the insurer to prove that there was misstatement or incorrect statement or inaccurate statement of facts in the proposal to rescind the contract of insurance. In the case on hand, the insurance policy had run for just one month only and the life assured paid just one installment premium.

As the contract of insurance being a contract of utmost good faith (ubberima fide), there must be complete good faith on the part of the insured and the insured is under a solemn obligation to make full disclosure of material facts which may be relevant for

the insurer to take into account while deciding whether the proposal for the insurance policy should be accepted or not. While making a disclosure of relevant facts, the duty of the insured to state them truly and correctly cannot be diluted.

Therefore, I have to hold for the reasons as aforesaid, the repudiation of the claim by the insurer invoking the provisions of 1st part of Sec. 45 of the Insurance Act 1938 on the ground that the insured had not disclosed material facts relating to his health is sustainable on law as well as on facts and the decision of the insurer is in order.

However, having regard to the fact that the deceased was attending to his duties regularly, that the workers at deceased life assured's office did not confirm to the investigator about the diabetic condition of the deceased life assured, and that the cause of death and the pre-existing condition are not proved to be casually connected, I deem it fair to refund the premiums collected by the insurer to the nominee along with interest from the date of receipt of intimation of death to the date of payment, as per IRDA Regulations.

In the result, the complaint is dismissed subject to (x) above.

Hyderabad Ombudsman Centre
Case No. L-21.001.0228.2005-06
Smt. Sharadamma
Vs

Life Insurance Corporation of India

Award Dated 12.12.2005

BACKGROUND

Shri H. Ramiah, S/o Shri Honna Giriappa, working as LIC Agent and resident of Tumkar District in Karnataka, took an insurance policy from Tiptur Branch of LIC DO-I, Bangalore on 24.2.1999. The life assured died on 05.12.2001 on account of heart attack. Smt. Sharadamma, who is the nominee and complainant under the policy, lodged a claim with the LIC. But the LIC repudiated her claim on 24.04.2002, on the ground of deliberate suppression of material facts by the life assured at the time of submission of the proposal for taking the insurance policy. It was also alleged by the insurer that they held indisputable proof to show that even before he proposed for the above policy, he was suffering from **Diabetes Mellitus and Ischemic Heart Disease** and took treatment for the same.

DECISION :

I have carefully perused all the documents placed before me and also heard the contentions submitted by both the parties.

Sec. 45 of the Insurance Act 1938 was applicable under the claim as the insurer repudiated the claim after expiry of two years the date of commencement of the policy. Before discussing the facts provisions contained in Sec. 45 of the Insurance Act 1938. The said provision lays down three conditions for the applicability of the 2nd part of Section 45. (1) Statement must be on a material matter or the insured must have suppressed facts which it was material to disclose (2) The suppression must be fraudulently made by the insured (3) The insured must have known at the time of making the statement that it was false or the insured suppressed facts which it was material to disclose.

In support of their repudiation action, the insurer obtained treatment particulars from Worckhardt Hospital & Heart Institute, Bangalore. According to the treatment particulars obtained by the insurer from this hospital, the deceased life assured was admitted there on **09.05.1999** vide Admission No. IP/99/007228 and discharged from

the hospital on 18.05.1999. According to the discharge summary of the hospital, the deceased life assured was reported to be **“a known case of Ischaemic Heart Disease (IHD), diabetes mellitus wide h/o chest pain associated with breathlessness. Known IHD-1 year regular medication. TMT done in November 1998-Positive. Known diabetic-10 years on Tab. Daonil”**.

As per the discharge summary of the insured, he was admitted to MICU with unstable angina. ECG on admission showed ST depression in I, aVL, V5-V6. He was treated with nitrates and anticoagulants. His condition was stabilized. CAG done showed tight stenosis of proximal and mid LAD and diffuse disease of LCX and RCA with LV dysfunction. LCX and RCA was not suitable for grafting hence patient was taken for high risk Percutaneous Transluminal Coronary Angioplasty with IABP support to LAD which was performed on 11.05.1999 The final diagnosis arrived by the hospital authorities was **“Ischaemic Heart Disease-Triple Vessel Coronary Artery Disease-Moderate Left Ventricular Dysfunction. Percutaneous Transluminal Coronary Angioplasty with Stent to Proximal and MID LAD (4 × 25 mm AND 3 × 25 mm STENT) with IABP Support Performed”**.

The complainant and her son, who incidentally happened to be working as an LIC Agent, reported that the life assured took the above treatments in the hospital and in fact they spent huge amounts for the surgery. Therefore, they did not deny the admission and the treatment thereto, as referred above.

The insured did not disclose the disease of IHD and DM and the TMT result when he took the policy.

According to the underwriting norms of LIC, had the deceased life assured disclosed the above material facts at the time of taking the policy, they would have advised the insured to undergo several special medical tests; and consideration or otherwise of the insured for insurance would be dependant on the findings of these reports.

The life assured, according to the documents placed before me and as per the contentions of the complainant was working as an LIC Agent, with a long standing service of 30 to 40 years. Being a responsible agent, who was also considered to be primary underwriter of the LIC and a link between the insured and the insurer, ought to have disclosed the material facts to enable the insurer to assess the risk in the right perspective. Instead, he suppressed the facts, and thereby did not give sufficient opportunity to the insurer for assessing the risk in the right perspective.

It is the case of the insurer that the answers given by the deceased life assured to various questions in the proposed form are not at all reflecting the real state of affairs and that as a matter of fact, he had conveniently suppressed the vital facts related to his health while submitting the proposal for insuring his life. And the medical evidences obtained and submitted before me by the insurer confirmed that the life assured was on treatment even before he insured his life and obtained the policy in question.

Suppression of information itself violates the terms of the contract-utmost good faith is a tenet of insurance policy, which was not observed by the deceased life assured in the instant case. Sufficient evidence is on record to show the true picture and suppression of information by the insured.

Deceased life assured himself an LIC agent; and his failure to disclose material facts should be viewed with strong disapproval. However, as Section 45 is attracted, the Insurer is not justified in totally repudiating the claim without establishing that the deceased life assured committed fraud in not disclosing material facts. No evidence is brought on record to show that the deceased life assured was suffering from a fatal or terminal disease which would kill him any time when he took the policy and that he was

aware of such nature of the disease he was suffering from, information of which he deliberately suppressed when the proposal for policy was submitted.

The life assured paid premiums for about three years. Already the unfortunate death of the life assured must have had an adverse impact on the livelihood of the complainant and her family. Further, this must have also rendered the family of the complainant impossible for them to earn and lead their life. Therefore, I am of the view that it is just and proper to meet ends of justice to direct the insurer to refund the three years' premiums received as ex-gratia by invoking Rule 18 of the Redressal of Public Grievances rules 1998 on humanitarian grounds and hence the insurer is directed to refund the premiums received as ex-gratia to the complainant.

In the result the complaint is dismissed subject to (xiii) above.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0320.2005-06**

Smt. P. Roja Rani

Vs

Life Insurance Corporation of India

Award Dated 16.12.2005

BACKGROUND

The life assured late P. Laxman Rao, S/o P. Narsaiah, working as Police Constable and a resident of (Hanamkonda) Warangal in Andhra Pradesh, took a life insurance policy in 06/2002 from Warangal Branch of LIC under Warangal Division, as per details furnished above. The insured died on 10.03.2004 due to **blood cancer**. The duration of the claim was 1 year and 9 months. Smt. Roja Rani, who is the nominee and complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by the LIC of India, citing the reason that the life assured, while submitting the proposal for insurance in 06/2002, gave false answers to certain questions relating to his health in the proposal form. The insurer also alleged that they held indisputable proof to show that even before he proposed for insurance, he was reported to be suffering from **Blood Cancer** and took treatment for the same. The life assured, however, did not disclose these material facts at the time of taking the insurance policy. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, the insurer repudiated the claim.

DECISION :

I have carefully perused the papers including the written submissions of the complainant placed before me and heard the arguments presented by both sides.

The life assured late Laxman Rao, working as Police Constable and a resident of Hanamkonda (Warangal), took a Jeevan Mitra Triple Cover Endowment Assurance Policy in 06/2002 for a sum assured of Rs.50,000/-. The policy was taken by the insured under salary savings scheme. He died on 10.03.2004. The cause of death was reported to be **Blood Cancer**. Since the duration of the claim was 1 year and 9 months (less than two years), the insurer arranged for investigation into the bonafides of the claim.

The above claim was repudiated by LIC on the ground that the life assured, while proposing the insurance policy, deliberately suppressed material facts relating to his health as the life assured suffered from Blood Cancer and took treatment for the same, prior to his executing the proposal for insurance.

In support of repudiation action, the insurer obtained treatment particulars from Nizam Institute of Medical Sciences (NIMS), Hyderabad. According to the treatment particulars obtained in the form of medical certificate by the insurer from this hospital, the life assured consulted them on **18.07.1998**. Dr. Raghunadha Rao of the hospital reported in the certificate that **“Shri P. Laxmana Rao is suffering from chronic myeloid leukemia a type of blood cancer, since 18 July 1998. The treatment for this disease is life long. He is advised tablet Imatinib Mesylate 400 mg daily for the rest of his life. The rules of the Arogyabhadrata Scheme do not permit outpatient therapy. He cannot remain admitted for inpatient therapy for the rest of his life. Therefore, he is advised to buy the drug from the open market with his own money and seek medical reimbursement from his employer”**.

According to the letter dated 12.03.2004 obtained by the insurer from the employer of the life assured (Office of the Superintendent of Police, Warangal) the life assured died on 10.03.2004 due to **Blood Cancer**.

According to the underwriting norms of LIC, had the life assured disclosed the above material facts at the time of taking the insurance policy, they would not have considered the insurance to the life assured.

The insured had not disclosed his illness relating to Blood Cancer, which had a nexus with the cause of death. There is, therefore, fraudulent intent on the part of the life assured in not disclosing the material facts, which were vital for assessment of the risk.

From the records/documents and contentions submitted by both sides, I am convinced that the insurer (LIC) rightly repudiated the claim because the policy in question had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and policy was unenforceable.

Therefore, I have to hold for the reasons as aforesaid, the repudiation of the claim by the insurer is sustainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands.

In the result, the complaint is not allowed.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0350.2005-06
Shri J. Devender**

Vs

Life Insurance Corporation of India

Award Dated 16.12.2005

BACKGROUND

One Guguloth Ravi, S/o Shri Dhan Singh, doing cultivation and a resident of Warangal District in Andhra Pradesh, took an insurance policy from Warangal city Branch-II of LIC, under Warangal Division. The policy covered the risk of accidental benefit, in case of death by accident, as per the policy conditions. The life assured died on 14.07.2002. The cause of death was reported to be cycle accident. LIC settled the claim for Basic Sum Assured but repudiated/rejected the claim for accidental benefit, alleging that the complainant did not submit any evidence, satisfactory to the Corporation, establishing the cause of death as accident, as per the policy conditions.

DECISION :

I have carefully perused the papers placed before me including the written submissions of the complainant and also heard the arguments of the insurer.

- a) The life assured took an Endowment Assurance Policy in 06/2002 for a Sum Assured of Rs. 1,03,000/-. The **policy covered the risk of accident benefit** in case of death of the life assured by **accident**. He died on 14.07.2002. The cause of death was reported to be cycle accident. Since it was an early claim, LIC arranged for investigation into the bonafides of the claim. Later, they settled the claim for Basic Sum Assured but repudiated/rejected the claim for accident benefit on the ground that the complainant did not produce satisfactory proof establishing accidental death of the life assured, as per the policy conditions.
- b) Before discussing the facts and circumstances and the documentary evidence available on file, it is useful to know the salient features of the relevant clause governing the Accident Benefit under a policy. "10.2 : If at any time when this policy is in force for full sum assured the Life Assured before expiry of the period for which the premium is payable is involved in an accident resulting in either in permanent disability or death and the same is proved to the satisfaction of the Corporation, the Corporation agrees in case of death of the life assured : To pay an additional sum equal to the Sum Assured under this policy, if the Life Assured shall sustain any bodily injury resulting solely and directly from the accidental injuries caused by outward, violent and visible means and such injury within 180 days of its occurrence solely, directly and independently of all other causes result in the death of the Life Assured".
- c) In the instant case, the insurer arranged for investigation into bonafides of the claim by two officials. The investigating official at branch level clearly reported that the deceased life assured died due to cycle accident and opined the claim as a genuine claim. The other investigating official from the divisional Office level also confirmed that the deceased life assured while going on his bicycle, the cycle skidded and fell on concrete material in front of Gram Panchayat and School complex, and that he sustained injuries with bleeding and died before he could be shifted to hospital. He also obtained written statement from panchayat officials confirming the facts. Therefore, both the officials of the insurer (LIC) who conducted investigation of the claim clearly opined the cause of death to be cycle accident. The reports of these officials were accepted by the insurer (LIC) and the insurer accordingly settled the claim for Basic Sum Assured under this policy. This established the fact that the insurer accepted the cause of death as cycle accident. But it is quite surprising how and why the insurer (LIC) did not accept the version of their own officials and repudiated/rejected the complainant's claim for accident benefit as there is no justification for repudiating the accident benefit under the aforesaid insurance policy.
- d) The life assured and the complainant were agriculturists with complete rural background. They may not have sufficient knowledge for informing police about the accident death and arrange for postmortem, etc. However, the investigating officials of the insurer very categorically reported the cause of death as cycle accident. Police report and post-mortem report are normal documents of evidence; and absence of these should not be construed as non-occurrence of the incidence (viz. death due to accident while riding a bicycle) itself. As the insurer failed to substantiate with evidence any other cause for death, they are not justified in ignoring their own investigator's reports and the reports of others.
- e) In view of the reasons mentioned above, the repudiation of the claim relating to accident benefit by the insurer is not proper, legal, correct and justified. I, therefore, direct the insurer to settle the claim for accident benefit also.

In the result, the complaint is allowed.

Hyderabad Ombudsman Centre
Case No. L-21.001.0307.2005-06
Dr. Padma Ravi

Vs

Life Insurance Corporation of India

Award Dated 19.12.2005

BACKGROUND

One Dr. (Mrs) Padma Ravi, a resident of Hyderabad, took a Jeevan Dhara Policy which provides for annuity payments by submitting a proposal in 02/1990. The policy was for a period 15 years. The life assured paid premiums under the policy for period of 14 years only but forgot to pay the last instalment of premium. The insurer (LIC) accordingly recalculated the pension amount and GIVE amount and started to pay the revised pension amount @ Rs. 4147.00 with effect from 03/2005. The life assured represented to the insurer (LIC) to permit her to pay the last instalment of premium and allow the original pension and GIVE amount as otherwise she would be put to financial loss. The complainant also represented that the non-payment of the last instalment was by oversight only and not intentional. But the insurer (LIC) rejected the representation of the complainant on the ground that the policy conditions did not permit them to accede to her request.

DECISION :

I have carefully perused the papers placed before me and heard the arguments presented by both the sides. My observations are given below.

- a) The life assured took a Jeevan Dhara Policy on 15.02.2004 for a term of 15 years. The mode of payment of premium was yearly. After payment of premium for 15 years, the policy vests in favour of the life assured. Once the premium term was over, payment of annuity instalments start. In the instant case, the payment of annuity instalment started from 02/2005. According to the life assured, he had correctly paid the premium for 14 long years and he had also received notices regularly from the insurer. According to the life assured, the last instalment premium could not be paid as he forgot to pay the premium.
- b) Now the point of dispute is for restoration of the original GIVE amount quoted in the proposal form. The policyholder also expressed his willingness to pay the difference of premium for obtaining the original benefits.
- c) According to the insurer (LIC), as per the Jeevan Dhara Policy Conditions "a lapsed policy may be revived during the life time of the Anuitant but within a period of 5 years from the date of the unpaid premium **and before the date on which Annuity vests**, on payment of all the premiums together with interest". In the instant case, the life assured did not pay the last annual premium due 02/2004 in time. The annuity had already vested on 15.02.2005. Therefore, as per the above policy conditions, the policy cannot be revived by paying the unpaid annual premium due 02/2004 after the vesting date. Further, the terms and conditions of an Annuity Contract are different from that of an ordinary Assurance Contract - "under an Endowment type assurance contract, a lump sum is payable on the date of maturity of the policy from which last year's unpaid premium, if any, is deducted. But, in case of deferred annuity contracts, lump sum amount is not payable except commuted value, if opted for. Further, under an Assurance Policy, the contract comes to an end on maturity but under an Annuity Policy, the contract continues on the vesting date and comes to an end only on the death of the Annuitant".
- d) The construction of the insurance policy, which embodies contract of insurance, is a question of law and its true and correct interpretation would give jurisdiction to

the Insurance Ombudsman to pronounce upon the deficiency in service, if any. In the instant case, the life assured paid premiums only for 14 years. The policy had already vested to him on 15.02.2005. Although the annuitant desired to revive the policy after the vesting of annuity, the insurer, in view of the terms and conditions of the policy as enumerated above, could not accede to the request of the insured.

- e) In view of the above facts and in view of the specific provisions relating to the above insurance policy, unfortunately, the life assured would not be entitled to receive the original GIVE and Annuity Payments.

In the light of the above discussion, I do not find it necessary to interfere with the decision of the insurer (LIC) and accordingly, the complaint is not allowed.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0316.2005-06**

Smt. K. Sudha Rani

Vs

Life Insurance Corporation of India

Award Dated 21.12.2005

BACKGROUND

Shri Kollipara Srinivasa Rao, S/o Shri Balaramayya, doing business and a resident of Sindhanur (Post) in Karnataka, took an insurance policy from Sindhanur Branch of LIC under Raichur Division. The life assured died in Rajiv Gandhi Super Speciality Hospital, Raichur on 05.07.2004 on account of cardio pulmonary arrest with septic shock. Smt. K. Sudha Rani, who is the nominee and complainant under the policy, lodged a claim with the LIC. But the LIC repudiated her claim on 07.03.2005, on the ground of suppression of material facts by the life assured at the time of submission of the proposal for taking the insurance policy. It was also alleged by the insurer that they held indisputable proof to show that even before he proposed for the above policy, he had **undergone renal transplantation** and was suffering from **kidney problem** and took treatment for the same.

DECISION :

I have carefully perused all the documents placed before me and also heard the contentions submitted by both the parties.

- i. The life assured late K. Srinivasa Rao, doing business and a resident of Sindhanur in Karnataka, took an Endowment Insurance Policy on 28.12.2002 for a Sum Assured of Rs. 2,00,000/-. Later, he died on 05.07.2004 on account of cardio pulmonary arrest with septic shock. Since the duration of the claim was just 1 year 7 months, the insurer arranged for investigation into the bonafides of the claim. According to the insurer, their investigations revealed that the deceased life assured had undergone renal transplantation on 07.12.1994, which was prior to taking the policy. It was also alleged by the insurer that the insured was on continuous treatment for renal associated problems. The insurer, therefore, repudiated the claim on 07.03.2005 as the life assured deliberately suppressed material facts relating to his health.
- ii. Sec. 45 of the Insurance Act 1938 was applicable under the claim as the insurer repudiated the claim after expiry of two years from the date of commencement of the policy. The said provision lays down three conditions for the applicability of the 2nd part of Section 45. (1) Statement must be on a material matter or the insured must have suppressed facts which it was material to disclose (2) The Suppression must be fraudulently made by the insured (3) The insured must have

known at the time of making the statement that it was false or the insured suppressed facts which it was material to disclose.

- iii. In support of their repudiation action, the insurer obtained treatment particulars from Pinnamaneni Poly Clinic, Vijayawada. According to the treatment particulars obtained by the insurer from the above hospital/poly clinic, the deceased life assured was admitted there on 06.12.1994, had undergone renal transplanation on 07.12.1994 and was discharged from the hospital on 18.12.1994. The hospital records also established the fact that the deceased life assured was on continuous treatment from 12/1994 to 04/2003 on difference dates.
- iv. According to the complainant, the life assured, while going on his bike (vehicle), slipped and fell down as the stray dogs obstructed him. The insured sustained injuries and was taken to Rajiv Gandhi Super Speciality Hospital for Treatment. But he died there due to septicemia shock. This was the immediate cause of death, as reported by the hospital authorities. This is not shown to have nexus to the material facts suppressed by the deceased life assured. The complainant reported that they have handed over all the documents relating to kidney trasplanation to the LIC agent/Development Officer for submission to LIC authorities. For reasons best known to these responsible officials, who were acting as intermediaries, they did not submit them to LIC but got the policy issued to the life assured. Therefore, if at all there was a lapse, it was a lapse purely on the part of these officials and not the poor and innocent complainant/life assured and the life assured/complainant could not be penalized for no fault and denied the claim amount. Further, If there was any malafide or fraudulent intent on the part of the complainant or life assured, they would not have parted with the reports.
- v. Since Sec. 45 of the Insurance Act 1938 is applicable under the claim, it is incumbent on the part of the insurer to fulfill all the three ingredients mentioned by m earlier before repudiating a claim. Although there is violation of utmost good faith by the deceased life assured, it cannot be concluded that the insured did it with a fraudulent intent (motive) to defraud the insurer. In my opinion, the insurer failed in this regard. In spite of clear provisions contained in the 2nd part of Sec. 45 of the Insurance Act 1938, the insurer, for reasons well known to them, considered the claim for 50 % of the Sum assured under ex-gratia. I do not find any justification to deny the balance sum, assured, especially when the insurer in the instant case did not fulfill all the ingredients, before repudiating the claim.
- vi. Having regard to the overall circumstances of the case, I, without any hesitation, hold that the repudiation of the claim by the insurer is unreasonable and unjust especially when the insurer could not prove fraudulent intent on the part of the life assured beyond doubt.
- vii. In the instant case, the insurer had already settled 50 % of the sum assured under ex-gratia. For the various reasons mentioned above, I am of the view that it is just and proper to meet ends of justice to direct the insurer to make balance payment of 50 % of the sum assured also as ex-gratia by invoking Rule 18 of the Redressal of Public Grievances Rules 1998 and hence the insurer is directed to pay balance 50 % of the sum assured as ex-gratia to the complainant.

In the result, the complaint is allowed subject to (vii) above.

Hyderabad Ombudsman Centre
Case No. L-21.001.0344.2005-06
Shri G. Penchalaiah

Vs
Life Insurance Corporation of India

Award Dated 30.12.2005

BACKGROUND

Smt. Guddeti Sujatha, W/o Shri G. Penchalaiah, doing business and a resident of Venkatagiri (Post) in Nellore District in Andhra Pradesh, took a life insurance policy under Non-medical Scheme from Naidupet Branch of LIC under Nellore Division. The life assured died on 02.12.2002 on account of jaundice. Shri G. Penchalaiah, who is the nominee and complainant under the policy, lodged a claim with the LIC. But the LIC repudiated his claim on 29.11.2003, on the ground of suppression of material facts by the life assured at the time of submission of the proposal for taking the insurance policy. It was alleged by the insurer that they held indisputable proof to show that even before she proposed for the above policy, she underwent hysterectomy operation in the month of 08/1999 and took treatment for the same. Finding the life assured to be guilty of deliberate suppression of material facts relating to her health at the time of taking the insurance policy, the insurer repudiated the claim.

DECISION :

I have carefully perused all the documents placed before me and also heard the contentions submitted by both the parties.

The life assured late Smt. G. Sujatha, W/o Shri G. Penchalaiah, a resident of Nellore District, took an Endowment Assurance Policy in 06/2001 for a Sum Assured of Rs. 50,000/-. Later, she died on 02.12.2002 on account of Jaundice. Since the duration of the claim was just 1 year and 6 months, the insurer arranged for investigation into the bonafides of the claim. According to the insurer, their investigations revealed that the deceased life assured underwent Hyterectomy Operation in 08/1999 and suffered from ill health prior to taking the insurance policy and took treatment for the same. The insurer, therefore, repudiated the claim on 29.11.2003 as the life assured was found to have deliberately suppressed material facts relating to his health.

As regards suppression of material facts, I find that the LIC had thoroughly investigated the matter and proved that the life assured did suppress certain facts. In the proposal for insurance executed by the deceased life assured on 25.06.2001, she did not divulge the fact that she underwent hysterectomy operation in 08/1999. However, this material information (suppression of material fact relating to operation for hysterectomy) would have been adequate only if the insurer had to deny or cancel the policy before lapse of 2 years. Once the repudiation is effected after 2 years, a policy cannot be called in question merely on the grounds of misstatement alone. The insurer must establish that such statement was fraudulently made by the life assured.

To establish fraud, the insurer (LIC) has to prove in this case that it was their normal practice not to give insurance policies in favour of people (female lives) who underwent hysterectomy operation and the life assured by not divulging the fact obtained a policy thereby gaining an undue advantage for herself vis-à-vis other policyholders. Since it was not the policy of the insurer (LIC) to deny insurance policies to people (female lives) who underwent hysterectomy operation, suppression of hysterectomy operation at the time of inception of the policy by the life assured in the proposal form does not amount to fraud. Further, hysterectomy operation took place about two years before the inception of the policy; and it might not be the reason for taking the policy after the lapse of nearly two years. Thus, fraud is not established beyond doubt in this case. Moreover, the cause of death was jaundice, which incidentally, had no nexus to the fact suppressed. Had there been such nexus, the insurer ought to have obtained

independent medical opinion and submitted before the Insurance Ombudsman to drive home their contention.

Again, the insured underwent hysterectomy in 08/1999 and the life assured took the policy in question in 06/2001, after a lapse of about 2 years. As per the underwriting norms of the LIC, a policy is not denied to a person who underwent hysterectomy operation. It may or may not even invite loading of premium also. Therefore, in the present case, the insurer had not proved its case to the hilt by cogent and clear evidence.

In this connection, it is also profitable to quote the dictum laid down by the Hon'ble Supreme Court of India as to the circumstances under which a claim for the assured sum could be repudiated and upon whom the burden of proof lies. "In course of time, the corporation has grown in size and at present it is one of the largest public sector financial undertakings. The public in general and the crores of policyholders in particular, look forward to prompt and efficient service from the Corporation. Therefore, the authorities in charge of management of the affairs of the Corporation should bear in mind that its credibility and reputation depend on the prompt and efficient service. Therefore, the approach of the Corporation in the matter of repudiation of the policy admittedly issued by it should be one of extreme care and caution. It should not be dealt with in mechanical and routine manner".

Having regard to the facts and circumstances of the case, as discussed above, I am of the opinion that since the repudiation was done after 2 years, the decision of the insurer in repudiating the claim under the policy is not proper and justified, as the repudiation action of the insurer did not fulfill all the three ingredients required under 2nd part of Sec. 45 of the Insurance Act 1938. Therefore, I am of the view that it is only fit and proper to direct the insurer to settle the claim under the above policy.

I, therefore, direct the insurer to settle the claim under the policy.

In the result, the complaint is allowed.

Hyderabad Ombudsman Centre

Case No. L-21.001.0352.2005-06

Smt. M. Sreevani

Vs

Life Insurance Corporation of India

Award Dated 30.12.2005

FACTS OF THE CASE :

One Shri M. Madhusudana Rao, S/o Shri M. Venkaramana, working as accountant in Vaartha Daily News Paper and also doing cultivation and a resident of Chittoor District, took the above life insurance policy on 19.06.2004 by executing the necessary proposal for the insurance policy on 19.06.2004 from City Branch-I Tirupati of LIC under Nellore Division. The mode of payment of premium was half-yearly. But the life assured met with an accident on 17.06.2004, was admitted in SVIMS Hospital, Tirupati and died in the hospital while undergoing treatment on 22.06.2004. The cause of death was reported to be **accident**. Smt. M. Sreevani, the complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by LIC of India citing the reason, that the life assured gave false answers to certain questions in the proposal form submitted by him at the time of taking the insurance policy. It was also stated by the LIC that they held indisputable proof, to show that even before he executed the proposal on 19.06.2004 for obtaining the insurance policy, he met with a road accident on **17.06.2004** itself and was admitted in SVIMS Hospital on 17.06.2004 and died there

itself on 22.06.2004. He however, did not disclose these facts in the proposal form submitted by him. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the policy, the insurer repudiated the claim.

DECISION :

I heard the contentions of the insurer and perused all the documents, including the written submissions of the complainant, placed before me.

- a) The life assured took an Endowment assurance Policy covering accident benefit on 19.06.2004 for a Sum Assured of Rs. 50,000/-. The mode of payment of premium was half-yearly. Unfortunately, the life assured met with an accident on 17.06.2004 and was admitted to SVIMS Hospital, Tirupati on the same day and died there while undergoing treatment on 22.06.2004. The duration of the claim was just 3 days. Since it was a very early claim, the LIC arranged for investigation of the claim.
- b) LIC repudiated the claim on the ground that the life assured met with an accident even before he proposed the policy (executed the proposal for insurance policy only on 19.06.2004) but had fraudulently suppressed material facts relating to the accident he met with on 17.06.2004 and his subsequent admission in SVIMS Hospital, Tirupati and the treatment thereto, which was prior to execution of the proposal for insurance on 19.06.2004.
- c) In support of their repudiation action, they obtained the treatment particulars in their claim forms B/B1 from SVIMS Hospital, Tirupati as also the Police Reports viz. First Information Report (FIR), Post Mortem Report (PMR) and the Police Inquest Report (PIR) in Cr. No. 109 dated 22.06.2004. All these reports confirmed that the deceased life assured met with a jeep accident on 17.06.2004 and was admitted to SVIMS Hospital, Tirupati on 17.06.2004 and died in the hospital while undergoing treatment on 22.06.2004.
- d) The insurer, in support of their repudiation action, submitted copy of the proposal form executed by the life assured. This form was executed by the insured only on beyond doubt that the required papers/documents were received at their end only on 19.06.2004. According to the cash receipt no. 7309435, the consideration amount of Rs. 1892.00 required for consideration of the proposal for insurance, was remitted by the life assured only on 19.06.2004 at 11.14 AM. And on the same day, the insurer processed the case through their green channel method since the case was fit for accepting the risk and issued the policy, including the acceptance-cum-first premium receipt. According to the official inward seal, the papers were received at the LIC Office on 19.06.2004 only and not on 14.06.2004, as alleged by the complainant. Therefore, it goes without saying that there did not exist any contract between the LIC and the insured.
- e) The proposal form for issue of the insurance policy in question was executed by the insured on 19.06.2004 and the life assured knew very well that he met with an accident and was on treatment in a hospital. But the life assured answered all the questions in the declaration of good health form in a clear-cut fashion as if neither he met with any accident nor was under treatment in a hospital. Thus the answers given by the life assured are not reflecting the real state of his health and as a matter of fact, he had suppressed the vital facts relating to his health while submitting the said form.
- f) The official records submitted by the insurer established beyond doubt that the required papers/documents for processing the insurance were received by the

insurer only on 19.06.2004 and that the answers given by the insured to the questions in the proposal form were totally untrue to the knowledge of the insured and that he uttered falsehood.

- g) The fact of accident and treatment thereto, which was very serious in nature, ought to have been disclosed to the insurer to enable than assess the risk in the right perspective. Instead, these facts were suppressed, which clearly established the fraudulent intent of the life assured.
- h) Therefore, for the reasons as aforesaid and also in the light of concrete evidences available on record as referred to above, I am of the view that the insurer had rightly repudiated the claim and I, therefore, decline to interfere with the decision of the insurer.

In the result, the complaint is not allowed.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0308.2005-06**

**Smt. K. Polamma
Vs**

Life Insurance Corporation of India

Award Dated 30.12.2005

BACKGROUND

One Shri Kunchala Venkateswarlu, S/o Shri Bukkaiah, a tapi mastry and resident of Prakasam District, took a New Janaraksha Insurance Policy in 09/2002 under Non-medical Scheme from Ongole Branch of LIC of India, Nellore Division. The life assured, while submitting the proposal for insurance on 19.08.2002, gave allegedly false answers to certain questions relating to his health in the proposal form. It was stated by the insurer that they held indisputable proof to show that, even before he proposed for insurance, he suffered from liver disease and took treatment for the same. The life assured, however, did not disclose any disease at the time of taking the insurance policy. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, the insurer repudiated the claim.

DECISION :

I heard the contentions of both parties and also perused all the documents including the written submissions of the complainant placed before me.

- i. The life assured took a New Janaraksha Insurance Policy in 09/2002 for a Sum Assured of Rs. 50,000/-. The life assured died on 01.08.2003. The cause of death was reported to be Jaundice. The duration of the claim was just 10 months only. The claim was repudiated by the insurer on 31.03.2004 on the ground that the life assured had deliberately suppressed material facts relating to his health before taking the insurance policy in question.
- ii. According to the insurer, even before the life assured proposed the above policy, he suffered from liver disease and took treatment for the same.
- iii. In support of their repudiation, the insurer obtained treatment particulars from PYR Hospital, Hyderabad. According to the treatment particulars obtained by the insurer in their claim forms B/B1, the life assured was admitted there on 28.07.2003 vide Inpatient No. 710 with complaints of general Weakness, chest pain and pain abdomen. But the duration was mentioned as 1 ½ months only. The insured died in the hospital on 01.08.2003. The primary cause of death was

reported as jaundice and the secondary cause of death was reported as hepatitis. The admission in PYR Hospitals, Hyderabad was **only after taking** the insurance policy. The insurer repudiated the claim alleging that they hold indisputable proof to show that since 3 years before proposing the policy, the life assured suffered from liver disease and took treatment for the same. But the insurer miserably failed to secure any concrete and tangible evidence in support of their contention and allegation. They could spell out at least details of the so-called liver disease, which is a generic and vague term.

- iv. Although the hospital authorities reported that the insured was a known alcoholic it was a vague statement only and it does not get us anywhere before taking the policy in the absence of sufficient proof. It may be possible that the life assured may be alcoholic. The insurer, therefore, ought to have probed further, which would have revealed the state of health of the life assured. But curiously enough not even a feeble attempt was made by the insurer to collect evidence relating to the health aspect of the insured prior to taking the insurance policy. Thus, the evidence relied upon by the insurer is too flimsy to suffice for repudiation of the claim of the complainant.
- v. Although Sec. 45 of the Insurance Act is not applicable under the claim, there should be an amount of credible, reliable and acceptable evidence to substantiate the repudiation. A mere two line casual description on a medical paper without supporting evidence has no value of its own.
- vi. In the present case, the insurer had not proved its case to the hilt by cogent and clear evidence. It is only a futile attempt on the part of the insurer to cash in on documents which fail to substantiate the allegations of the insurer.
- vii. Having regard to the facts and circumstances of the case, as discussed above and also the manner in which the claim was made by the complainant under the aforesaid insurance policy was dealt with by the insurer without taking note of the ground realities, I am of the view that it is only fit and proper to direct the insurer to settle the claim under the above policy.
- viii. Therefore, for the reasons as aforesaid, I hold that the repudiation of the claim under the policy by the insurer is not legal, correct, proper and justified.
I, therefore, direct the insurer to settle the claim under the above policy for full sum assured.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0351.2005-06
Smt. B. Gurupadamma**

Vs

Life Insurance Corporation of India

Award Dated 30.12.2005

FACTS OF THE CASE

One Shri Bankala Hari Babu, S/o Shri Banakal Narayana, doing cultivation and a residents of Dhone Mandal in Kurnool District, took a Money Back Life Insurance Policy in 03/2004 from Dhone Branch of LIC of India, under Cuddapah Division. The life assured died shortly thereafter on 05.05.2004 on account of **Bilateral Extensive Pulmonary Tuberculosis**. Smt. B. Gurupadamma, who is the nominee and complainant under the policy, lodged a claim with the LIC. But the LIC repudiated her claim on 12.04.2005, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal form. It was also

stated by the LIC that they held indisputable proof to show that even before he proposed for the above policy, he was suffering from **Tuberculosis** and took treatment for the same. He, however, did not disclose these facts in the proposal. Instead, he gave false answers to the relevant questions in the proposal form. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, LIC repudiated the claim.

DECISION :

I heard the contentions of both sides and also perused all the documents including the written submissions of both the parties.

- i. The life assured late Hari Babu, doing cultivation and a resident of Kurnool District, took Money Back Insurance in 03/2004 for a Sum Assured of Rs. 40,000/- . As per the request of the life assured, the insurer dated back the commencement to 12/2003. He died on 05.05.2004 on account of "**Bilateral Extensive pulmonary Tuberculosis**" in less than two months of his having taken the policy. Since it was a very early claim, the insurer arranged for investigation into the bonafides of the claim.
- ii. The insurer repudiated the claim on the ground that the life assured had suppressed material facts relating to the state of his health and illness in the past and had given incorrect answers to the questions in the proposal form at the time of obtaining the policy. According to the insurer, the deceased life assured suffered from **Pulmonary Tuberculosis** and took treatment for the same.
- iii. In Support of their repudiation action, the insurer obtained treatment particulars from Government General Hospital, Kurnool. According to the treatment particulars obtained by the insurer in the form of claim forms B/B1 from the above hospital, the deceased life assured was admitted there on **04.05.2004** and died on 05.05.2004. The hospital authorities reported the primary cause of death as "**Bilateral Extensive Pulmonary Tuberculosis**" and the duration of illness as 5 years.
- v. The complainant reported the cause of death as Breathlessness, which incidentally had nexus to the material facts suppressed by the deceased life assured. According to hospital records, the entire history/complaints relating to his ailments/diseases were reported to the doctor/hospital authorities by the deceased life assured himself.
- vii. It is the consistent and positive case of the LIC (insurer) that the answers given by the deceased life assured to various questions in the proposal form are not reflecting the real state of affairs and as a matter of fact, he had suppressed the vital facts relatable to his health while submitting the proposal for insuring his life. According to the insurer, the life assured was suffering from tuberculosis and was on treatment, as per the medical evidences secured by them. In proof of the stand, they secured and submitted the relevant extracts from hospital records, where the insured took treatment. Therefore, it goes without saying that the deceased life assured willfully and deliberately suppressed the material facts relating to his health as getting revealed by the medical records referred above. Had these material facts been disclosed in the proposal submitted by the life assured, according to the underwriting norms of LIC, the insurer would not have accepted the proposal and issued the policy in question.
- viii. Insurance has been held to be a contract of utmost good faith. The life assured is bound to disclose honestly, truthfully and correctly all the answers in the proposal form concerning the state of his health. In this case the deceased life assured knowingly gave incorrect information on the personal health in the proposal form

for insurance. This ground of incorrect information and false statements regarding health make the insurance contract null and void. The insurer, obtained extract of medical records of Government General Hospital, Kurnool which clearly established the fact that the insured was not enjoying good health, prior to taking the insurance policy is question.

- ix. Sec. 45 of the Insurance Act 1938 was not applicable under the claim as the claim was repudiated within two years. Such being the case, there is no need at all for the insurer to prove that the suppression of material facts having a bearing upon the acceptance of the proposal is fraudulent in nature and it is sufficient for the insurer to prove that there was misstatement or incorrect statement or inaccurate statement of facts in the proposal to rescind the contract of insurance. In the case on hand, the insurance policy had run for just 2 months only.
- x. From the records/documents and the contentions submitted by both sides, I am convinced that the Insurer (LIC) rightly repudiated the claim because the policy had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and the policy was unenforceable. Therefore, I have to hold for the reasons as aforesaid, the repudiation of the claim by the insurer invoking the provisions of 1st part of Sec. 45 of the Insurance Act 1938 on the ground that the insured had deliberately suppressed material facts relating to his health is sustainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands. In the aforesaid circumstances, the complaint fails and is dismissed as devoid of any merit.

Hyderabad Ombudsman Centre
Case No. L-21.001.0286.2005-06
Smt. N. Savithamma
Vs

Life Insurance Corporation of India

Award Dated 30.12.2005

BACKGROUND

One Shri Nandyal Dastagiri Reddy A/s N. C. Dastagiri Reddy, S/o Shri N. Pulla Reddy doing cultivation and a resident of Kurnool District, took two insurance policies from Nandyal Branch of LIC, under Cuddapah Division. The policies covered the risk of accidental benefit, in case of death by accident, as per the policy conditions. The life assured died on 26.11.2003. The cause of death was reported to be electric shock. LIC settled the claims for basic Sum Assured but repudiated/rejected the claims for accidental benefit alleging that the complainant did not submit any evidence satisfactory to the Corporation, establishing cause of death as accident (electric shock), as per policy conditions.

DECISION :

I have carefully perused the papers placed before me including the written submission of the complainant/insurer and also heard the arguments of the insurer :

- a) The life assured took two New Janaraksha Insurance Policies in 08/2001 and 12/2001 for a Sum Assured of Rs. 50,000/- each. Both the policies covered the risk of accident benefit in case of death of the life assured by accident. He died on 26.11.2003. The cause of death was reported to be electric shock. According to the insurer (LIC), they already settled the claims for Basic Sum assured but repudiated/rejected the claims for accident benefit on the grounds that the

complainant did not produce satisfactory proof establishing accidental death of the life assured, as per policy conditions.

- b) Before discussing the facts and circumstances and the documentary evidence available on file, it is useful to know the salient features of the relevant clause governing the Accident Benefit under a policy. "10.2:If at any time when this policy is in force for full sum assured the Life Assured before expiry of the period for which the premium is payable is involved in an accident resulting in either permanent disability or death and the same is proved to the satisfaction of the Corporation, the Corporation agrees in case of death of the life assured; To pay an additional sum equal to the Sum Assured under this policy, if the Life Assured shall sustain any bodily injury resulting solely and directly from the accidental injuries caused by outward, violent and visible means and such injury within 180 days of its occurrence solely, directly and independently of all other causes result in the death of the Life Assured". The Corporation shall not be liable to pay the additional sum referred above if the death of the life assured shall result from the Life Assured committing any breach of law".
- c) In the instant case, the insurer arranged for investigation into bonafides of the claims. The investigating official clearly reported the cause of death as electric shock.
- d) The life assured and the complainant were agriculturists with complete rural background. They might not have sufficient knowledge for informing such matters to police and arrange for postmortem, etc. The residential area also is an interior place in the district. Already the investigating official reported the cause of death as electric shock. The insurer accepted the investigation report and settled basic sum assured. This established the fact that the insurer accepted the cause of death as electric shock. The electricity authorities who conducted enquiry into the matter opined that there was short circuit in the wire and later rectified the circuit wiring properly. The Sub Inspector of Police, Rudravaram Police Station in his report also reported that the life assured when he went to his fields for attending to the fieldwork, accidentally got an electric shock and died on the spot. All the above enquiries conducted by three different authorities confirm that the death of the deceased life assured was on account of electric shock. None of them expressed doubt/suspicion about the cause of death. When this be the case, it is quite surprising to know as to how the insurer repudiated/rejected accident benefit. The insurer merely disbelieved the statements that the cause of death was electric shock and they failed to prove that the statement is false by leading in cogent evidence.
- e) In view of the reasons mentioned above, the repudiation of the claims relating to accident benefit by the insurer is not proper, legal, correct and justified. I, therefore, direct the insurer to settle the claims for accident benefit also on both the policies.

In the result, the complaint is allowed.

Hyderabad Ombudsman Centre
Case No. L-21.011.0358.2005-06
Shri Bellam Anjaneyulu
Vs

ING VYSYA Life Insurance Co. Ltd.

Award Dated 30.12.2005

FACTS OF THE CASE

One Shri Bellam Venkateswarlu, S/o Shri Raghavulu, doing cultivation and a resident of Prakasam District in Andhra Pradesh, took a Reassuring Life Endowment Plan-with profits Insurance Policy with Accident Death Disability Dismemberment Benefit Rider for a Sum Assured of Rs. 1,00,000/- From ING VYSYA Life Insurance Company Limited at Bangalore on 23.11.2004. The life assured died on 27.01.2005. The complainant reported the cause of death as sudden heart attack. Shri B. Anjaneyulu, who is the nominee and complainant under the policy, lodged a claim with the ING VYSYA Life Insurance Co. Ltd., Bangalore. But the ING VYSYA Life Insurance Co. Ltd., repudiated his claim on 28.04.2005, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal form. It was also stated by the insurer that they held indisputable proof to show that even before he proposed for the above policy, he was suffering from "**Diabetes Mellitus**" and was on regular Insulin treatment. He, however, did not disclose this fact in the proposal. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, the insurer repudiated the claim.

DECISION :

I heard the contentions and also perused all the documents including the written submissions of both the parties.

- i. The life assured took one "Reassuring Life Endowment Plan-With Profits" Insurance Policy with Accidental Death Disability Dismemberment Benefit Rider on 23.11.2004 from ING VYSYA Life Insurance Company Limited for a Sum Assured of Rs 1,00,000/-. The insured was a farmer and resident of Prakasam District. The life assured died just within 2 months from the date of commencement of risk under the policy i.e. he died on 27.01.2005. Since it was a very early claim, the insurer arranged for investigation into the bonafides of the claim.
- ii. The insurer repudiated the claim on the ground that the life assured suppressed material facts relating to his health prior to taking the insurance policy. According to the insurer, the life assured suffered from "**Diabetes Mellitus**" and was on Insulin treatment for the same prior to taking the insurance policy.
- iii. In support of their repudiation action, the insurer obtained treatment particulars from Mother Theresa Multispeciality Hospital Narascaopet. According to the Hospital records obtained by them, the insured was admitted there with sudden loss of Consciousness convulsion one episode and admitted on 20.12.2004. It was reported in the case records that "55 years/male known **diabetic on regular R. with Insulin**" and the blood sugar value was recorded as 369 mg/dl. This range was well above the normal range of 140 mg per dl to 180 mg per dl. Further, the life assured was treated with injection Human Mixtard 10-10 units Subcutaneous.
- iv. In support of their repudiation action, the insurer also obtained a medical certificate dated 12.04.2005. The above hospital authorities once again confirmed in this certificate that the life assured was a **diabetic on regular insulin** and that this was recorded in their records on the basis of history reported to them by the patient's attendant.
- v. On a close scrutiny and perusal of the medical records, it is established that the life assured was suffering from diabetes and was on regular treatment with insulin even prior to taking the insurance policy and was, therefore, not enjoying good health. In fact, the duration of the claim was just two months only. It is the consistent and positive case of the insurer that the answers given by the deceased life assured to various questions in the proposal form are not at all reflecting the real state of affairs and as a matter of fact he had conveniently

suppressed the vital facts relatable to his health while submitting the proposal for insuring his life. But the medical evidences obtained and submitted before me by the insurer confirmed beyond doubt that the life assured was a diabetic patient and was on treatment prior to insuring his life. Therefore, he ought to have disclosed them to the insurer for assessing the risk in the right perspective.

- vi. According to the underwriting norms of the insurer, had the life assured disclosed the above material facts at the time of taking the insurance policy, the insurer would have declined the insured for insurance purpose.
- vii. Although the complainant contended that the medical records submitted by the insurer relate to his paternal uncle (brother of the deceased life assured), the complainant had not produced authenticated and reliable documents to counteract the indubitable proof in support of his contention. He had not even produced any certificate or document issued by the hospital authorities or the doctor to prove that the records did not pertain to the deceased life assured. Hence, the insurer is well within its right to repudiate the claim made by the complainant.
- viii. Sec. 45 of the Insurance Act 1938 was not applicable under the claim as the claim was repudiated within two years. Suppression of information itself violates the terms of the contract-utmost good faith is a tenet of insurance policy, which was not observed by the deceased life assured in the instant case. Sufficient evidence is on record to show the true picture and suppression of information by the insured.
- ix. I am convinced that the insurer had rightly repudiated because the said policy had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and the policy was unenforceable.
- x. Therefore, for reasons mentioned above, I am of the view that the repudiation of the complainant's claim by the insurer on the ground that the insured had deliberately suppressed material facts relating to his health is sustainable on law as well as on facts and I, therefore, decline to interfere with the decision of the insurer.

In the result, the complaint is dismissed.

Hyderabad Ombudsman Centre
Case No. L-21.001.0348.2005-06
Smt. Vemireddy Parvathi
Vs

Life Insurance Corporation of India

Award Dated 30.12.2005

FACTS OF THE CASE

One Shri Vemireddy Sathyanarayana Reddy, S/o Shri Sanghi Reddy, doing cultivation and a resident of Khammam District, took a life insurance policy from Nuzvid Branch of LIC, under Machilipatnam Division. The mode of payment of premium was half yearly. The policy was in a lapsed condition due to non payment of premium due from 12/2002. Subsequently, the policy was revived by the life assured on 24.11.2003. But the life assured died on 29.02.2004. The cause of death was reported to be **Cardio-respiratory arrest**. Smt. V. Parvathy, the complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by LIC of India, citing the reason, that the life assured, while reviving his lapsed policy, gave false answers to certain questions in the declaration of good health form, submitted by him at the time of reviving his lapsed policy. It was also stated by the LIC that they held indisputable proof, to show

that even before he revived his lapsed policy, he suffered from **Chronic Renal Failure and Hypertension and** took treatment in a hospital. He, however, did not disclose these facts in the declaration of good health form. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of reviving his lapsed policy, the insurer repudiated the claim by setting aside the revival.

DECISION :

I heard the contentions of both sides and also perused all the documents, including the written submissions of the complainant placed before me.

The basis for repudiation of the claim by LIC was the Declaration of Good Health Form submitted by the deceased life assured for revival of his lapsed policy on 24.11.2003, wherein the life assured had given false answers with the intention of concealment of material facts relating to his health and getting his policy revived by non disclosure of the fact that he was suffering from chronic Renal Failure and Severe Azotoemia, prior to revival of the policy.

In support of their repudiation action, they obtained the treatment particulars from Arun Kidney Centre, Vijayawada. According to the certificate dated 10.12.2005 obtained by the insurer from the above hospital Shri V. Sathyanarayana Reddy, S/o Shri V. Sangi Reddy, was a case of **Chronic Renal Failure with Severe Azotoemia**; was admitted on **17.08.2003 with Inpatient No. 276 and underwent regular haemodialysis** and expired on 29.02.2004 in our hospital". It was also reported by the authorities as "Case Sheet is not readily available with us we have shifted the hospital to new premises. Our system in maintenance of record for IP Patient by allotting roll number and note the case details in their case sheet an O.P. record which was issued to the patient. We confirm that the above patient **was treated by us from 17.08.2003 till death**".

In continuation of admission in the above hospital on 17.08.2003, the life assured was admitted there just before death on 15.02.2004 with complaints of "nasal bleeding, breathlessness and vomitings" and died there while under going treatment on 29.02.2004. The final diagnosis arrived by the authorities was "**Chronic Renal Failure with Severe Azotomia**". It was also reported by the hospital authorities that the entire history was reported to them by the deceased life assured himself. For the above admission, the insurer obtained treatment particulars in their claim forms B/B1.

The above medical evidences established the fact that the life assured was not enjoying good health at the time of reviving the policy. In fact, he was on treatment from Arun Kidney Centre, Vijayawada, before he got his policy revived on 24.11.2003, as confirmed by the medical evidence issued by the above hospital. Therefore, it goes without saying that the deceased life assured ought to have disclosed the above facts to the insurer to enable them to assess the risk in the right perspective.

The policy under dispute was revived under Non-medical Scheme, without undergoing medical examination by authorized medical examiner of LIC. Therefore, the life assured was more responsible to furnish all the facts relating to his health truthfully and correctly to enable them to assess the risk in the right perspective.

The insurance policy in question was revived on 24.11.2003 and the life assured knew very well that he was on treatment in a hospital. But the life assured answered all the questions in the declaration of good health form in a clear-cut fashion as if neither he suffered from Chronic Renal Failure and Severe Azotoemia nor took treatment from the hospital. Thus the answers given by the life assured are not reflecting the real state of his health and as a matter of fact, he had suppressed fraudulently the vital facts relatable to his health while submitting the said form.

The revival of an insurance policy considers the question of insurability of the life assured afresh and any concealment of material facts would clothe the insurer with the right to treat the revival as void. The medical evidences produced by the insurer established beyond doubt that the answers given by the insured to the questions in the declaration of good health form were totally untrue to the knowledge of the insured and that he committed fraud.

Therefore, for the reasons as aforesaid and also in the light of concrete medical evidences submitted by the insurer, I am of the view that the repudiation of the claim by the insurer has to be upheld on law as well as on facts; and hence the repudiation of the claim by the insurer does not warrant any interference at my hands.

In the result, the complaint is dismissed.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0353.2005-06**

Shri S. Vijaya Gopal

Vs

Life Insurance Corporation of India

Award Dated 30.12.2005

FACTS OF THE CASE

One Smt. V. Vijaya Lakshmi, W/o Shri S. Vijaya Gopal working as Computer Operator and resident of Kurnool in Andhra Pradesh, took a life insurance Policy on 22.12.2003 from Kurnool Branch of LIC under Cuddapah Division. The said policy contained "Special Female Clause". The life assured died on 16.09.2004 due to burn injuries said to have been caused when she caught fire while cooking food on a gas stove in her house. Her husband's nominee Shri S. Vijaya Gopal preferred a claim with LIC. But the LIC repudiated the claim for the reason that the life assured died due to **accidental burn injuries** while cooking food on gas stove **in her house**. She was admitted in Government General Hospital, Kurnool and while under going treatment, the life assured died on 16.09.2004. According to the conditions applicable under Clause 4 (b), claim is not payable, in case the life assured dies in an accident other than an accident in a public place, within 3 years from the date of acceptance of the policy.

DECISION :

I have carefully perused all the documents placed before me and also heard the contentions submitted by both the parties. I have also gone into the conditions applicable under clause 4(b), as per which the policy issued.

- a) The life assured late V. Vijayalakshmi, working as Computer Operator and a resident of Kurnool had taken out a Jeevan Anand Insurance Policy on 22.12.2003 for a Sum Assured of Rs. 1,00,000/-. The said policy contained "**Special Female Clause**". The life assured died on 16.09.2004 due to burn injuries said to have been caused to her while she was cooking food on gas stove in her house. Since it was an early claim as the duration of the claim was just 9 months, the insurer arranged for investigation into the bonafides of the claim.
- b) Their investigations revealed that the life assured died due to accidental burns in her house. Since it was an unnatural death, police case was registered under Cr. No. 142/2004. Police Reports viz. First Information Report (FIR), Post Mortem Report (PMR) and Police Inquest Report (PIR) were obtained. The police reports opined that the insured died due to accidental burns in her house.
- c) As already mentioned by me earlier, the policy under dispute was issued subject to Clause 4 (b) - Special Female Clause. In this connection, it would be very much

pertinent to refer to the above clause. "Notwithstanding anything within mentioned to the contrary, it is hereby declared and agreed that in the event of death of the life assured occurring as result of intentional self-injury, suicide, an attempted suicide, insanity, accident **other than an accident in a public place** or murder at any time on or after the date on which the risk under the policy has commenced but before the expiry of three years from the date of this policy, the corporation's liability shall be limited to the sum equal to the total amount of premiums 'exclusive of extra premiums, if any, paid under this policy without interest'. Provided that in case the life assured shall commit suicide before the expiry of one year reckoned from the date of this policy, the provisions of this clause under the heading 'suicide' printed on the back of the policy shall apply.

- d) The life assured was aged 24. She was a Post-graduate (M.A.) and working as Computer Operator. She must be very much aware of the implications of the said Special Female Clause-Clause 4 (b), as she gave her consent for imposition of the clause and obtained the policy. The Special Female Clause does exclude such cases and limited the amount payable under the policy to the premium actually collected. The deceased life assured died as a result of the accidental burns sustained by her from the gas stove while cooking food in her house. The death occurred within the period of 3 years of the issuance of the policy of insurance; the policy was issued on 30.12.2003 (with risk commencing from 22.12.2003) and she died on 16.09.2004.
- e) The construction of the Insurance Policy including its terms and conditions will form the basis of Contract of Insurance.
- f) In view of the above facts and the policy conditions including the policy clauses, the rejection/repudiation of the claim of the complainant by the insurer invoking the Special Female Clause-Clause 4 (b) mentioned earlier is correct and proper and does not call for any interference at my hands. Therefore, I am of the view that the insurer had rightly rejected the claim.

The complaint is, therefore, dismissed.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0387.2005-06**

Smt. Shameebanu

Vs

Life Insurance Corporation of India

Award Dated 20.02.2006

BACKGROUND

The life assured late T. R. Razeed, S/o Shri Rasul Sab, working as Second Division Assistant in Executive Engineer's Office in Periapatnam Taluk of Mysore District in Karnataka, took a life insurance policy under Non-medical Scheme in 07/2001 from Bhadravathy Branch of LIC under Udupi Division, as per details furnished above. The insured died on 13.11.2002 due to **heart attack**, The duration of the claim was 1 year and 4 months. Smt. Shameem Banu, who is the nominee and complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by the LIC of India, citing the reason that the life assured, while submitting the proposal for insurance in 07/2001, gave false answers to certain questions relating to his health in the proposal form. The insurer also alleged that they held indisputable proof to show that even before he proposed for insurance, he suffered from Unstable Angina (IHD) and took treatment for the same. It was also stated by the insurer (LIC) that the deceased life assured availed leave on medical grounds during 01.01.2001 to 19.03.2001 (79 days);

03.05.2001 to 15.05.2001 (13 days) and 01.06.2001 to 18.06.2001 (18 days). The life assured, however, did not disclose these material facts at the time of taking the insurance policy. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, the insurer repudiated the claim.

DECISION :

I have carefully perused the papers including the written submissions of the complaint placed before me and heard arguments presented by the insurer.

The life assured late T. R. Razeed, working as Second Division Assistant in Executive Engineer's Office, Government of Karnataka and a resident of Shimoga District in Karnataka, took a life insurance policy in 07/2001 for a sum assured of Rs. 1,00,000/-. The policy was taken by the insured under **Non-medical Scheme (Salary Savings Scheme)**. He died on 13.11.2002. The cause of death was reported to be **heart attack**. Since the duration of the claim was only 1 years and 4 months, the insurer arranged for investigation into the bonafides of the claim.

The above claim was repudiated by LIC on the ground that the life assured, while proposing the insurance policy, deliberately suppressed material facts relating to his health as the life assured suffered from **Unstable Angina (IHD)** and took treatment for the same, prior to his executing the proposal for insurance. It was also claimed by the insurer (LIC) that the deceased life assured availed leave on medical grounds, prior to taking the policy.

In support of repudiation action, the insurer obtained treatment particulars from Bhadra Nursing Home, Bhadravathy. According to the treatment particulars obtained by the insurer from this hospital, the life assured was admitted there on **10.01.2001** with complaints of chest pain and discharged on 17.01.2001. The diagnosis arrived by the authorities was **Unstable Angina (IHD)**. On a perusal of the hospital records, it is observed that the life assured consulted them on 27.02.2001, 09.03.2001 and 11.06.2001. It was recorded in the records of the hospital that **ECG-Old case M. I.**. The deceased life assured was also advised to stop smoking. As per the hospital records, the entire history/complaints were reported to them by the deceased life assured himself.

The life assured also consulted Shri Jayadeva Institute of Cardiology, Bangalore on 21.05.2001, 22.05.2001 and 30.05.2001 and underwent special medical tests like **"ECG, 2-D ECHO/TEE and TREADMILL"**. The final diagnosis arrived by the hospital authorities was **"Myocardial Infarction (MI)"**. As per the information furnished by the employer of the life assured, the insured availed leave on medical grounds during the periods 01.01.2001 to 19.03.2001; 03.05.2001 to 15.05.2001 and 01.06.2001 to 18.06.2001.

According to the underwriting norms of LIC, had the life assured disclosed the above material facts at the time of taking the insurance policy, they would not have considered insurance to the life assured immediately and that too, under Non-medical Scheme. Since the policy was considered under Non-medical Scheme, more responsibility was cast on the insured to disclose all the material facts truthfully and correctly to enable the insurer to assess the risk in the right perspective. Instead, the life assured deliberately suppressed them although he was a heart patient and was on treatment. The policy was taken by the life assured just one month after his admission and consultations and the treatments in the above hospitals.

The insured had not disclosed his illness relating to heart disease, which had a nexus with the cause of death. The pre-existing conditions of Unstable Angina and Myocardial

Infarction are too serious not to be disclosed in the proposal form. There is, therefore, fraudulent intent on the part of the life assured in not disclosing the material facts, which were vital for assessment of the risk.

Insurance has been held to be a contract of utmost good faith. In this case, the life assured knowingly gave incorrect information on the personal health in the proposal form for insurance. This ground of incorrect information and false statements regarding health make the insurance contract null and void. In support of this contention the insurer also obtained medical records from the hospitals as referred by me earlier and submitted before me.

From the records/documents and contentions submitted by both sides, I am convinced that the insurer (LIC) rightly repudiated the claim because the policy in question had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and proper and does not warrant any interference at my hands.

Therefore, I have to hold for the reasons as aforesaid, the repudiation of the claim by the insurer is sustainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands.

During the course of the hearing, the complainant submitted that the deceased life assured left behind three minor children and that they were finding it very difficult to maintain their livelihood. It was also submitted that they had no other source of income without much help from any quarter. The sudden death of the life assured rendered them impossible to do any work and earn their daily bread. Therefore, I am of the view that it is just and proper to meet the ends of justice to direct the insurer to make a payment of Rs. 10,000/- (Rupees ten thousand only) calculated having regard to the premia paid by the deceased life assured as ex gratia by invoking Rule 18 of the Redressal of Public Grievances Rules 1998 on humanitarian grounds.

In the result, the complaint is not allowed. But the insurer is directed to pay an amount of Rs. 10,000/- (Rupees ten thousand only) as ex gratia to the complainant in view of Rule 18 of the Redressal of public Grievances Rules 1998.

Hyderabad Ombudsman Centre

Case No. L-21.011.0349.2005-06

Smt. K. Gowri

Vs

ING VYSYA Life Insurance Co. Ltd.

Award Dated 20.2.2006

FACTS OF THE CASE

One Shri T. Kumaran, S/o Shri K. B. Thyagaraja, who was a tailor by profession and a resident of Bangalore in Karnataka, took a Re-assuring Endowment Insurance Policy with Accidental Deaths Disability Dismemberment Benefit Rider for a Sum Assured of Rs. 1,05,000/- from ING VYSYA Life Insurance Company Limited at Bagalore on 31.12.2004. The life assured died on 09.06.2005 on account of "**Massive Haemoptysis with Pneumonia**". Smt. K. Gowri, who is the nominee and complainant under the policy, lodged a claim with the ING VYSYA Life Insurance Co. Ltd., Bangalore. But the ING VYSYA Life Insurance Co. Ltd., repudiated her claim on 04.08.2005, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal form. It was also stated by the insurer that they held indisputable proof to show that even before he proposed for the above policy, he was suffering from "**Diabetes Mellitus on Insulin Mixtard**" and took treatment for the same. He, however, did not disclose these material facts in the proposal form

submitted by him. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, the insurer repudiated the claim.

DECISION :

I heard the contentions of both sides and also perused all the documents including the written submissions of both the parties.

- i. The life assured took one "Reassuring Endowment Plan-with Profits Policy" with Accidental Death Disability Dismemberment Benefit Rider on 31.12.2004 from ING VYSYA Life Insurance Company Limited for a Sum Assured of Rs. 1,05,000/-. The insured was a tailor, by profession and resident of Bangalore. The life assured died just within 5 months from the date of commencement of risk under the policy i.e. he died on 09.06.2005. The cause of death was reported to be "**Massive Haemoptysis with Pneumonia ? Mass Lesion in a case of Diabetes Mellitus**". Since it was a very early claim, the insurer arranged for investigation into the bonafides of the claim.
- ii. The basis of repudiation is the proposal for assured dated 28.12.2004 wherein the deceased life assured had given false answers with the intention of concealment of material facts relating to his health and obtaining the policy by non disclosure of the fact that he was suffering from **diabetes mellitus** and had been under treatment.
- iii. In support of their repudiation action, the insurer obtained treatment particulars from Mallige Medical Centre, Bangalore. According to the treatment particulars obtained by the insurer in the form of discharge summary issued by the hospital, the life assured was admitted in their hospital on 08.06.2005 vide Reg. No. 157192 and died in the hospital itself on 09.06.2005. The insured was admitted there with h/o "**Known case of diabetes mellitus and hypertension**. Presented with history of haemoptysis since 4.30 pm on 08.06.2005". It was also reported in the hospital records that "**K/c Diabetes Mellitus (DM) since 15 years on Insulin Mixtard** and Hypertension (HTN) since 4 months on medication". The X-ray of chest (PA) taken on 08.06.2005 indicated "**Patchy consolidation right lower lobe**". Finally, the authorities reported the cause of death as "**Massive Haemoptysis with Pneumonia reported the cause of death ? Mass Lesion in a case of Diabetes Mellitus**".
- iv. On a close scrutiny and perusal of the medical records, it is established that the life assured was a patient of **diabetes mellitus and was on treatment with Insulin Mixtard**, even prior to taking the insurance policy and was, therefore, not enjoying good health. In fact, the duration of the claim was just 5 months only. It is the positive case of the insurer that the answers given by the deceased life assured to various questions in the proposal form are not at all reflecting the real state of affairs and as a matter of fact he had conveniently suppressed the vital facts relatable to his health while submitting the proposal for insuring his life. And the medical evidences obtained and submitted before me by the insurer confirmed beyond doubt that the life assured was a diabetic patient and was on treatment prior to insuring his life. Therefore, he ought to have disclosed them to the insurer for assessing the risk in the right perspective.
- v. According to the underwriting norms of the insurer, had the life assured disclosed the above material facts at the time of taking the insurance policy, the insurer would have declined the insured for insurance purpose.

- vi. Sec. 45 of the Insurance Act 1938 was not applicable under the claim as the claim was repudiated within two years. Suppression of information itself violates the terms of the contract-utmost good faith is a tenet of insurance policy, which was not observed by the deceased life assured in the instant case. Sufficient evidence is on record to show the true picture and suppression of information by the insured.
- vii. Therefore, I have to hold for the reasons as aforesaid, the repudiation of the claim by the insurer invoking the provisions of 1st part of Sec. 45 of the Insurance Act 1938 on the ground that the insured had deliberately suppressed material facts relating to his health is sustainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands.

In the result, the complaint is dismissed.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0423.2005-06**

**Smt. Jyothi
Vs**

Life Insurance Corporation of India

Award Dated 20.2.2006

FACTS OF THE CASE

One Shri B. S. Rudrappa, S/o Shri B. Siddappa, working as teacher in Government High School and a resident of Mysore in Karnataka, took an Endowment Insurance Policy in 05/2003 from Career Agents' Branch of LIC of India, under Mysore Division. The life assured died shortly thereafter on 12.10.2004 on account of **Heart Attack**. Smt. Jyothi, W/o the life assured and complainant under the policy, lodged a claim with the LIC. But the LIC repudiated her claim on 18.04.2005, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal form. It was also stated by the LIC that they held indisputable proof to show that even before he proposed for the above policy, he suffered from **Accelerated Hypertension with Type-II Diabetes Mellitus with Cerebral Vascular Accident** and took treatment for the same in a hospital. He, however, did not disclose these facts in the proposal. Instead, he gave false answers to the relevant questions in the proposal form. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, LIC repudiated the claim.

DECISION :

I heard the contentions of both sides and also perused all the documents including the written submissions of both the parties.

The life assured late B. S. Rudrappa, S/o Shri B. Siddappa, working as teacher in a Government High School a resident of Mysore, took an Endowment Assurance Policy in 05/2003 for a sum assured of Rs. 50,000/-. Unfortunately, the insured died on 12.10.2004 on account of heart attack. The duration of the claim was just one year and 5 months. Since it was a very early claim, the insurer arranged for investigation into the bonafides of the claim.

The insurer repudiated the claim on the ground that the life assured had suppressed material facts relating to the state of his health and illness in the past and had given incorrect answers to the questions in the proposal form at the time of obtaining the policy. According to the insurer, the deceased life assured suffered from **Accelerated**

Hypertension with Type-II Diabetes Mellitus with Cerebral Vascular Accident and was on treatment, prior to taking the insurance policy in question.

In support of their repudiation action, the insurer obtained treatment particulars from J. S. S. Hospital, Mysore. According to the treatment particulars obtained by the insurer in the form of case sheet the above hospital, the deceased life assured was admitted there on **14.08.2001 vide In patient No. 166007 and discharged on 25.08.2001 (Prior to taking the policy)**. The final diagnosis arrived by the hospital authorities was **“Accelerated Hypertension with Type-II Diabetes Mellitus with Cerebro Vascular Accident (CVA)”**. The complainant reported the cause of death as heart attack, which incidentally had nexus to the material facts suppressed by the deceased life assured.

It is the consistent and positive case of the LIC (insurer) that the answers given by the deceased life assured to various questions in the proposal forms are not reflecting the real state of affairs and, as a matter of fact, he had suppressed the vital facts relatable to his health while submitting the proposal for insuring his life. According to the insurer, the life assured was suffering from accelerated hypertension and was on treatment, as per the medical evidences secured by them. In proof of the stand, they secured and submitted the relevant extracts from hospital records where the insured took treatment. Therefore, it goes without saying that the deceased life assured willfully and deliberately suppressed the material facts relating to his health as revealed by the medical records referred above. Had these material facts been disclosed in the proposals submitted by the life assured, according to the underwriting norms of LIC, the insurer would not have accepted the proposal and issued the policy in question immediately and the insured would have been advised to undergo special medical tests and consideration or otherwise of the insured would be dependant on the findings of these reports.

Insurance has been held to be a contract of utmost good faith. The life assured is bound to disclose honestly, truthfully and correctly all the answers in the proposal forms concerning the state of his health. In this case, the deceased life assured knowingly gave incorrect information on the personal health in the proposal form for insurance. This ground of incorrect information and false statements regarding health make the insurance contract null and void. Sec. 45 of the Insurance Act 1938 was not applicable under the claim as the claim was repudiated within two years.

From the records/documents and the contentions submitted by both sides, I am convinced that the insurer (LIC) rightly repudiated the claim because the said policy had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and the policy was unenforceable. Therefore, I have to hold for the reasons as aforesaid, the repudiation of the claim by the insurer invoking the provisions of 1st Part of Sec. 45 of the Insurance Act 1938 on the ground that the insured had deliberately suppressed material facts relating to his health is sustainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands.

In the aforesaid circumstances, the complaint fails and is dismissed as devoid of any merit.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0361.2005-06**

**Smt. Mangalamma
Vs**

Life Insurance Corporation of India

Award Dated 20.2.2006

FACTS OF THE CASE

One Shri K. Siddaiah, S/o Shri Kunnaiah, working as Record Clerk in National Insurance Company Limited and a resident of S. R. Patna Taluk in Karnataka, took an Endowment Assurance Policy in 03/2004 for a Sum Assured of Rs. 30,000/- from Mysore Branch Office of LIC of India under Mysore Division. The life assured died on 03.06.2004. The complainant reported the cause of death as heart attack. Smt. Mangamma, who is the nominee and complainant under the policy, lodged a claim with the LIC. But the insurer (LIC) repudiated her claim on 03.01.2005, citing reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal form. It was also stated by the insurer that they held indisputable proof to show that even before he proposed for the above policy, he suffered from **Ureter Calculus from 18.03.2003 to 20.03.2003 and Hepatitis and Gastritis during the period and 28.10.2003 to 10.11.2003 and availed leave on medical grounds during the above periods**. He, however, did not disclose these facts in the proposal form submitted by him at the time of taking the policy. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, the insurer repudiated the claim.

DECISION :

I heard the contentions of both sides and also perused all the documents including the written submissions of both the parties.

In support of their repudiation action, the insurer obtained treatment particulars from Dr. T. S. Sathyanarayana Rao of Vinayaka Nursing Home, Mandya. According to the treatment particulars obtained by the insurer in the form of Discharge Summary from the hospital, the life assured was admitted in the above hospital (nursing home) and took treatment during the period on **28.10.2003 to 10.11.2003**. It was reported in the discharge summary that the life assured was brought with h/o acute abdominal pain of 2 to 3 months duration, aggravated recently and that **mild hepatomegaly were noted**". The doctor also prescribed some medicines for treatment of these ailments. The impression of pathological report taken was "**Right sided hydronephrosis probably due to mid ureteric calculus**".

According to the information furnished by the employer of the deceased life assured in the claim form E of the insurer, the deceased life assured availed leave on medical grounds during the periods 18.03.2003 to 20.03.2003 and 28.10.2003 to 10.11.2003. The employer also reported that the deceased life assured availed hospitalization benefits for the above two spells.

On a close scrutiny and perusal of the medical records, it is established that the life assured was not enjoying good health at the time of executing the proposal for insurance. In fact, he was hospitalized twice as mentioned by me earlier and both the hospitalizations were prior to taking the policy. The life assured was an employee of a reputed Public Sector Insurance Company and must be fully aware of the intricacies of the insurance contract. Just after 4 months of his hospitalization, the life assured executed the proposal for insurance. It is very much evident that the hospitalization and the treatment thereto must be very green in the memory of the insured and, therefore, he ought to have disclosed the same to the insurer to enable them to assess the risk in the right perspective. Instead, he deliberately suppressed the material facts. It is the consistent and positive case of insurer that the answers given by the deceased life assured to various questions in the proposal form are not at all reflecting the real state of affairs and as a matter of fact he had conveniently suppressed the vital facts relating to his health while submitting the proposal for insuring his life. The medical

and other evidences obtained and submitted before me by the insurer confirmed beyond doubt that the life assured was on treatment prior to insuring his life.

The proposal was taken by the insured under Non-medical Scheme and more responsibility was cast on him to disclose all the material facts to the insurer truthfully and correctly to enable them to assess the risk in the right perspective. But the insured deliberately suppressed the material facts relating to his health.

Sec. 45 of the Insurance Act 1938 was not applicable under the claim as the claim was repudiated within two years. Suppression of information itself violates the terms of the contract-utmost good faith is a tenet of insurance policy, which was not observed by the deceased life assured in the instant case. Sufficient evidence is on record to show the true picture and suppression of information by the insured.

Therefore, I have to hold for the reasons as aforesaid, the repudiation of the claim by the insurer invoking the provisions of 1st part of Sec. 45 of the Insurance Act 1938 on the ground that the insured had deliberately suppressed material facts relating to his health is sustainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands.

In the result, the complaint is dismissed.

Hyderabad Ombudsman Centre
Case No. L-21.001.0363.2005-06
Smt. Mallavva
Vs

Life Insurance Corporation of India

Award Dated 20.2.2006

BACKGROUND

One Shri Shivaji Yellappa Walikar, S/o Shri Yallappa Walikar, working as cleark in Agricultural Co-operativ Bank and a resident of Hubli District in Karnataka, took two life insurance policies from Saundatti Branch of LIC, under Belgaum Division. Both the policies covered the risk of accidental benefit, in case of death by accident, as per the policy conditions. The life assured died on 04.06.2001. The cause of death was reported to be cardio respiratory failure as a result of disease of the heart. LIC settled the claim for Basic Sum Assured but repudiated/rejected the claim for accidental benefit alleging that the cause of death was not on account of accident and did not conform to the policy conditions.

DECISION :

I have carefully perused the papers placed before me including the written submissions of the complainant and also heard arguments presented by the insurer.

- a) The life assured took two life insurance policies in 01/1998 and 02/1999 for a Sum Assured of Rs. 10,000 and Rs. 25,000 respectively. The life assured was an employee of Agricultural Co-operative Bank and resident of Hubli District in Karnataka. Both the policies covered the risk of accident benefit in case of death of the life assured by accident, as per the terms and conditons of the policies. He died on 04.06.2001. The cause of death was reported to be **cardio respiratory failure as a result of disease of the heart.**
- b) The insurer (LIC) settled the claims for Basic Sum Assured but repudiated/rejected the claim for accident benefit. Their investigations revealed to them that the life assured died only on account of heart failure and not on account of accident, as required under policy conditons. In support of their contentions, the insurer also obtained police reportes FIR, PMR and PIR in Cr. No. 371/01

dated 05.06.2001. The Post Mortem Report (PMR) (Forensic Science Laboratory, Bangalore-Final Opinion) opined the cause of death as “**Cardio respiratory failure as a result of disease of the heart**”. According to the Post Mortem report, **no external injuries were found** and the **stomach contained brownish fluid**.

- c) The complainant reported the cause of death as **poisoning**, in the Claim Form A, executed by her. Similarly, the person who executed the claim form C reported the cause of death as **suicidal**.
- d) According to the treatment particulars obtained by the insurer in their claim forms B/B1 from KIMS Hospital, Hubli, the hospital authorities, while keeping the final cause of death as pending, opined the primary cause of death as “**pulmonary oedema**” and the secondary cause of death as “**organo phosphorous poisoning**”.
- e) Now it would be more appropriate and pertinent to refer to the relevant policy condition dealing with accident benefit. According to the policy condition 10 (2) (b) “**To pay an additional sum equal to the sum assured under this policy, if the Life Assured shall sustain any bodily injury resulting solely and directly from 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 the Life Assured**”.
- f) The construction of the Insurance Policy, including its terms and conditions will form the basis of Contract of Insurance. It is a question of law and its true and correct interpretation would give jurisdiction to the Insurance Ombudsman to pronounce upon the deficiency in service, if any, on the part of the insurer. Since the cause of death was reported to be only on account of heart failure, as confirmed by the final report of the police (Forensic Laboratory, Bangalore) and hospital reports (KIMS Hospital, Hubli) and not on account of accident, as required under policy conditions and in view of the fact that the complainant herself reported the cause of death as poisoning, in the claim form A, I have to hold that the complainant is not entitled to get the benefit out of accident benefit under the policies from the insurer.
- g) In view of the above facts and policy conditions, the repudiation/rejection of the accident benefits claim by the insurer is correct and proper and does not call for any interference at my hands.

In the result, the complaint is not allowed.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0431.2005-06
Shri A. Prabhakar Reddy
Vs**

Life Insurance Corporation of India

Award Dated 22.2.2006

BACKGROUND

The life assured late Smt. A. Saralamma, W/o Shri A. Prabhakar Reddy, doing cultivation and a resident of Mahabunagar District in Andhra Pradesh, took a Jeevan Bharati life insurance policy from Gadwal Branch of LIC under Hyderabad Division. The insured died on 07.10.2003 due to cancer. The duration of the claim was just 6 months only. Shri A. Prabhakar Reddy, who is the nominee and complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by the LIC of India, citing the

reason that the life assured, while submitting the proposal for insurance in 03/2003, gave false answers to certain questions relating to her health in the proposal form. The insurer also alleged that they held indisputable proof to show that even before she proposed for insurance, she was reported to be suffering from **MFH Rt. Thigh, underwent Surgery and took radio therapy treatment** for the same. The life assured, however, did not disclose these material facts at the time of taking the insurance policy. Finding the life assured to be guilty of deliberate suppression of material facts relating to her health at the time of taking the insurance policy, the insurer repudiated the claim.

DECISION :

I have carefully perused the papers including the written submissions of the complainant placed before me and heard the arguments presented by both sides.

In support of their repudiation action, the insurer obtained treatment particulars from Indo-American Cancer Institute & Research Centre, Hyderabad. According to the treatment particulars obtained by the insurer from this hospital (in the form of case records), the life assured was admitted there on **02.06.2003 vide Inpatient No. 8357 and took treatment**. She was discharged from the hospital on 07.10.2003 against medical advice. It was reported by the hospital authorities in the case records that "patient is a known case of MFH @ Thigh diagnosed 4 months back. Initially she had small swelling @ thigh since 3-4 years which was asymptomatic. Since 6 months she had pain - **operated**-recovered immediately; **again operated 4 months back-diagnosed-Radiotherapy (RT) given for 18 days**. Investigated outside and was diagnosed as abd. Mass @ side--? Sec/RP tumour. FNAC from mass-adenocarcinoma probably ovary (lower Gr. I)." The diagnosis arrived by the authorities was "**Metastatic Soft tissue Sarcoma**". The hospital records also established the fact that the deceased life assured had surgery and Radio Therapy treatment.

According to the underwriting norms of LIC, had the life assured disclosed the above material facts at the time of taking the insurance policy, they would not have considered insurance immediately. Instead, the insured would have been advised to undergo special medical tests and consideration or otherwise insurance cover of the insured would be dependant on the findings of these reports.

The insured had not disclosed her illness relating to cancer, which had a nexus with the cause of death. There is, therefore, fraudulent intent on the part of life assured in not disclosing the material facts, which were vital for assessment of the risk.

Insurance has been held to be a contract of utmost good faith. In this case, the life assured knowingly gave incorrect information on the personal health in the proposal form for insurance. This ground of incorrect information and false statements regarding health make the insurance contract null and void. In support of this contention, the insurer also obtained medical records from the hospitals as referred by me earlier and submitted before me.

From the records/documents and contentions submitted by both sides, I am convinced that the insurer (LIC) rightly repudiated the claim because the policy in question had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and policy was unenforceable.

Therefore, I have to hold for the reasons as aforesaid, the repudiation of the claim by the insurer is sustainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands.

In the result, the complaint is not allowed.

Hyderabad Ombudsman Centre
Case No. L-21.001.0410.2005-06
Smt. B. Anuradha
Vs

Life Insurance Corporation of India

Award Dated 22.2.2006

FACTS OF THE CASE

One Shri Bedium Srinivas, S/o Shri B. Laxmaiah, doing general business and a resident of Hyderabad in Andhra Pradesh, took Jeevan Anand Life Insurance Policy No. 646500092 in 10/2003 from City Branch VII of LIC of India, under Hyderabad Division. The life assured died shortly thereafter on 13.10.2004 on account of **Type-I DM + Hypertension + Diabetic Retinopathy-Cardio respiratory arrest**. Smt. B. Anuradha, who is the nominee and complainant under the policy, lodged a claim with the LIC. But the LIC repudiated her claim on 31.03.2005, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal form. It was also stated by the LIC that they held indisputable proof to show that even before he proposed for the above policy, he was suffering from **Diabetes Mellitus (since 12 years)** and was on treatment for the same. He, however, did not disclose these facts in the proposal. Instead, he gave false answers to the relevant questions in the proposal form. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, LIC repudiated the claim.

DECISION :

I heard the contentions of both sides and also perused all the documents including the written submissions of both the parties.

The life assured late Bedium Srinivas, a resident of Hyderabad and doing general business took a Jeevan Anand Insurance Policy in 10/2003 for a sum assured of Rs. 1,00,000/- under Non-medical Scheme (without undergoing medical examination by authorized medical examiner of LIC). The life assured died on 13.10.2004 on account of **"Type-I Diabetes Mellitus + Hypertension + Diabetic Retinopathy-Cardio respiratory arrest"** within just one year of his having taken the policy. Since it was a very early claim, the insurer arranged for investigation into the bonafides of the claim.

The insurer repudiated the claim on the ground that the life assured had suppressed material facts relating to the state of his health and illness in the past and had given incorrect answers to the questions in the proposal form at the time of obtaining the policy. According to the insurer, the deceased life assured suffered from **Diabetes Mellitus and Hypertension since 12 years and had Blood Transfusion and was on treatment**, prior to taking the insurance policy in question.

In support of their repudiation action, the insurer obtained treatment particulars from Osmania General Hospital, Hyderabad. According to the treatment particulars from Osmania the form of case sheet from the above hospital, the deceased life assured was admitted there on 27.09.2004 vide case sheet no. 34686 and died on 13.10.2004. The hospital authorities reported the primary cause of death as **"Type-I Diabetes Mellitus + Hypertension + Diabetic Retinopathy-Cardio respiratory arrest"** and the duration of illness as 12 years.

In support of their repudiation action, the insurer also obtained a copy of the case sheet no. 34686. As per case sheet obtained by the insurer, the deceased life assured was admitted there on 27.09.2004 with complaints of **"known case of Hypertension (HTN) and Diabetes-12 years under Irregular Treatment; Swelling of feet and**

ankles-20 years; and Shortness of Breath (SOB)-3 months”. It was also recorded in the case sheet that the insured had h/o 3 blood transfusions in a private hospital in r/o anemia. The diagnosis arrived by them was **“Anemia with Congestive Heart Failure (CHF) with Hyperetension (HTN) with Diabetes Mellitus (DM)”**.

The complainant reported the cause of death as Chest Pain, which incidentally had nexus to the material facts suppressed by the deceased life assured. According to hospital records, the entire history/complaints relating to his ailments/diseases were reported to the doctor/hospital authorities by the deceased life assured himself.

It is the consistent and positive case of the LIC (insurer) that the answers given by the deceased life assured to various questions in the proposal form are not reflecting the real state of affairs and that as a matter of fact, he had suppressed the vital facts relatable to his health while submitting the proposal for insuring his life. According to the insurer, the life assured was suffering from diabetes mellitus and was on treatment, as per the medical evidences secured by them. In proof of the stand, they secured and submitted the relevant extracts from hospital records where the insured took treatment. Therefore, it goes without saying that the deceased life assured willfully and deliberately suppressed the material facts relating to his health as revealed by the medical records referred above. Had these material facts been disclosed in the proposal submitted by the life assured, according to the underwriting norms of LIC, the insurer would not have accepted the proposal and issued the policy in question and that too, under Non-medical Scheme.

Insurance has been held to be a contract of utmost good faith. The life assured in bound to disclose honestly, truthfully and correctly all the answers in the proposal form concerning the state of his health. In this case, the deceased life assured knowingly gave incorrect information on the personal health in the proposal form for insurance. This ground of incorrect information and false statements regarding health make the insurance contract null and void. The insurer, obtained extract of medical records of Osmania General Hospital, Hyderabad, which clearly established the fact that the insured was not enjoying good health, prior to taking the insurance policy in question.

Sec. 45 of the Insurance Act 1938 was not applicable under the claim as the claim was repudiated within two years. Such being the case, there is no need at all for the insurer to prove that the suppression of material facts having a bearing upon the acceptance of the proposal is fraudulent in nature and it is sufficient for the insurer to prove that there was misstatement or incorrect statement or inaccurate statement of facts in the proposal to rescind the contract of insurance. In the case on hand, the insurance policy had run for just one year only.

Form the records/documents and the contentions submitted by both sides, I am convinced that the insurer (LIC) rightly repudiated the claims because the said policy had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and the policy was unenforceable. Therefore, I have to hold for the reasons as aforesaid, the repudiation of the claim by the insurer invoking the provisions of 1st part of Sec. 45 of the Insurance Act 1938 on the ground that the insured had deliberately suppressed material facts relating to his health is sustainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands.

In the aforesaid circumstances, the complaint fails and is dismissed as devoid of any merit.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0412.2005-06**

Smt. G. Pushpala
Vs
Life Insurance Corporation of India

Award Dated 22.2.2006

BACKGROUND

One Shri Gatlewar Gangaram, S/o Shri G. Ambanna, working as Record Assistant in ZPHS and a resident of Adilabad District, in Andhra Pradesh took an insurance policy from Adilabad Branch of LIC, under Kariamnagar Division. The policy covered the risk of accidental benefit, in case of death by accident, as per the policy conditions. The life assured died on 06.03.2000. The cause of death was reported to be accident. LIC settled the claim for Basic Sum Assured but repudiated/rejected the claim for accidental benefit invoking the policy condition clause 10.2 (b)(i) alleging that the death of the life assured was caused whilst the life assured was under the influence of intoxicating liquor (alcohol).

DECISION :

I have carefully perused the papers placed before me including the written submissions of the complainant and also heard the arguments of both sides.

- a) The life assured took a Bima Kiran life insurance policy in 08/1996 for a Sum Assured of Rs. 50,000/-. The policy covered the risk of accident benefit in case of death of the life assured by accident. He died on 06.03.2000. The cause of death was reported to be accident. According to the insurer, they settled Basic Sum Assured, being a Non-early Claim, as the duration of the claim was more than three years.
- b) But the insurer (LIC) repudiated/rejected the claim for accident benefit on the ground that the accidental death of the insured took place whilst the life assured was under the influence of intoxicating alcohol. In support of their contentions, the insurer also obtained police reports viz. First Information Report (FIR), Post Mortem Report (PMR) and Police Inquest Report (PIR) in Cr. No. 284/2000.
- c) Before discussing the facts and circumstances and the documentary evidence available on file, it is useful to know the salient features of the relevant clause governing the Accident Benefit under a policy. "10.2:If at any time when this policy is in force for the Sum Assured the Life Assured before expiry of the period for which the premium is payable is involved in an accident resulting in either permanent disability or death and the same is proved to the satisfaction of the Corporation, the Corporation agrees in the case of (b) death of the life assured: To pay an additional sum equal to the Sum Assured under this policy, if the Life Assured shall sustain any bodily injury resulting solely and directly from the accidental injuries 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 the Life Assured". The Corporation shall not be liable to pay the additional sum referred above, if the death of the life assured shall (i) be caused by intentional self injury, attempted suicide, insanity or immorality or whilst the life assured is under the influence of intoxicating liquor, drug or narcotic;
- d) The insurer, in the present case, totally relied on the post mortem report and in particular to item no. 6 of page no. 2 of the report wherein it was recorded as "cause of death -RSA with CLW forehead rt. temporal region with head injury **with alcoholic intoxication**". Barring this, the insurer could not prove beyond doubt that the insured was under the influence of alcohol for denying the accidental

benefit. Incidentally, all the other police reports were in Marathi language. Neither the complainant arranged for the English version of these reports nor did the insurer make any attempt to obtain English version. It would be very much pertinent to mention here that the post mortem opined cause of death as "head injury, however, viscera preserved for chemical analysis". The viscera report was not obtained and examined by the insurer.

- e) It is also not known as to how the accident happened. It was not known whether the insured was actually under the influence of alcohol when a vehicle hit him or other wise. Only final report of the police and English version of the reports besides viscera report would throw light on these important findings. In the absence of relevant, vital information, it is not proper to jump to some conclusion.
- f) Taking into the totality of the facts, I am of the view that the complainant should cooperate with the insurer in arranging for English version of the reports and viscera reports and submit the same to the insurer. However, the insurer, being a leading Public sector Organization, must initiate concrete steps in obtaining the above reports by taking up the matter with their counterparts in Maharashtra State and examine the reports. If these reports prove that the insured was not under the influence of alcohol, then, the insurer is directed to settle the claim for Accident Benefit or otherwise they may reject the claim.
- g) In the result the complaint is closed subject to (f) above.

Hyderabad Ombudsman Centre
Case No. L-21.001.0428.2005-06
Smt. B. Mallamma
Vs

Life Insurance Corporation of India

Award Dated 22.2.2006

FACTS OF THE CASE

One Shri Banda Sathaiah, S/o Shri Banda Shivamallaiiah, doing cultivation and a resident of Nalgonda District in Andhra Pradesh, took a Money Back Insurance Policy in 12/2000 for a Sum Assured of Rs. 75,000/- from Bhongir Branch of LIC of India, under Secunderabad Division. The mode of payment of premium was half-yearly. Accordingly, the premiums were payable on the 28th June and December of every year. As per Policy conditions and privileges (policy condition no. 2) - Payment of Premium- "A grace period of one month but not less than 30 days will be allowed for payment of yearly/half-yearly/quarterly premiums and 15 days for monthly premiums. If death occurs within this period and before the payment of the premium then due, the policy will still be valid and the death benefit paid after deduction of the said premium as also the unpaid premium/s falling due before the next anniversary of the policy. If premium is not paid on or before the expiry of the days of grace, the policy lapses". In the instant case, the premium due 28.06.2002 fell due for payment. After allowing the grace period of one month, the premium had to be paid on or before 28.07.2002. This was not paid. Hence the policy lapsed. However, the life assured got his policy revived on 10.06.2003 by paying the arrears of premiums from 06/2002 to 12/2002 at Bhongir Office. But, the insured was reported to have already died on 09.06.2003 itself (even before revival of the policy). Since the policy was in a lapsed condition as on the date of death and as the premium amount towards revival was paid after death of the life assured, the insurer, invoking policy conditions, repudiated/rejected the claim under the policy.

DECISION :

I heard the contentions of both sides and also perused all the documents, placed before me.

- a) The life assured took a Money Back Insurance Policy in 12/2000 for a Sum Assured of Rs. 75,000 from Bhongir Branch of LIC under Secunderabad Division. The date of commencement of risk under the policy was 28.12.2000. The mode of payment of premium was half-yearly and the instalment premium was Rs. 2486.00.
- b) As per the schedule of the policy, the premiums under the policy were payable on the 28th June and December of every year. The life assured paid premiums upto 28.12.2001 only. Premiums due from 28.06.2002 and onwards remained unpaid. Hence, the policy lapsed.
- c) Now it would be relevant to refer to the terms and conditions governing the policy. According to Policy Condition 2 Payment of premium - "A grace period of one month but not less than 30 days will be allowed for payment of yearly/half - yearly/quarterly premiums and 15 days for monthly premiums. If death occurs within this period and before the payment of the premium then due, the policy will still be valid and the Death Benefit paid after deduction of the said premium as also the unpaid premium/s falling due before the next anniversary of the policy. **If premium is not paid on or before the expiry of the days of grace, the policy lapses**".
- d) Now in the instant case, the life assured had to pay the premium due 28.06.2002. This premium had to be paid by him on or before 28.07.2002 (before expiry of grace period). But this was not done by the life assured. Hence the policy lapsed. The insurer contended that the life assured died on **09.06.2003 itself** and that his policy was revived on 10.06.2003 (after death) by paying the revival amount at LIC Office. In support of their repudiation action, the insurer obtained a letter No. D2/1871/2005 dated 24.03.2005 issued by the O/o District Collector, Nalgonda along with a list of persons reported to have died due to sunstroke in the district upto 15.06.2003. As per the above list, it was reported that late Bandla Sathiah (aged 33 years), S/o Sivamalliah of Kaparaipalli died on 09.06.2003 (vide SI. No. 69). According to the statement/letter dated 09.06.2003 of Dr. K. Venkateshwarlu, Teja Clinic, Mothkur, the deceased life assured Bandi Sathiah of Kapraipally of Atmakur Mandal was brought to his clinic on the evening on **09.06.2003** and, by which time, the life assured was dead. As per the statement dated 20.12.2004 issued by one Shri Nenauth Deelip, the insured died on **09.06.2003**. According to the paper clipping (Vaarthan news paper dated 09.12.2004), the life assured died on 09.06.2003 itself and that the death certificate issued by the concerned authorities was a fictitious one. The insurer, in support of their contention, also obtained a copy of the photograph of the tomb of the deceased life assured wherein the date of death was mentioned as 09.06.2003.
- e) All the above documents/evidences clinchingly establish the fact the life assured died on 09.06.2003 itself even before payment of the revival amount. Therefore, the policy was in a lapsed condition as on the date of death payment of premium.
- f) The construction of the Insurance Policy including terms and conditions will form the basis of Contract of Insurance.
- g) Although the complainant disputed the allegations of the insurer, the complainant, however, failed to submit authenticated and reliable documents to counteract the indubitable evidences relating to the death of the deceased life assured by the insurer (LIC).

- h) In view of the above facts and the policy conditions, the repudiation/rejection of the claim of the complainant by the insurer invoking the terms and conditions of the policy is correct and proper and does not call for any interference at my hands. Since the life assured died on 09.06.2003 itself as per the evidences submitted by the insurer, the revival effected on 10.06.2003 becomes void. The insurer is, therefore, directed to refund the premium collected by them for revival on 10.06.2003.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0289.2005-06**

Smt. Rukmini

Vs

Life Insurance Corporation of India

Award Dated 28.2.2006

BACKGROUND

The life assured late G. Balakrishna, S/o Shri Govindappa working as senior auditor in PAO (Ors), MEG & Centre and a resident of Bangalore, took a life insurance policy under Non-medical Scheme in 01/1999 from Residency Road Branch of LIC under DO-II, Bangalore Division, as per details furnished above. The insured died on 25.10.1999 due to **heart attack**. The duration of the claim was just 9 months. Smt. Rukmani who is the nominee and complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by the LIC of India citing the reason that the life assured, while submitting the proposal for insurance in 01/1999, gave false answers to certain questions relating to his health in the proposal form. The insurer also alleged that they held indisputable proof to show that even before he proposed for insurance, he suffered from "Acute Bronchitis, Jaundice, Hypertension, Cirrhosis of liver, Chronic Sinusitis Angular Stomatitis, Upper Respiratory Tract Infection" and took treatment for the same. It was also stated by the insurer (LIC) that the deceased life assured availed leave on medical grounds on many occasions. The life assured, however, did not disclose these material facts at the time of taking the insurance policy. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, the insurer repudiated the claim.

DECISION :

I have carefully perused the papers including the written submissions of the complainant placed before me and also heard the arguments of both sides.

The life assured late Balakrishna, working as Senior Auditor and a resident of Bangalore in Karnataka, took a life insurance policy in 01/1999 for a sum assured of Rs. 1,00,000/-. The policy was taken by the insured under **Non-medical Scheme (salary savings Scheme)**. He died on 25.10.1999. The cause of death was reported to be **heart attack**. Since the duration of the claim was only 9 months, the insurer arranged for investigation into the bonafides of the claim.

The above claim was repudiated by LIC on the ground that the life assured, while proposing the insurance policy deliberately suppressed material facts relating to his health as the life assured suffered from **Acute Bronchitis, Jaundice, Hypertension, Cirrhosis of Liver, Chronic Sinusitis Angular Stomatitis, Upper Respiratory Tract Infection** and took treatment for the same, prior to his executing the proposal for insurance. It was also alleged by the insurer (LIC) that the deceased life assured availed leave on medical grounds, prior to taking the policy.

In support of repudiation action, the insurer obtained information from the employer of the deceased life assured. As per the information furnished by the employer of the insured, the life assured availed leave on medical grounds from 09.02.1996 to 16.02.1996 (08 days for **Acute Bronchitis**); 29.02.1996 to 04.04.1996 (36 days **Jaundice**); 02.05.1996 to 31.05.1996 (30 days for **Jaundice**); 01.07.1996 to 12.08.1996 (43 days for **Hypertension with Chest pain**); 14.08.1996 to 04.11.1996 (83 days for **Cirrhosis of Liver with Hypertension**); 11.11.1996 to 06.01.1997 (57 days for **Cirrhosis of Liver**) and 21.01.1997 to 29.09.1997 (190 days for **Chronic Sinusitis, Angular Stomatitis, Upper Respiratory Tract Infection**). In support of these facts, the insurer (LIC) obtained copies of leave applications and medical certificates submitted by the life assured to his employer at the time of availing the leaves referred above.

According to the underwriting norms of LIC, had the life assured disclosed the above material facts at the time of taking the insurance policy, they would not have considered insurance to the life assured immediately **and that too, under Non-medical Scheme**. Since the policy was considered under Non-medical Scheme, more responsibility was cast on the insured to disclose all the material facts truthfully and correctly to enable the insurer to assess the risk in the right perspective. Instead, the life assured suppressed them although he availed leave on medical grounds on several occasions for treatment of various ailments as referred by me earlier.

Insurance has been held to be a contract of utmost good faith. In this case, the life assured knowingly gave incorrect information on the personal health in the proposal form for insurance. This ground of incorrect information and false statements regarding health make the insurance contract null and void. In support of this contention, the insurer also obtained sufficient evidence and submitted before me.

From the records/documents and contention submitted by both sides, I am convinced that the insurer (LIC) rightly repudiated the claim because the policy in question had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and policy was unenforceable.

Therefore, I have to hold for the reasons as aforesaid, the repudiation of the claim by the insurer is sustainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands.

The complainant in her written submissions requested/represented to allow suitable compensation in the form of refund of premiums paid by the insured till his death. It was also submitted that they had no other source of income without much help from any quarter and that they were finding it very difficult to maintain their livelihood. The sudden death of the life assured rendered them impossible to do any work and earn their daily bread. Therefore, I am of the view that it is just and proper to meet the ends of justice to direct the insurer to refund the premiums received by them as ex gratia by invoking Rule 18 of the Redressal of Public Grievances Rules 1998 on humanitarian grounds.

In the result, the complaint is not allowed. But the insurer is directed refund the premiums received by them as ex gratia to the complainant in view of Rule 18 of the Redressal of Public Grievances Rules 1998.

Hyderabad Ombudsman Centre
Case No. L-21.001.0436.2005-06
Smt. V. Vijayamma

Vs
Life Insurance Corporation of India

Award Dated 28.2.2006

FACTS OF THE CASE

One Shri Vardhineni Venkataramanaiah, S/o Shri Narasimhulu Naidu, doing business and a resident of Nellore District, took a life insurance policy in 06/2002 by executing the necessary proposal for the insurance policy on 28.06.2002 from Kavali Branch of LIC, under Nellore Division. The mode of payment of premium was yearly. The complainant reported the cause of death as sudden heart attack. Smt. V. Vijayamma, the complainant under the policy, lodged a claim with the LIC. But the claim was repudiated/rejected by LIC of India citing the reason that the life assured committed suicide within one year of taking the policy. According to the insurer, the policy under question was governed by suicide clause and, as death was on account of suicide, they invoked the relevant policy and rejected the claim.

DECISION :

I heard the contentions of both sides and perused all the documents, including the written submissions of the complainant, placed before me.

- a) The life assured took a Jeevan Anand Insurance Policy covering accident benefit on 28.06.2002 for a Sum Assured of Rs. 1,00,000/-. The mode of payment of premium was yearly. Unfortunately, the life assured died on 03.07.2002, as reported by the complainant. Since it was a very early claim, the insurer (LIC) arranged investigation of the claim.
- b) The insurer (LIC, Nellore) first repudiated the claim on the ground that the deceased life assured committed suicide within one year from the date of the policy and informed the complainant about their repudiation action vide their letter dated 31.03.2003.
- c) According to the Zonal Office Claims Review Committee, Hyderabad while upholding the decision of their Divisional Office, Nellore, informed that the claim was repudiated on the ground that the contract did not exist with the life assured at the time of death. The facts of the case are: the deceased life assured executed the necessary proposal form for insurance on 29.06.2002 itself and paid the necessary instalment premium amount (consideration amount for insurance) of Rs. 8,177.00 vide their BOC No. 3055 dated 29.06.2002; the deceased life assured was medically examined by the authorized medical examiner of the insurer (LIC) on 28.06.2002; the proposal for insurance was registered by the insurer (LIC) at their office on 29.06.2002 itself vide proposal no. 0002589 dated 29.06.2002; later, the insurer assessed the risk and accepted the risk for insurance on 03.07.2002. It is the case of the insurer that the acceptance of the risk took place after the death of the insured. The acceptance was purely their internal procedure for which the poor life assured should not be penalized by denying the insurance amount consequent on his unfortunate death. It was contended by the representative of the insurer during the course of the hearing that the life assured ought to have disclosed to them about change in the occupation, etc. as per the declaration executed by him. In the instant case, the insured already died on 03.07.2002 at 04.00 AM, as admitted by the insurer/complainant. When that be the case, the insured could not inform the insurer about change in his status when he already died 04.00 AM on 03.07.2002. Therefore, I could not accept the contention of representative of the insurer.

- d) The insured was reported to be hale and healthy as confirmed by the medical report of the panel doctor of LIC examined him but died due to heart attack suddenly. The insurer also could not produce any proof relating to the adverse health condition of the life assured prior to taking the insurance policy. Instead, the insurer (LIC, Nellore) chose to repudiate the claim invoking the suicide clause for which there was absolutely no tangible proof/evidence. Both the investigators reported that there was no proof at all for suicide. The insurer appears to be pre-determined to deny the claim as they first cited suicide without any basis and later contract being not existing though the policy clearly states the date of commencement as 28.06.2002.
- e) It is most unfortunate on the part of the insurer to throw away genuine claim for flimsy and technical reasons like the one on hand as it would shatter the confidence of tens and thousands of policyholders in the speedy settlement of claims under the insurance policies.
- f) Penalizing the complainant by denying the claim amount is not at all justified. In the present case, considering the totality of circumstances as referred to above, I am of the opinion that the repudiation of the claim for no sufficient reasons is not proper, correct and justified. Therefore, I am of the view that it is just and proper to meet the ends of justice to direct the insurer to consider the claim and pay the claim along with interest as per IRDA regulations.
- g) In the result the complaint is allowed.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0323.2005-06**

Smt. A. Radhika

Vs

Life Insurance Corporation of India

Award Dated 28.2.2006

FACTS OF THE CASE

One Shri A. S. Parthasarathy, a resident of Bagalore in Karnataka, took three life insurance policies on 28.03.2002 from Indiranagar Branch of LIC of India, under Bangalore-II Division. The mode of payment of premium was quarterly. Accordingly, the premiums were payable on 28th March, June, September and December of every year. For the first policy, as per Policy conditions and privileges (policy condition no. 2) - Payment of premium - "A grace period of one month but not less than 30 days will be allowed for payment of yearly / half - yearly / quarterly premiums and 15 days for monthly premiums. If death occurs within this period and before the payment of the premium then due, the policy will still be valid and the death benefit paid after deduction of the said premium then due, the policy will still be valid and the death benefit paid after deduction of the said premium as also the unpaid premium/s falling due before the next anniversary of the policy. If premium is not paid before the expiry of the days of grace, the policy lapses". In the instant case, the quarterly premium 28.03.2004 fell due for payment. After allowing the grace period of one month, the premium had to be paid on or before 28.04.2004. This was not paid. Hence the policy lapsed. The insured died on 03.02.2005. The policy remained in a lapsed condition as on the date of death. In view of the terms and conditions of the policy, the insurer repudiated/rejected the claim of the complainant as the policy was **not in force** as on the date of death of the life assured.

Late Parthasarathy (Proposer) took the 2nd and 3rd policies on the lives of his minor children. The proposer availed Premium waiver Benefit and Term Rider Benefit under

the policies. According to the terms and conditions of the policies, these benefits were allowed only if the policies remain in force in the event of death of proposer. In the instant cases Pol. Nos. (2) and (3), the quarterly premium due 28.03.2004 was not paid by the proposer and he died on 03.02.2005. Both the policies remained in a lapsed condition and hence the insurer rejected these benefits.

DECISION :

I heard the arguments of both sides and also perused all the documents, including the written submissions of the insurer placed before me.

- a) The life assured took a Jeevan Mitra Triple Cover Endowment Assurance Policy in 03/2002 on his life. The proposer took two more Jeevan Kishore Insurance Policies in 03/2002 for the benefit of his minor children. The date of commencement of risk under the policies was 28.03.2002. The mode of payment of premium was quarterly.
- b) As per the schedule of the policies the premiums under the policies were payable on the 28th March, June, September and December of every year. The life assured/proposer paid premiums upto 28.12.2003 only. Premium due on 28.03.2004 was not paid by the life assured/proposer.
- c) Now it would be relevant to refer to the terms and conditions governing the policy. According to Policy Condition 2 (for the 1st Policy - Jeevan Mitra Triple Cover Policy) Payment of premium - "A grace period of one month but not less than 30 days will be allowed for payment of yearly / half - yearly / quarterly premiums and 15 days for monthly premium. If death occurs within this period and before the payment of the premium then due, the policy will still be valid and the Death Benefit paid after deduction of the said premium as also the unpaid premium/s falling due before the next anniversary of the policy. **If premium is not paid on or before the expiry of the days of grace, the policy lapses**".
- d) Now in the instant case (1st Policy), the life assured had to pay the quarterly premium due on 28.03.2004. This premium had to be paid by him before 28.04.2004 (on or before expiry of grace period). But this was not done by the life assured. Hence the policy lapsed. It is observed that the insurer (LIC) allowed some relaxations in the matter of settlement of claims for policies where under premiums were paid for at least two years. Unfortunately these relaxations were made applicable for this plan (policy) for the claims **arising on or after 01.06.2005 only**. Hence the insurer did not entertain these relaxations.
- e) The proposer took two Jeevan Kishore Policies (2) and (3) for the benefit of his minor children. These policies provide benefits viz. Term Rider Benefit and Premium Waiver Benefit, provided the policies were in force as on the date of death of the proposer. In respect of these policies, the proposer paid premiums upto and including 28.12.2003 only and did not pay the quarterly premium due 28.03.2004 well in time, as required. The proposer died on 03.02.2005 and by which time, the policies lapsed completely. Therefore, the insurer (LIC) rejected the above benefits, invoking the policy conditions.
- f) The construction of the Insurance Policy including its terms and conditions will form the basis of Contract of Insurance.
- g) In view of the above facts and the policy conditions the repudiation/rejection of the claim of the complainant by the insurer invoking the terms and conditions of the policy is correct and proper and does not call for any interference at my hands.
- h) Under the above three policies, the Proposer paid premiums for two complete years. It was the contention of the complainant that subsequent premiums could not be paid by the proposer because of their financial problems. The life assured left

behind small minor children and the unfortunate and sudden death of the proposer caused huge financial strain on the family of the complainant and her children and rendered them impossible to do any work and earn their daily bread. During the course of the hearing it was submitted by the complainant that they had no other source of income without much help from any quarter and that they were finding it very difficult to maintain their livelihood.

- i) It is conceded by the insurer they allowed some relaxations for the claims arising on or after 01.06.2005 for some policies/plans issued after January 1999 and one such plan is 133. The policy 360768440 was issued under this plan. But for the fact that the claim arose on 03.02.2005 on death of the insured, about four months before 01.06.2005 (the date on which relaxation came into effect), the claim would have been paid as per relaxed norms. Since the complainant kept alive her claim by representing to insurer as well as to this office against the total repudiation beyond 01.06.2005, and as the circular relaxed the rigor of the policy terms for the benefit of certain categories of policy holders, I deem it fair to accord the benefit of the circular to the complainant in some form or other. After all beneficial circulars/orders have to be given liberal interpretation. I thus direct the insurer to refund all the premiums collected for all the three policies on ex-gratia basis.
- j) In the result, the complaint is allowed partly. And the insurer is directed to refund the premiums received under all the three policies as ex gratia to the complainant in view of Rule 18 of the Redressal of Public Grievances Rules 1998.

Hyderabad Ombudsman Centre

Case No. L-21.001.0367.2005-06

Smt. A. Kalpana

Vs

Life Insurance Corporation of India

Award Dated 28.2.2006

FACTS OF THE CASE

One Shri Pandurangaiah, S/o Late Doddaiiah, working as took in H. M. T. Limited, Bangalore and a resident of Bangalore, two life insurance policies from Yeshwantapur Branch of LIC, under Bangalore-I Division. The mode of payment of premium was Salary Savings Scheme. The policies were in a lapsed condition due to non-payment of premium due from 02/2001. Subsequently, the policies were revived by the life assured on 15.03.2004 and 16.04.2004 respectively. But the life assured died on 26.10.2004. The cause of death was reported to be **advanced disease from Gram Cell tumour of the right testis**. Smt. P. Kalpana, the complainant under the policies, lodged a claim with the LIC. But the claims were repudiated by LIC of India, citing the reasons, that the life assured, while reviving his lapsed policies, gave false answers to certain questions in the declaration of good health forms, submitted by him at the time of reviving his lapsed policies. It was also stated by the LIC that they held indisputable proof, to show that even before he revived his lapsed policies, he suffered from **left testicular tumour and left radial orchidectomy** and took treatment in a hospital. He, however, did not disclose these facts in the declaration of good health forms. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of reviving his lapsed policies, the insurer repudiated the claims by setting aside the revivals and offered the paid up value along with the accrued bonus under the policies.

DECISION :

I heard the contentions of both sides and also perused all the documents, including the written submissions of the complainant, palced before me.

The life assured took one Endowment Assurance Policy in 01/1989 and one Jeevan Mitra (Double Cover) Endowment Assurance Policy in 01/1995 for a sum assured of Rs. 25,000/- and Rs. 50,000/-. Both the policies were taken by the insured under salary savings scheme. Accordingly, the premiums were recoved from the salary of the life assured by his employer and remitted to LIC. But premiums under the policies from 02/2001 were not paid in time. Hence the policies lapsed. The life assured got the policies revived on 16.04.2004 and 15.03.2004, by paying the entire arrears of premia with interest and also submitted declaration of Good Health Form, duly executed by him. But the life assured died on 26.10.2004. The duration of the claims from revival was just 6 months and 7 months only. Since they were very early claims, the LIC arranged for investigation of the claims.

The basis for repudiation of the claims by LIC was the Declaration of Good Health Form submitted by the deceased life assured for revival of his lapsed policies on 16.04.2004 and 15.03.2004, wherein the life assured was found to have given false answers with the intention of concealment of material facts relating to his health and getting his policies revived by non disclosure of the fact that he was suffering from **left testicular tumour and left radial orchidectomy done**, prior to revival of the policies.

In support of their repudiation action, they obtained treatment particular from Manipal Hospital, Bangalore. According to the discharge summary issued by the hospital, the deceased life assured was admitted there on **24.04.2002** vide Hospital No. 363328 (prior to revival) with complaints of symptoms of pain and **swelling of the left testis of 3 months duration** and that the Ultrasound of scrotum showed hyper vascular heterogenous mass replacing the left testis without epididymal or spermatic cord thickening; and **left radical orchidectomy done on 25.04.2002** under SAB and discharged on 28.04.2002. The diagnosis arrived by the authorities was "**Left testicular tumour**". According to the discharge summary issued by the same hospital, the deceased life assured was again admitted there on 02.05.2002 vide Hospital No. 363328 and discharged on 04.05.2002. The diagnosis arrived by the hospital authorities was **Classical seminoma of left testis. Post radical orchidectomy left side**". **The insured was advised for radiotherapy on 09.05.2002**. The deceased life assured was also admitted in HMT Hospital, Bangalore on 11.02.2004 vide in patient no. 119 and discharged from the hospital on 16.02.2004. Later, the insured consulted CDR Diagnostic Centre, Banglore on 19.03.2004 and had CT Scan of thorax. He also had CT Scan of abdomen and the impression of the report was "known case of seminoma post op. Present CT shows a large retroperitoneal lymphonode metastasis encasing left renal artery and vein, left ureter, aorta and infiltrating to left kidney. Left psoas major, left rectus abdominis and ? small bowel with left hydronephrosis". Later, the insured consulted Kidwai Memorial Institute of Oncology, Bangalore on 24.03.2004 (as per case summary sheet of the hospital obtained by the insurer) and the diagnosis arrived by them was "Testicular Tumour". According to the treatment particulars obtained from St. John's Medical College Hospital, Bangalore, the deceased life assured was admitted there on 20.03.2004 as in patient no. 621980 and took treatment upto 30.03.2004. The insured was planed for chemotherapy on 28.03.2004. The life assured also took treatment in the same hospital from 17.04.2004 to 19.04.2004 (IP No. 625361); 15.05.2004 to 17.05.2004 (IP No. 1751319); 04.06.2004; 11.06.2004 to 13.06.2004 (IP No. 631333). The final urological diagnosis arrived for all these treatments was "**® Testicular tumour-Seminoma Retroperitoneal metastasis**". Once again, the deceased life assured was admitted in the same hospital on 14.10.2004 vide in patient no. 645502 and took treatment upto 20.10.2004.

Just before death, the deceased life assured was once again admitted in Kidwai Memorial Institute of Oncology, Bangalore on 25.10.2004 vide IP No. 3325/04 with complaints of abdominal pain, distension, breathlessness, weight loss and anorexia. The duration of illness was reported as two years **(1st diagnosed 2 years back)**. As per the treatment particulars furnished by the hospital in the claims forms B/B1 of the insurer, the insured was reported to be under the treatment fo Dr. A. N. Rao of St. John's Medical College Hospital, Bangalore. The insured died in the hospital while undergoing treatment on 26.10.2004. The Primary and Secondary cause of death reported by the hospital authorities was "**Advanced disease from Gram Cell (tumour of the right testis)**". It was also reported by the hospital authorities that the entire history was reported to them by the deceased life assured himself.

The above medical evidences obtained from various hospitals as mentioned by me earlier, established the fact that the life assured was not enjoying good health at the time of reviving the policies. Therefore, it goes without saying that the deceased life assured ought to have disclosed the above facts to the insurer to enable them to assess the risk in the right perspective.

But the life assured answered all the questions in the declaration of good health form in a clear-cut fashion as if he neither suffered from left testicular tumour and had left radial orchidectomy nor took treatment from the above hospitals. Thus the answers given by the life assured are not reflecting the real state of his health and as a matter of fact he had suppressed the vital facts repatable to his health white submitting the said form. Instead, these facts were suppressed, which clearly established the fraudulent intent of the life assured.

The revival of an insurance policy considers the question of insurability of the life assured afresh and any concealment of material facts would clothe the insurer with the right to treat the revival as void. The medical evidences produced by the insurer establishehd beyond doubt that the answers given by the insured to the questions as the declaration of good health form were totally untrue to the knowledge of the insured and that he uttered falsehood.

Therefore, for the reasons as aforesaid and also in the light of concrete medical evidences submitted by the insurer, I am of the view that the repudiation of the claims by setting aside the revivals by the insurer and settling the paid up values along with accrued bonus under the policies had to be upheld on law as well as on facts; and hence it does not warrant any interference at my hands.

In the result, the complaint is, dismissed.

Hyderabad Ombudsman Centre
Case No. L-21.001.0379.2005-06
Smt. Kayala Mahalakshmi
Vs

Life Insurance Corporation of India

Award Dated 28.2.2006

BACKGROUND

Shri Kayala Appa Rao, S/o late K. Varahalu, working as Sukhani in Naval Dockyard, Visakhapatnam and a resident to Visakhapatnam, took a life insurance policy from City Branch - 1, Visakhapatnam of LIC of India, Visakhapatnam Division. The life assured died on 28.02.2004 on account of stomach pain. Smt. K. Mahalakshmi, who is the nominee and complainant under the policy, lodged a claim with the LIC. But the LIC repudiated her claim on 31.01.2005, on the ground of suppression of material facts by

the life assured at the time of submission of the proposal for taking the insurance policy. It was also alleged by the insurer that they held indisputable proof to show that even before he proposed for the above policy, he suffered from **upper abdominal pain, anorexia, ethanol abuse, alcoholic hepatitis** and took treatment for the same. It was alleged by the insurer that the deceased life assured availed leave on medical grounds for different spells during 03.07.2001 to 02.04.2002. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy the insurer repudiated the claim.

DECISION :

I have carefully perused all the documents, including the written submissions of the complainant placed before me and also heard the contentions submitted by the insurer.

Sec. 45 of the Insurance Act 1938 was applicable under the claim as the insurer repudiated the claim after expiry of two years from the date of commencement of the policy. Before discussing the facts and circumstances and the documentary evidence available on file, it is useful to refer to the provisions contained in Sec. 45 of the Insurance Act 1938. The said provision lays down three conditions for the applicability of the 2nd Part of Section 45. (1) Statement must be on a material on after or the insured must have suppressed facts which it was material to disclose (2) The suppression must be fraudulently made by the insured (3) The insured must have known at the time of making the statement that it was false or the insured suppressed facts which it was material to disclose.

In support of their repudiation action, the one and the only evidence obtained and submitted by the insurer was treatment particulars from Seven Hills Hospital Visakhapatnam. As per the treatment particulars obtained by the insurer in the form of case records from this hospital, the deceased life assured was admitted there on 07.07.2001 vide Inpatient No. 1624 with complaints of upper abd. Pain - 3 days and h/o jaundice few days' back and personal history - Ethanol abuse+. The insured was discharged from the hospital 16.07.2001. The diagnosis arrived by the hospital authorities was "Acute Hepatitis; Acute mild pancreatitis; SOL-live. As per the discharge summary, the insured was investigated and found to have acute hepatitis with acute mild pancreatitis.

Although the insured was reported to have availed leave on medical grounds on several occasions, the insurer miserably failed to obtain copies of leave applications and medical certificates reported to have been submitted by the insured to his employer at the time of availing the leave. These documents were very much essential since the insurer repudiated the claim invoking 2nd part of Sec. 45 of the Insurance Act 1938. In fact, the insurer also ought to have contacted the doctors who issued the medical certificates and obtained treatment particulars from all these doctors so as to sustain their repudiation action under the claim. Unfortunately, the insurer could not fulfill this requirement.

It is highly pertinent to mention here that the life assured had one more policy under policy no. 692605873 and the Zonal Office Claims Review Committee, Hyderabad, to which the complainant represented to reconsider the claims, considered claim under this policy. The insurer (LIC) admitted the claim under this policy, which was taken in 10/2001. Incidentally, Sec. 45 was also applicable for this claim as in the present case. For this policy also, the admission in Seven Hills Hospital, Visakhapatnam in 07/2001 was prior to taking the policy (Pol. No. 692605873 taken in 10/2001). After all, the grounds for repudiation of the claim under dispute also hold good for this policy. Therefore, it is not at all justified to repudiate/reject the claim under the present policy (under dispute).

Incidentally, the deceased life assured was medically examined by the panel doctor of LIC, who found the life assured to be medically fit for insurance and accordingly, the policy in question was issued.

Sec. 45 is applicable under the claim. The onus is, therefore, on the insurer to establish fraudulent intent on the part of the life assured. The only contention of LIC appears to be violation of the principle of utmost good faith. The insurer has not proved fraudulent intent on the part of the insured beyond doubt with sufficient evidence.

Having regard to the facts and circumstances of the case as discussed above, and in the absence of any supportive evidence to the effect that the life assured had fraudulently suppressed material facts relating to his health prior to taking the insurance policy and in view of the fact that the repudiation action of the insurer did not fulfill all the three ingredients required under 2nd part of Sec. 45 of the Insurance Act, 1938, I am of the view that the repudiation of the claim by the insurer is not legal, correct, proper and justified.

In view of the reasons as aforesaid, I direct the insurer to settle the claim under the above policy.

In the result, the complaint is allowed.

Hyderabad Ombudsman Centre
Case No. L-21.001.0429.2005-06
Ms. K. Vidya
Vs
SBI Life Insurance Co. Ltd.

Award Dated 17.3.2006

BACKGROUND

Smt. Kokonda Manjula Vani, D/o Shri Bellam Dyvadheenam, working in State Bank of India and a resident of Secunderabad in Andhra Pradesh, took an insurance policy from SBI Life Insurance Company Limited in 03/2004. The life assured died on 07.04.2005 on account of Progressive Systemic Sclerosis. Ms. K. Vidya, who is the nominee and complainant under the policy, lodged a claim with the insurer. But the insurer (SBI Life Insurance Co. Ltd.) repudiated her claim on 31.08.2005, on the ground of suppression of material facts by the life assured at the time of submission of the proposal for taking the insurance policy. It was also alleged by the insurer that they held indisputable proof to show that even before she proposed for the above policy, she was diagnosed of **Progressive Systemic Sclerosis** and took treatment for the same.

DECISION :

I have carefully perused all the documents before me and also heard the contentions submitted by both the parties.

The life assured late Smt. Kokonda Manjula Vani, D/o Shri B. Dyvadheenam, working in State Bank of India and a resident of Hyderabad, took a Pension-cum-Life Cover Insurance Policy in 03/2004 for a Sum Assured of Rs. 1,00,000/-. Later, she died on 07.04.2005 on account of Progressive Systemic Sclerosis. Since the duration of the claim was just 1 year and 1 month, the insurer arranged for investigation into the bonafides of the claim. According to the insurer, their investigations revealed that the deceased life assured was diagnosed to be "**Progressive Systemic Sclerosis and Pulmonary Hypertension**" prior to taking the insurance policy and took treatment for the same. The insurer, therefore, repudiated the claim on 31.08.2005 as the life assured deliberately suppressed material facts relating to her health.

In support of their repudiation action, the insurer obtained treatment particulars from Dr. Ajit Vigg of Hyderabad. According to the medical prescription dated **22.12.2003 (prior to taking the policy)** issued by this doctor, the insured consulted the doctor on 22.12.2003. The doctor prescribed some medicines. In continuation of this, the deceased life assured once again consulted this doctor on **14.02.2004 (just one month prior to taking the policy)** with complaints of cough with expectoration/yellow (since 3 days); pain in throat; breathlessness slight and fever-evening rise in temperature. The Blood Pressure recorded by the doctor was 130/90. The final diagnosis arrived by the doctor was "**Progressive Systemic Sclerosis; Pulmonary Hypertension; Bil. Pleff & Calculous Cholecystitis**". As per the advice of the doctor, the deceased life assured also underwent several pathological tests and the insurer also obtained copies of these reports and submitted before me in support of their repudiation action.

Both the above consultations and the treatments thereto were prior to taking the policy in question. The life assured was an employee of State Bank of India, a reputed Public Sector Institution. These consultations and treatments must be green in the memory of the deceased life assured and must have been disclosed against the relevant questions in the proposal form. But the life assured deliberately suppressed these material facts, which were very relevant for assessment of the risk, and thereby induced the insurer for issue of the policy, thereby establishing her fraudulent intent.

According to the underwriting norms of the insurer, had the life assured disclosed these material facts at the time of taking the policy, they would have declined the insurance contract.

Incidentally, there is also clear nexus between the material facts suppressed and the cause of death of the life assured on 07.04.2005.

Insurance has been held to be a contract of utmost good faith. In this case, the life assured knowingly gave incorrect information on personal health in the proposal form for insurance. This ground of incorrect information and false statements regarding health make the insurance contract null and void. In support of this contention, the insurer also obtained sufficient evidence and submitted before me.

From the records/documents and contentions submitted by both sides, I am convinced that the insurer rightly repudiated the claim because the policy in question had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and policy was unenforceable.

Therefore, I have to hold for the reasons as aforesaid, the repudiation of the claim by the insurer is sustainable on law as well as on facts and the decision of the insurer is legal, correct and proper and does not warrant any interference at my hands.

In the result, the complaint is not allowed.

Hyderabad Ombudsman Centre
Case No. L-21.002.0490.2005-06
Smt. S. Vinitha Rao
Vs
SBI Life Insurance Co. Ltd.

Award Dated 17.3.2006

FACTS OF THE CASE

One Shri Surineni Rajeswar Rao, S/o Shri S. Hanumanth Rao, working in IDL Gulf Oil Limited, Kukatpally and a resident of Hyderabad was a borrower of a two-wheeler loan from GE Countrywide Consumer Financial Services Limited. He was covered by the Group Life Insurance Policy (Super Suraksha) for the outstanding loan amount. The life

assured died suddenly due to heart attack on 11.06.2004. Smt. S. Vinitha Rao, the nominee and complainant, lodged a claim with the SBI Life Insurance Co. Ltd., Mumbai. The SBI Life Insurance Co. Ltd., repudiated her claim on 30.09.2005 for the reason that the life assured, while executing the loan application gave false answers to certain questions in the application form submitted by him. It was held by the insurer that they held indisputable proof to show that even before he proposed for the above policy (group insurance coverage), he was suffering from "**Coronary Artery Disease (CAD)**" and took treatment for the same. But the life assured did not disclose these material facts in the application form. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, the insurer repudiated the claim.

DECISION :

I heard the contentions of both sides and also perused all the documents including the written submissions of both the parties.

- i. The Life assured, late Surineni Rajeswar Rao, a resident of Hyderabad. Borrowed a Two-wheeler Loan from GE Countrywide Consumer Financial Services Limited. Accordingly, the insured made an application for the loan. SBI Life Insurance Company (insurer) covered the insured under their Group Policy (Super Suraksha) N. 83001000801. The policy commenced from 13.04.2004. The insured was covered for the outstanding loan amount borrowed by him from the financial services. The life assured died just within 2 months from the date of his coverage for the group insurance policy i.e. he died on 11.06.2004. The cause of death was reported to be "**heart attack**". Since it was a very early claim, the insurer arranged for investigation into the bonafides of the claim.
- ii. The basis of repudiation is the proposal (application executed by the insured) for the group insurance coverage for the loan amount borrowed by him, which commenced on 13.04.2004, wherein the deceased life assured had given false answers with the intention of concealment of material facts relating to his health and obtaining the insurance coverage by non disclosure of the fact that he was suffering from **heart diseases** and had been under treatment.
- iii. In support of their repudiation action, the insurer obtained treatment particulars from Dr. V. Surya Prakasa Rao, Sr. Consultant Cardiologist. According to the treatment particulars obtained by the insurer in the form of discharge summary issued by the doctor, the life assured was admitted in his hospital on 23.04.2003 vide In patient No. 4323 and discharged from the hospital on 02.05.2003. The insured was diagnosed to be "**CAD-Anterior Wall MI (Recent) (04/2003); HTN; DM; Post Infarct Angina+HLP+CAG-(24.04.03) femoral approach-TVD-PTCA/Stent (29.04.2003) LAD/RCA**". The insured was admitted there with h/o "CAD and evaluated at Yashoda Hospital by CAG; Admitted for check Angio; known HTN/DM past 4-5 years; H/o post infarct angina". This admission and the treatment thereto was prior to his coverage under the group insurance of the insurer.
- iv. The life assured was admitted in Usha Mullapudi Cardiac Centre. Hyderabad on 24.05.2004 and died there while under going treatment on 11.06.2004. The cause of death was reported to be "**Cardiac Arrhythmia, Recurrent VT, VF**". The diagnosis arrived by the hospital authorities was "**CAD - Old Anterior Wall MI-Left Main+Triple Vessel Disease; Moderatr LV Dysfunction; CABG with IABP Support done on 29.05.2004; NIDDM, Essential Hypertension**". On a close scrutiny and perusal of the medical records, it is established that the life assured was a patient of **Coronary Artery Disease (CAD) and was on treatment** even

prior to taking the insurance policy and was, therefore, not enjoying good health. In fact, the duration of the claim was just 2 months only. It is the positive case of the insurer that the answers given by the deceased life assured to various questions in the application form for coverage of group insurance for the loan amount borrowed by him are not at all reflecting the real state of affairs and, as a matter of fact, he had conveniently suppressed the vital facts relating to his health while submitting the proposal for insuring his life. But the medical evidences obtained and submitted before me by the insurer confirmed beyond doubt that the life assured was a heart patient and was on treatment prior to insuring his life. Therefore, he ought to have disclosed them to the insurer for assessing the risk in the right perspective.

- v. Sec. 45 of the Insurance Act 1938 was not applicable under the claim as the claim was repudiated within two years. Suppression of information itself violates the terms of the contract-utmost good faith is a tenet of insurance policy, which was not observed by the deceased life assured in the instant case. Sufficient evidence is on record to show the true picture and suppression of information by the insured.
- vi. Therefore, I have to hold for the reasons as aforesaid, the repudiation of the claim by the insurer invoking the provisions of 1st part of Sec. 45 of the Insurance Act 1938 on the ground that the insured had deliberately suppressed material facts relating to his health is sustainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands.

In the result, the complaint is dismissed.

Hyderabad Ombudsman Centre
Case No. L-21.001.0482.2005-06
Smt. C. Jayamma
Vs

Life Insurance Corporation of India

Award Dated 29.3.2006

BACKGROUND

Shri Chintha Veera Nagi Reddy, S/o Shri Chinna Konda Reddy, doing cultivation and a resident of Kamalapuram Mandal in Cuddapah District, took a life insurance policy from Proddatur Branch under Cuddapah Division. The life assured died due to sudden heart attack on 24.09.2004. The complainant reported the cause of death as heart attack. The insured, while proposing his life for insurance, understated his age by 17 years and thereby induced the insurer for issue of the policy. According to the insurer, had the life assured disclosed his correct age of 62 years at the time of taking the insurance policy, they would not have issued the insurance policy, as the life assured was not eligible for insurance at all. In view of suppression of material facts relating to his age by the life assured, LIC repudiated the claim under the policy.

DECISION :

I have carefully perused the papers placed before me including the written submission of the complainant and heard the arguments presented by both sides.

- i. The life assured took an Endowment Assurance Policy for a Sum Assured of Rs. 1,00,000/- in 01/2003. At the time of taking the insurance policy, the insured furnished his age as 45 years; and, based on his statement, the policy under

dispute was issued. He died on 24.09.2004. The insurer arranged for investigation into the bonafides of the claim.

- ii. The investigations revealed that the age furnished by the life assured was not correct and that there was gross understatement of age by 17 years by the insured. As such, the life assured was not eligible for insurance and the insurer therefore, repudiated the claim.
- iii. In support of their repudiation action, the insurer obtained and submitted copy of the voters' I. D. Card issued by the Election Commission of India. According to the copy of the I. D. Card (AP/23/159/07/249 dated 15.12.1995 pertaining to Kamalapuram Assembly Constituency (MPIC No. 11/25/00/002/00055/01) for the year 1995 prepared by the government authorities, the age of the deceased life assured as on 01.01.1995 was recorded as 54 years. If this was taken into account, the age of the life assured as on 29/01/2003 (date of proposal) worked out to 62 years; and thereby there was a gross understatement of age by 17 years. The insurer also obtained and submitted copy of the school certificate relating to the daughter of the insured. According to the certificate issued by Head Master, M. P. Primary School, Nadimpalli, kamalapuram Mandal, Cuddapah District, Chinta Lakshmi Devi, D/o Shri Chinta Veera Nagi Reddy, Studied from 1st Class to Vth Class during the period 1981-86 vide Ad. No. 160. Her date of birth was 01.07.1974. On the basis of these documents, the age of the life assured as in 01/2003, worked out to 62 years. All these documents / proofs clearly established the fact that there was certainly gross understatement of age by more than 17 years.
- iv. According to the underwriting norms of LIC, had the life assured disclosed his correct age as 62 years at the time of taking the insurance policy, LIC would not have issued the policy in question as the life assured was not eligible for insurance.
- v. It would be pertinent to mention here that proof of age in connection with a life insurance policy was important in two respects (a) It is a condition precedent to the liability of the insurer and (b) Secondly, proof of age was very material for the assessment of the risk and hence the life assured should state his correct age. The rate of premium payable depends upon the age at the date of the risk. The insurer, therefore, requires proof of age to be furnished by the life assured at the time of taking the insurance policy.
- vi. Though the complainant disputed the authenticity of the voters' Identity Card on the basis of which the claim was repudiated by the insurer, she failed to submit any others concrete evidence to prove that there was no understatement of age by the insured.
- vii. It is settled law that the contract of insurance is based on good faith. It is for the life assured to give the correct information relating to his at the time of executing the proposal for insurance, which he did not disclose at that time. This ground of incorrect information and false statements regarding age of the insured make the insurance contract null and void. The insurer is, therefore, well within its right to repudiate the claim made by the complainant.
- viii. Therefore, I have to hold, for the reasons as aforesaid and also in the light of the evidences available on record as referred to above, that the repudiation of the claim by the insurer is legal, proper and correct and does not call for any Interference at my hands.

- ix. In the instant case, the deceased life assured paid premiums for two years. The occupation of the life assured was cultivation. The deceased life assured/complainant hailed from an interior rural village with complete rural background. The socioeconomic background of their family also appears to be totally dependant on agriculture only without much income. The sudden and unfortunate death of the deceased life assured rendered them almost destitute. In this context, the complainant submitted that they were finding it very difficult to maintain their livelihood. Taking into account the totality of the facts of the case, I am of the view that it is just and proper to meet totally the facts of the case, I am of the view that it is just and proper to meet the ends of justice to direct the insurer to refund the premiums received by them as ex gratia by invoking Rule 18 of the Redressal of Public Grievances Rules 1998 on humanitarian grounds.
- x. In the result, the complaint is not allowed. But the insurer is directed to refund the premiums received by them as ex gratia to the complainant in view of Rule 18 of the Redressal of Public Grievances Rules 1998.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0463.2005-06**

Smt. G. Nagamani

Vs

Life Insurance Corporation of India

Award Dated 29.3.2006

BACKGROUND

One Shri Gunda Ganga Mallaiah alias Gangamallu, S/o Shri Gunda Chinna Gangaram, doing cultivation and a resident of Nizamabad District, took a jeevan Mitra Double Cover Endowment Life Insurance policy from Armour Branch of LIC, under Secunderabad Division. The policy also covered the risk of accidental benefit, in case of death by accident, as per the policy conditions. The life assured died on 11.10.2002 and the cause of death was reported to be murder. LIC settled the claim for Basic Sum Assured. Since the cause of death was not proved to be on account of accident, the insurer repudiated/rejected the complainant's claim for accident benefits.

DECISION :

I have carefully perused the papers placed before me including the written submission of the complainant/insurer and also heard the arguments of both sides.

Before discussing the facts and circumstances and the documentary evidence available on file, it is useful to know the salient features of the relevant clause governing the Accident Benefit under a policy. "10.2:If at any time when this policy is in force for full sum assured the Life Assured before expiry of the period for which the premium is payable is involved in an accident resulting either in permanent disability or death and the same is proved to the satisfaction of the Corporation, the Corporation agrees in case of death of the life assured: To pay an additional sum equal to the Sum Assured under this policy, if the Life Assured shall sustain any bodily injury resulting solely and directly from the accidental injuries caused by outward, violent and visible means and such injury within 180 days of its occurrence solely, directly and independently of all other causes result in the death of the Life Assured".

Since the declared cause of death was murder, the insurer obtained copies of police reports viz. First Information Report (FIR), Post Mortem Report (PMR) and Police Inquest Report (PIR) in Cr. No. 1104/2002. Post Mortem Report opined cause of death as "Asphyxia due to stragulation". The panchayatdars in their report opined the caused

of death as snakebite. The police authorities in their final report submitted to Hon'ble Court reported that the death was not on account of strangulation but due to snakebite and accordingly closed the case.

As could be seen from the above, there were different versions as to the cause of death. It is, however, clear that the cause of death was either murder or snakebite. The evidence mustered, however, does not support either hypothesis conclusively. The complainant reported the cause of death as murder. It is nobody's case that the cause of death was suicide. The police already closed the case treating the cause of death as snakebite. The policy conditions also did not exclude accidental benefit on account of snakebite or murder. Whether it was snakebite or murder, the insurer is considering the claim for accident benefit. The insurer already considered the claim for double the sum assured treating the cause of death as murder. There is, therefore, no justification at all on the part of the insurer to deny the claim for accident benefit for the same cause of death (murder). In such circumstances denial of the benefit of accident is not justified and I allow the claim of the complainant for accident benefit.

In view of the reasons mentioned above, the repudiation of the claim relating to accident benefit by the insurer is not proper, correct and justified. I, therefore, direct the insurer to settle the claim for accident benefit also on the above policy.

In the result, the complaint is allowed.

Hyderabad Ombudsman Centre
Case No. L-21.002.0426.2005-06
Shri S. Chinnaiah
Vs
SBI Life Insurance Co. Ltd.

Award Dated 29.3.2006

FACTS OF THE CASE

One Smt. C. Kondamma, W/o Shri S. Chinnaiah, a resident of Bangalore was a member of the SBI Life Super Suraksha Group Insurance Scheme for housing loan borrowers for a sum of Rs. 1,00,000/- since 31.12.2003 when she executed the necessary application for obtaining the insurance coverage. The life assured died suddenly due to Multi Organ Dysfunction Syndrome on 19.06.2005. Shri S. Chinnaiah, the nominee and complainant, lodged a claim with the SBI Life Insurance Co. Ltd., Mumbai. The SBI Life Insurance Co. Ltd., repudiated his claim on 01.12.2005 for the reason that the life assured, while executing the loan application gave false answers to certain question in the application form submitted by her. It was held by the insurer that they held indisputable proof to show that even before she proposed for the above policy (group insurance coverage), she was suffering from "**Hypothyroidism and IHD**" and took treatment for the same. But the life assured did not disclose these material facts in the application form. Finding the life assured to be guilty of deliberate suppression of material facts relating to her health at the time of taking the insurance policy the insurer repudiated the claim.

DECISION :

I heard the contentions of the insurer and also perused all the documents including the written submissions of both the parties.

The life assured late Smt. C.K. Kondamma, W/o Shri S. Chinnaiah, a resident of Bangalore, borrowed a housing loan from SBI and accordingly applied for SBI Account Holders Policy on 30.12.2003 for a sum of Rs. 1,00,000/-. SBI Life Insurance Company (insurer) covered the insured under their Group Policy (Super Suraksha) No.

83001000203. The policy commenced from 31.12.2003. The basis for the insurance coverage was a Good Health Declaration executed by the insured. The life assured died just within 1 year and 6 months from the date of her coverage for the group insurance policy i.e. she died on 19.06.2005. The cause of death was reported to be "**Multi-organ Dysfunction syndrome**". Since it was an early claim, the insurer arranged for investigation into the bonafides of the claim.

The basis of repudiation is the proposal (application executed by the insurer) for the group insurance coverage for the loan amount borrowed by her which commenced on 31.12.2003, wherein the deceased life assured was found to have given answers with the intention of concealment of material facts relating to her health for obtaining the insurance coverage by non disclosure of the fact, viz. she was suffering from **Hypothyroidism** and had been under treatment.

In support of their repudiation action, the insurer obtained treatment particulars from Medical & Health Department of HAL. According to the treatment particulars obtained by the insurer in the form of hospital records issued by this hospital, the life assured was admitted there on 10.11.2003 vide Admission No. 5492 and discharged from the hospital on 13.11.2003. The final diagnosis arrived by the hospital authorities was "**Hypothyroidism/IHD**". The life assured consulted them with complaints of "C/o pain (L) side of chest" and she was prescribed some medicines for treatment of the above. **This admission was prior to taking the insurance policy.** Later, the deceased life assured was admitted in St. John's Medical College Hospital, Bangalore on 01.03.2005 vide IP No. 659978 and discharged on 12.03.2005. The diagnosis arrived by them was "SLE+ITP with renal involvement and (ii) Hypothyroidism". The life assured also underwent several pathological and special tests at CDR Diagnostic Centre, Bangalore. Finally, the deceased life assured was admitted once again in St. John's Medical College Hospital, Bangalore on 19.06.2005 and died there. The Final diagnosis arrived by the authorities was "**Multi Organ Dysfunction Syndrome-Pneumonia (left side) with Rt. Pleural Effusion-SLE Grade V-Hypothyroidism-OLD CVT-DM-HTN-IHD**".

On a close scrutiny and perusal of the medical records, it is established that the life assured was a patient of **Hypothyroidism with IHD and was on treatment** even prior to taking the insurance policy and was, therefore, not enjoying good health. But the answers given by the deceased life assured to various questions in the application form for coverage of group insurance for the loan amount borrowed by her are not at all reflecting the real state of affairs; and, as a matter of fact, she had conveniently suppressed the vital facts relating to her health while submitting the proposal (application form) for insuring her life. The medical evidences obtained and submitted before me by the insurer confirmed beyond doubt that the life assured was a patient of Hypothyroidism with IHD and was on treatment prior to insuring her life. Therefore, she ought to have disclosed them to the insurer for assessing the risk in the right perspective.

Sec. 45 of the Insurance Act 1938 was not applicable under the claim as the claim was repudiated within two years. Suppression of information itself violates the terms of the contract-utmost good faith is a tenet of insurance policy, which was not observed by the deceased life assured in the instant case. Sufficient evidence is on record to show the true picture and suppression of information by the insured.

Therefore, I have to hold for the reasons as aforesaid that the repudiation of the claim by the insurer on the ground that the insured had suppressed material facts relating to her health is sustainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands.

In the result, the complaint is dismissed.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0481.2005-06
Smt. Shivakumari**

Vs

Life Insurance Corporation of India

Award Dated 29.3.2006

FACTS OF THE CASE

One Shri N. Raju, S/o late H. Jawarappa, working as Technical Assistant Mechanic in M/s TTK Prestige Limited and a resident of Bangalore, took life insurance policy No. 610462872 from N. R. Square Branch of LIC, Bangalore Division-1. The mode of payment of premium was quarterly. The policy was in a lapsed condition due to non-payment of premium due from 11/2002. Subsequently, the policy was revived by the life assured on 17.05.2004. But the life assured died on 10.07.2004. The cause of death was reported to be **Multiple Neurocysticerosis with cirrhosis with hepatic encephalopathy**. Smt. Shivkumari, the complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by LIC of India, citing the reason, that the life assured, while reviving his lapsed policy, gave false answers to certain questions in the declaration of good health form, submitted by him at the time of reviving his lapsed policy. It was also stated by the LIC that they held indisputable proof, to show that even before he revived his lapsed policy, he suffered from Cirrhosis of Liver and took treatment in a hospital. He, however, did not disclose these facts in the declaration of good health form. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of reviving his lapsed policy, the insurer repudiated the claim by setting aside the revival.

DECISION :

I heard the contentions of both sides and also perused all the documents, including the written submissions of the complainant, placed before me.

The life assured took a Money Back Insurance Policy in 08/1988 for a Sum Assured of Rs. 25,000/-. The mode of payment of premium was quarterly. The life assured paid premiums upto 08/2002 only. Premiums under the policy from 11/2002 were not paid in time. Hence the policy lapsed. The life assured got the policy revived on 17.05.2004, by paying the entire arrears of premia with interest and also submitted declaration of Good Health Form, duly executed by him. But the life assured died on 10.07.2004. The duration of the claim from revival was just 2 months. Since it was a very early claim, the LIC arranged for investigation of the claim.

The basis for repudiation of the claim by LIC was the Declaration of Good Health Form Submitted by the deceased life assured for revival of his lapsed policy on 30.04.2004, wherein the life assured had given false answers with the intention of concealment of material facts relating to his health and getting his policy revived by non disclosure of the fact that he was suffering from Chronic Liver Disease, prior to revival of the policy.

In support of their repudiation action, they obtained the treatment particulars from Dr. B. S. Satya Prakash of Bangalore. According to the medical prescription dated 11.10.2003 issued by this doctor, the deceased life assured consulted him on 11.10.2003 and took treatment. It was reported therein "as per available records - **"Hepatosplenomegaly with echotex ascites"**. As per the certificate (addressed to Dr. H. S. Mrutyunjaya) dated 12.10.2003, the doctor reported, "suffering from cirrhosis of liver (Non BKC); he has clinical, sonological biochemical and endoscopic evidence of CLD; and that his recovery would take long time".

In support of their repudiation action, the insurer also obtained treatment particulars from M. S. Ramaiah Hospitals, Bangalore. According to the discharge summary of this hospital the deceased life assured was admitted there on 16.03.2004 vide Registration No. 111599 and discharged from the hospital after treatment on 02.04.2004. The final diagnosis arrived by the hospital authorities was "**Chronic Liver Disease-Ethanol Related with Ascites (B & C Negative)**". It was also reported in the discharge summary that the insured had undergone "**esophageal variceal band ligation on 11.03.2004 at Bowring Hospital**". Finally, the deceased life assured was admitted in Spandana Nursing Home, Bangalore on 29.06.2004 and died while undergoing treatment on 10.07.2004. The diagnosis arrived by the authorities was "Multiple Neurocysticercosis with Cirrhosis with Hepatic Encephalopathy". It was also reported by the hospital authorities that the entire history was reported to them by the deceased life assured himself. For the above admission, the insurer also obtained treatment particulars in their claim forms B/B1.

The above medical evidences established the fact, that the life assured was not enjoying good health at the time of reviving the policy. In fact, he was on treatment for liver disease, before he got his policy revived on 17.05.2004, as confirmed by the medical evidences referred by me earlier. Therefore, it goes without saying that the deceased life assured ought to have disclosed the above facts to the insurer to enable them to assess the risk in the right perspective.

The policy under dispute was revived under Non-medical Scheme, without undergoing medical examination by authorized medical examiner of LIC. Therefore, the life assured was more responsible to furnish all the facts relating to his health truthfully and correctly.

The insurance policy in question was revived on 17.05.2004 and the life assured knew very well that he was on treatment from the hospital. But the life assured answered all the questions in the declaration of good health form in a clear-cut fashion as if neither he suffered from Chronic Liver Disease nor took treatment from the hospital. Thus the answers given by the life assured are not reflecting the real state of his health and as a matter of fact, he had suppressed the vital facts relatable to his health while submitting the said form. Instead, these facts were suppressed, which clearly established the fraudulent intent of the life assured.

Therefore, due to the reasons as aforesaid and also in the light of concrete medical evidences submitted by the insurer, I am of the view that the repudiation of the claim by the insurer setting aside the revival has to be upheld on law as well as on facts; and hence the repudiation of the claim by the insurer does not warrant any interference at my hands and accordingly the complaint is dismissed. However, the insurer is directed to settle the claim for paid up value along with the accrued bonus under the policy as on the date of the policy immediately, if not already settled.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0425.2005-06**

Smt. N. S. Vani

Vs

Life Insurance Corporation of India

Award Dated 29.3.2006

FACTS OF THE CASE

One Shri M. D. Vasantha Kumar, S/o Doddaiiah, working as LIC Agent and a resident of Mysore, took life insurance policy No. 721104349 from City Branch-IV of LIC, under Mysore Division. The mode of payment of premium was quarterly. The policy was in a

lapsed condition due to non-payment of premium due from 04/2003. Subsequently, the policy was revived by the life assured on 09.03.2004. But the life assured died on 18.10.2004. The cause of death was reported to be **Intracranial bleeding with Complications-Acute on Chronic liver disease.**

Smt. N. S. Vanivasanth, complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by LIC of India, citing the reasons, that the life assured, while reviving his lapsed policy, gave false answers to certain questions in the declaration of good health form, submitted by him at the time of reviving his lapsed policy. It was also stated by the LIC that they held indisputable proof to show that even before he revived his lapsed policy, he suffered from **Vital Hepatitis with Hypoprotemia with paronekea of the left toe** and took treatment for the same. He, however, did not disclose these facts in the declaration of good health form. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of reviving his lapsed policy,, the insurer repudiated the claim by setting aside the revival.

DECISION :

I heard the contentions of both sides and also perused all the documents, including the written submissions of the complainant, placed before me.

The life assured took an Endowment Assurance policy in 01/2001 for a sum assured of Rs. 40,000/-. The mode of payment of premium was quarterly. Accordingly, the premiums were paid by the life assured upto and including 01/2003. But premium under the policy from 04/2003 were not paid in time. Hence the policy lapsed. The life assured got the policy revived on 09.03.2004, by paying the entire arrears of premia with interest and also submitting declaration of Good Health Form, duly executed by him. But the life assured died on 18.10.2004. The duration of the claim from revival was just 7 months only. Since it was a very early claim, the LIC arranged for investigation of the claim.

The basis for repudiation of the claim by LIC was the Declaration of Good Health Form submitted by the deceased life assured for revival of his lapsed policy wherein the life assured was found to have given answers with the intention of concealment of material facts relating to his health and getting his policy revived by non disclosure of the fact he was suffering from **viral hepatitis with hypoprotemia with paronekea of left great toe**, prior to revival of the policy.

In support of their repudiation action, they obtained treatment particulars from Ashwini Nursing Home, Mysore. According to the admission card issued by the hospital, the deceased life assured was admitted there on **20.02.2004 (prior to revival)** with complaints of pain and swelling in both great toes since 3 days and discharged on 22.02.2004. As per the records of the nursing home, the deceased life assured underwent several special medical/pathological tests like Ultrasound Scanning, UPP. G. I. Endoscopy, etc. It was recorded in the records that "P/H - mild enlargement Lt. Lobe of liver - LFT suggestive of Hepatitis-Imp. -Acute Hepatitis with hypropotemia" and the insured was advised several medicines for treatment.

The life assured was also admitted in BGS Apollo Hospital, Mysore. as per the treatment particulars obtained by the insurer in their claim forms B/B1 from this hospital, the deceased life assured was admitted there on 04.08.2004 and took treatment upto 11.08.2004 and again on 13.10.2004 vide In-patient No. 14007 and took treatment upto 18.10.2004. The diagnosis arrived by the authorities was "Cirrhosis Liver with PHT and suspected CVA" and that the deceased was seen on 04.08.2004 for Acute on Chronic Liver Disease with bleed and ascities. Further, the entire history relating to the insured was reported to the hospital authorities by the wife of the life assured. In fact, the complainant herself reported in the claim form A that life assured

was admitted in Ashwini Nursing Home in 02/2004 for hepatitis. The life assured finally died on account of Liver Cirrhosis/Acute Hepatitis.

The above medical evidences obtained from the above hospitals as mentioned by me earlier, established the fact that the life assured was not enjoying good health at the time of reviving the policy. Therefore, it goes without saying that the deceased life assured ought to have disclosed the above facts to the insurer to enable them to assess the risk in the right perspective.

The answers given by the life assured are not reflecting the real state of his health and as a matter of fact, he had suppressed the vital facts relating to his health while submitting the said form. Instead, these facts were suppressed, which clearly established the fraudulent intent of the life assured.

The revival of an insurance policy considers the question of insurability of the life assured afresh and any concealment of material facts would clothe the insurer with the right to treat the revival as void. The medical evidences produced by the insurer established beyond doubt that the answers given by the insured to the questions in the declaration of good health form were totally untrue to the knowledge of the insured and that he uttered falsehood. Moreover, the deceased life assured himself was an LIC Agent since 5 to 6 years and GIC Investigator. The complainant was also working in the Public Sector General Insurance Company and he must be possessing sufficient knowledge about the implications of the various questions appearing in the declaration of good health form.

Therefore, for the reasons as aforesaid and also in the light of concrete medical evidences submitted by the insurer, I am of the view that the repudiation of the claim by setting aside the revival by the insurer had to be upheld on law as well as on facts; and hence it does not warrant any interference at my hands.

In the result, the complaint is dismissed.

Hyderabad Ombudsman Centre

Case No. L-21.001.0439.2005-06

Smt. K. H. Govinda Gowda

Vs

Life Insurance Corporation of India

Award Dated 29.3.2006

BACKGROUND

The life assured late Smt. G. C. Anasuya, W/o Shri K. H. Govinde Gowda, working as Junior Health Assistant and a resident of Mysore District in Karnataka, took a life insurance policy under Non-medical Scheme in 12/2002 from K. R. Nagar Branch of LIC under Mysore Division, as per details furnished above. The insured died on 23.05.2004 due to Acute Circulatory Failure. The duration of the claim was 1 year and 5 months. Shri K. H. Govinde Gowda, who is the nominee and complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by the LIC of India, citing the reason that the life assured, while submitting the proposal for insurance in 12/2002, gave false answers to certain questions relating to her health in the proposal form. The insurer also alleged that they held indisputable proof to show that even before she proposed for insurance, she suffered from breast cancer and took treatment for the same. The life assured, however, did not disclose these material facts at the time of taking the insurance policy. Finding the life assured to be guilty of deliberate suppression of material facts relating to her health at the time of taking the insurance policy, the insurer repudiated the claim.

DECISION :

I have carefully perused the papers including the written submissions of the complainant placed before me and heard the arguments presented by the insurer.

- i. The life assured late Smt. G. C. Anasuya, working in General Hospital, as Junior Health Assistant in Periapatna Taluk and a resident of Mysore District in Karnataka took a life insurance policy in 12/2002 for a sum assured of Rs. 1,00,000/-. The policy was taken by the insured under **Non-medical Scheme (Salary Savings Scheme)**. She died on 23.05.2004. The cause of death was reported to be **Acute Circulatory Failure-Acute Myocardial Extensive Infarction**. Since the duration of the claim was only 1 year and 5 months, the insurer arranged for investigation into the bonafides of the claim.
- ii. The above claim was repudiated by LIC on the ground that the life assured, while proposing the insurance policy, deliberately suppressed material facts relating to her health as the life assured suffered from Breast Cancer and took treatment for the same prior to her executing the proposal for insurance.
- iii. In support of their repudiation action, the insurer obtained treatment particulars from JSS Medical College & JSS Hospital, Mysore where the insured underwent pathological tests for evaluation of the disease. According to the Histopathological Report relating to Biopsy of Breast (Lt) taken on 23.11.2001 (**prior to taking the policy**), the impression of the report was **"Infiltrating Duct Carcinoma with Metastasis-Mass Lt Breast and axillary lymph nodes"**. As per the investigation - Mammography - CC MLO View taken at Bharath Diagnostic Centre, Mysore, the impression was **"Features are highly suggestive of large malignant lesion-left breast"**.
- iv. According to the treatment particulars obtained by the insurer from Kidwai Memorial Institute of Oncology, Bangalore, the deceased life assured registered there on 12.12.2001 vide hospital no. 12799/01. As per the case summary sheet obtained by the insurer from this hospital, the insured consulted and took treatment for breast cancer in the hospital on 12.12.2001; 17.12.2001; 24.12.2001; 23.01.2002; 03.02.2002; 27.02.2002; 22.03.2002; 12.04.2002; 06.05.2002; 13.06.2002; 08.08.2002; 24.12.2002 and 27.12.2002.
- v. According to the copy of the leave application dated nil addressed to M/s Kidwai Memorial Institute of Oncology, Bangalore (submitted by the insurer), the deceased life assured requested the hospital authorities to recommend her case to her higher official authorities to grant exemption from transfer till she was cured from the disease as she was under treatment for breast cancer.
- vi. According to the underwriting norms of LIC, had the life assured disclosed the above material facts at the time of taking the insurance policy, they would not have considered insurance to the life assured immediately and that too, under Non-medical Scheme. Since the policy was considered under Non-medical Scheme, more responsibility was cast on the insured to disclose all the material facts truthfully and correctly to enable the insurer to assess the risk in the right perspective. Instead, the life assured deliberately suppressed them although she was a cancer patient and was on treatment. The policy was taken by the life assured just two to three days after her consultation and treatment in Kidwai Memorial Institute of Oncology, Bangalore.
- vii. Insurance has been held to be a contract of utmost good faith. In this case, the life assured knowingly gave incorrect information on the personal health in the proposal form for insurance. This ground of incorrect information and false

statements regarding health make the insurance contract null and void. In support of this contention, the insurer also obtained medical records from the hospitals as referred by me earlier and submitted before me.

- viii. From the records/documents and contentions submitted by both sides, I am convinced that the insurer (LIC) rightly repudiated the claim because the policy in question had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and policy was unenforceable.
- ix. Therefore, I have to hold for the reasons as aforesaid the repudiation of the claim by the insurer is sustainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference my hands.

In the result, the complaint is not allowed.

Hyderabad Ombudsman Centre
Case No. L-21.001.0318.2005-06
Smt. Vijayalakshmi
Vs
Life Insurance Corporation of India

Award Dated 31.3.2006

BACKGROUND

The life assured late Shri Basawaraj Shettappa Mirajkar, S/o Shri Shettappa, working as sanitary worker in Ayurved Mahavidyalaya (hospital) and a resident of Hubli in Karnataka took four life insurance policies from City Branch-II, Hubli of LIC under Dharwad Division, as per the details furnished above. The insured died on 30.04.2003 due to **amoebic colitis**. The duration of all the claims was less than two years only. Smt. Vijayalakshmi, who is the nominee and complainant under the policies, lodged a claim with the LIC. But the claims were repudiated by the LIC of India, citing the reason that the life assured, while submitting the proposals for insurance gave false answers to certain questions relating to his health in the proposal forms. The insurer also alleged that they held indisputable proof to show that even before he proposed for insurance, he suffered from fever, hepatitis and had fracture shaft (L) foot; availed leave on sick grounds and took treatment for the same. The life assured, however, did not disclose these material facts at the time of taking the insurance policies. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policies, the insurer repudiated the claims.

DECISION :

I have carefully perused the papers including the written submissions of the complainant placed before me and heard the arguments presented by the insurer.

- i. The life assured late Basavaraj Shettappa Mirajkar, working as sanitary worker and a resident of Hubli in Karnataka, took four life insurance policies for a total Sum Assured of Rs. 2,25,000/- during the period 07/2001 to 03/2002. He died on 30.04.2003 on account of amoebic colitis. Since the duration of the claims was less than 2 years, the insurer arranged for investigation into the bonafides of the claims.
- ii. All the above claims were repudiated by LIC on the ground that the life assured, while proposing the insurance policies, deliberately suppressed material facts relating to his health as the life assured was reported to have availed leave on medical grounds as he suffered from fever, hepatitis and fracture shaft 5th (L) foot and took treatment for the same even before he took the insurance policies.

- iii. Section 45 of the Insurance Act 1938 is applicable under the claims. Before discussing the facts of the case further, it is useful to refer to the provisions contained in Section 45 of the Insurance Act, 1938. The said section provides, inter-alia, that no policy of life insurance effected after the coming into force of this act after expiry of two years from the date on which it was effected be called in question by the insurer on the ground that a statement in the proposal for insurance or any report of a medical officer or a referee or a friend of the insured or any other document leading to the issuance of the insurance policy was on a material matter or the insured suppressed a fact which it was material to disclose and that it was fraudulently made by the insured and that the insured knew at the time of making it that the statement was false or that the insured suppressed the facts, which it was material to disclose. The said section lays down three conditions for the applicability of the second part of Section 45. (1) Statement must be on a material matter or the insured must have suppressed facts which it was material to disclose (2) The suppression must be fraudulently made by the insured (3) The insured must have known at the time of making the statement that it was false or the insured suppressed facts which it was material to disclose.
- iv. In support or repudiation action, the insurer obtained treatment particulars in the form of medical certificates submitted by the deceased life assured to his employer. According to the medical certificate dated 03.04.2001 issued by Koulpet Nursing Home, Hubli, the life assured suffered from high fever with hepatitis and took treatment during the period 21.03.2001 to 03.04.2001. As per the Certificate dated 16.07.2001 issued by Dr. Vinod M. Kallianpurkar of Hubli, the deceased life assured took treatment for Fracture Shaft Vth Metatarsal (L) Foot from 16.06.2001 to 16.07.2001. The insured also took treatment for acute bronchitis from 20.12.2001 to 25.12.2001 and for this the insurer obtained medical certificate issued by Dr. B. S. Patil of Gadag.
- v. In support of the repudiation action, the insurer also obtained and submitted copies of leave applications and certificates submitted by the life assured to his employer at the time of availing the leave. Now it is pertinent to mention here that 2nd part of Sec. 45 of the Insurance act 1938 was applicable under the claims. Therefore, the insurer had to fulfill all the three ingredients required under this section to strengthen their repudiation action. It is very strange to note that the insurer could obtain copies of leave applications and medical certificates but failed to obtain and submit details of treatments like admissions in the hospitals, medicines used, details of pathological testes in support of the various ailments/diseases referred earlier to support their repudiation action.
- vi. It may not be correct to treat the non-divulgence of the material facts referred by the insurer as fraud. Even if the life assured had disclosed these facts to LIC, they would not have totally denied issue of the policies. The life assured was also examined by authorized medical examiner of LIC who found the insured to be fit for insurance and accordingly the policies in question were issued. Further, the insurer also could not establish any nexus between the material facts suppressed and the cause of death of the life assured. If there was a nexus, the insurer should have obtained and produced independent, cogent and believable opinion from medical experts before Insurance Ombudsman to drive home its contentions.
- vii. The only contention of LIC appears to be violation of the principle of utmost good faith. Having regard to the fact that the insurer could not obtain and submit full particulars like case sheets/hospital records/discharge summary relating to

treatment for the various diseases and the fact that the undisclosed information apparently has no nexus with the cause of death and also the fact that the repudiation action of the insurer did not fulfill all the three ingredients required under Sec. 45 of the Insurance act 19438, I am left with no alternative but to agree with the contentions of the complainant.

- viii. Therefore, for reasons as mentioned above, I hold that the repudiation of the claims of the complaint under the aforesaid policies by the insurer is not legal, correct, proper and justified and therefore, direct the insurer to settle the claims under the policies.

In the result, the complaint is allowed.

**Hyderabad Ombudsman Centre
Case No. L-21.001.0406.2005-06**

Smt. A. Sunitha

Vs

Life Insurance Corporation of India

Award Dated 31.3.2006

FACTS OF THE CASE

One Shri Kilari Krishnama Naidu, S/o Shri K. Vengama Naidu, doing cultivation and business, and a resident of Chittoor District in Andhra Pradesh, took two Life Insurance Policies in 04/2002 and 04/2003 from Puttur Branch of LIC of India, under Nellore Division. The life assured died on 02.08.2003. The cause of death was reported to be electric shock. Smt. A. Sunitha, who is the nominee and complainant under the policies, lodged a claim with the LIC. The LIC repudiated her claims on 31.03.2004, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal forms. It was also stated by the LIC that they held indisputable proof to show that even before he proposed for the above policies, he suffered from heart ailment and took treatment for the same. He, however, did not disclose these facts in the proposals. Instead, he gave false answers to the relevant questions in the proposal forms. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance Policies, LIC repudiated the claims.

DECISION :

I heard the contentions of the insurer and also perused all the documents including the written submissions of both the parties.

- i. The life assured took one Endowment Assurance Policy in 04/2002 for a Sum Assured of Rs. 4,00,000/- and another Jeevan Anand Insurance Policy in 04/2003 for a Sum Assured of Rs. 5,00,000/-. The life assured was doing cultivation and business and was a resident of Chittoor District in Andhra Pradesh. He died on 02.08.2003. The cause of death was reported to be electric shock. The duration of the claims was just 1 year and 2 months and 3 months. Since they were very early claims, the insurer arranged for investigation into the bonafides of the claims.
- ii. The insurer repudiated the claims on the ground that the life assured had suppressed material facts relating to his health prior to taking the insurance policies. According to the insurer, the life assured suffered from heart-related diseases and took treatment in a hospital, prior to taking the insurance policies.
- iii. In support of their repudiation action, the insurer obtained treatment particulars from Shri Ramachandra Hospital Chennai. According to the treatment particulars obtained by the insurer in the form of discharge summary from the hospital, the

life assured was admitted there on 12.08.1999 vide Inpatient No. 188806 and took treatment upto 16.08.1999 and was discharged. The life assured was admitted there with complaints of chest pain for past 3 days. According to the discharge summary, course in the hospital was "Patient is a 50 years old not a known diabetic/hypertensive was admitted with complaints of chest pain associated with shoulder and arm pain. His ECG taken revealed Non-Q Inferior Wall Infact and Anteroseptal Ischemia. His cardiac enzymes were elevated. He was treated with anti-angina drugs and beta-blockers and discharged on 16.08.1999".

- iv. The life assured had two more policies viz. 840036171 and 840034589, which were revived by the insured on 19.02.2002. For reasons well known to the insurer, they considered both the claims. The deceased life assured under went special medical tests viz. ECG, TELE, BST, S. CHOLESTEROL in 04/2002 and the case was accepted with HE of Rs. 1.90 %. Again 04/2003, his 2nd case was accepted by the insurer with special medical tests viz. ECG, Tele, CBC, ESR, SMA-12, RUA & PGBS and the case was accepted with health extra of Rs. 2.80 %0. In other words, the life assured underwent special medical tests as prescribed by the insurer and then only was life assessed for insurance as mentioned above.
- v. The cause of death according to the complainant was electric shock. In support of the same, the complainant submitted police reports and the police authorities finally opined cause of death as unnatural-electric shock. Incidentally, there is no nexus between the cause of death and the material facts allegedly suppressed. The insurer also could not probe further and obtain treatment particulars relating to heart related problems alleged to have been suffered by the insured after taking the policies. The evidence submitted by the insurer related to 08/1999s and after expiry of about 3/4 years the life assured took the policies in question. This established the fact that the life assured was enjoying good health at the time of taking the policies. About financial aspects/capacity of the life assured, a responsible official of LIC enquired into all these facts and submitted his report-recommending acceptance of the risk under the policies.
- vi. In view of the fact that the life assured underwent special medical tests in 04/2002 and 04/2003; in view of the fact both the cases were accepted by the insurer after satisfying themselves about the findings of the special medical reports after loading premiums suitably; in view of the fact that there was no nexus between the material facts and the cause of death and in view of the fact that the insurer already considered two more claims and in view of the fact that the insurer could not obtain and submit any treatment particulars relating to heart-related problems from 08/1999 to 04/2003 and in view of the fact that responsible officials of LIC enquired about the financial capacity of the insured for insurance and recommended acceptance of the policies, I am of the opinion that the total repudiation of the claims under the present policies is not justified and is against all norms of natural justice. Though the insurer ventured to attribute death to heart attack, they could not produce even an iota of evidence to support this claim. Ends of justice would therefore be adequately met if the insurer considers the claims for sum assured under the policies. I direct the insurer accordingly to consider the claims for the sums assured.

In the result, the complaint is allowed subject to (vi) above.

Hyderabad Ombudsman Centre
Case No. L-21.001.0442.2005-06
Smt. R. Amruthmma

Vs
Life Insurance Corporation of India

Award Dated 31.3.2006

FACTS OF THE CASE

One Shri H. R. Govardhanana, S/o Rangappa alias Rangaiah, doing business and a resident of Shimoga District in Karnataka, took a Life Insurance Policy in 02/2004 from Channagere Branch of LIC of India, under Udupi Division. The life assured died shortly thereafter on 06.11.2004 on account of **Viral Meningitis and anemia**. Smt. R. Amruthamma, who is the nominee and complainant under the policy, lodged a claim with the LIC. But the LIC repudiated her claim on 30.03.2005, citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal form. It was also stated by the LIC that they held indisputable proof to show that even before he proposed for the above policy, he suffered from Cervical Lymphadenopathy of Koch's Uteology and took treatment for the same. It was also alleged by the insurer that the life assured took anti TB drugs. He, however, did not disclose these facts in the proposal. Instead, he gave false answers to the relevant questions in the proposal forms. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, LIC repudiated the claim.

DECISION :

I heard the contentions of both sides and also perused all the documents including the written submissions of both the parties.

- i. The life assured late H. R. Govardhan, doing business and a resident of Davangere District in Karnatak a District, took one Jeevan Anand Insurance Policy in 02/2004 for a Sum Assured of Rs. 1,25,000/-. He died on 06.11.2004 on account of "**Viral Meningitis with anemia**". in less than nine months of his having taken the policy. Since it was a very early claim, the insurer arranged for investigation into the bonafides of the claim.
- ii. The insurer repudiated the claim on the ground that the life assured had suppressed material facts relating to the state of his health and illness in the past and had given incorrect answers to the questions in the proposal form at the time of obtaining the policy. According to the insurer, the deceased life assured suffered from **Cervical Lymphadenopathy of Koch's Uteology** and took treatment for the same. The insurer also found that the deceased life assured took Anti TB drugs.
- iii. In support of their repudiation action, the insurer obtained treatment particulars from Dr. Suresh of Primary Health Centre, Hosur (Post), Shimoga District. According to the treatment particulars obtained from this doctor by the insurer in their claim form no. 5152, the deceased life assured first consulted the doctor/primary health centre on 25.07.2003 with complaints of chronic fever with weight loss (This was prior to taking the insurance policy). The diagnosis arrived by the doctor was "Cervical Lymphadenopathy of Koch's Uteology" and the duration of illness was reported as 6 months. According to this doctor/primary health centre, the deceased life assured was also given Anti TB drugs for his treatment. The doctor reported that the **entire history of illness was reported to him by the insured himself**. In support of their repudiation action, the insurer also obtained and submitted a medical certificate issued by Dr. Suresh, wherein

the doctor had clearly furnished the full facts of the treatment rendered to the insured since 25.07.2003, which is prior to taking the policy.

- v. It is also pertinent to mention here that the complainant herself vide her representation/letter reported that the insured took treatment for lymphadenitis but was cured. In this connection, we sought opinion from Dr. C. Madhu, Divisional Medical Referee, LIC, Hyderabad. According to this doctor, cervical lymphadenitis means enlarged lymph glands in the neck. This may be due to several causes starting from non-specific lymphadenitis, tuberculosis, etc. In this case, deceased life assured was treated for TB and given treatment of Anti tubercular drugs for 6 months and was cured". Dr. C. Madhu also opined "inadquately treated TB may cause meningitis".
- vi. It is the consistent and positive case of the LIC (insurer) that the answers given by the deceased life assured to various questions in the proposal form are not reflecting the real state of affairs and, as a matter of fact, he had suppressed the vital facts relatable to his health while submitting the proposal for insuring his life. According to the insurer, the life assured was suffering from lymphadenitis and was on treatment since 25.07.2003, as per the medical evidences secured by them. In proof of the stand, they secured and submitted the certificates issued by the doctor who treated the insured. Therefore, it goes without saying that the deceased life assured willfully and deliberately suppressed the material facts relating to his health as getting revealed by the medical records referred above. Had these material facts been disclosed in the proposals submitted by the life assured, according to the underwriting norms of LIC, the insurer would not have accepted the proposal and issued the policy in question.
- vii. Insurance has been held to be a contract of utmost good faith. The life assured is bound to disclose honestly, truthfully and correctly all the answers in the proposal form concerning the state of his health. In this case, the deceased life assured knowingly gave incorrect information on the personal health in the proposal form for insurance. This ground of incorrect information and false statements regarding health make the insurance contract null and void.
- viii. Sec. 45 of the Insurance Act 1938 was not applicable under the claim as the claim was repudiated within two years. Such being the case, there is no need at all for the insurer to prove that the suppression of material facts having a bearing upon the acceptance of the proposal is fraudulent in nature and it is sufficient for the insurer to prove that there was misstatement or incorrect statement or inaccurate statement of facts in the proposal to rescind the contract of insurance. In the case on hand, the insurance policy had run for just 2 months only.
- ix. From the records/documents and the contentions submitted by both sides, I am convinced that the insurer (LIC) rightly repudiated the claim because the said policy had been rendered void and invalid ab initio in view of the false and wrong answers given by the life assured and the policy was unenforceable. Therefore, I have to hold for the reasons as aforesaid that the repudiation of the claim by the insurer invoking the provisions of 1st part of Sec. 45 of the Insurance Act 1938 on the ground that the insured had deliberately suppressed material facts relating to his health is sustainable on law as well as on facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands. In the aforesaid circumstances, the complaint fails and is dismissed as devoid of any merit.

Hyderabad Ombudsman Centre
Case No. L-21.001.0489.2005-06
Smt. Laxamma
Vs

Life Insurance Corporation of India

Award Dated 31.3.2006

FACTS OF THE CASE

One Shri D. Ramesh, S/o Shri M. Dyavanna, working as medical representative and a resident of Bangalore in Karnataka, took a Jeevan Mitra Triple Cover Endowment Assurance Policy, as per details furnished above. The life assured died shortly thereafter i.e. on 01.01.2004. The cause of death was reported to be Pulmonary Tuberculosis. Smt. Lakshamma who is the nominee and complainant under the policy, lodged a claim with the LIC. The LIC repudiated her claim on 31.03.2004 citing the reason that the life assured, while proposing for insurance, gave false answers to certain questions in the proposal form. It was also stated by the LIC that they held indisputable proof to show that even before he proposed for the above policy, he was diagnosed to be HIV Positive and was under treatment. He, however, did not disclose these facts in the proposal. Instead, he gave false answers to the relevant questions in the proposal form. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of taking the insurance policy, LIC repudiated the claim.

DECISION :

I heard the contentions of the insurer and also perused all the documents including the written submissions of both the parties.

- i. The life assured took a Jeevan Mitra Triple Cover Endowment Assurance Policy in 08/2002 for a Sum Assured of Rs. 50,000/-. The life assured was working as medical representative and was a resident of Bangalore in Karnataka. He died on 01.01.2004. The duration of the claim from risk date was just 1 year and 6 months and hence the insurer arranged for investigation into the bonafides of the claim.
- ii. The insurer repudiated the claim on the ground that the life assured had suppressed material facts relating to his health prior to taking the insurance policy. According to the insurer, the life assured was diagnosed to be HIV+ve and took treatment for the same, prior to taking the insurance policy.
- iii. In support of their repudiation action, the insurer obtained treatment particulars from Freedom Foundation, Bangalore. According to the treatment particulars obtained by the insurer from this hospital in the form of case records, the life assured was admitted there on 18.08.2003 vide In patient No. 1314. He took treatment during the period 08/2003 to 12/2003. The insured consulted them with complaints of fever, cold, cough and loss of appetite. It was recorded in the records of the hospital that the insured needed counselling for **“HIV Counselling, Aidophobia tendencies remove, family counselling and support, stress reduction”**. Against personal history, it was mentioned as **“has had numerous contacts with commercial sex workers (CSWs); has tested HIV+; has excess emotional nag gage; excessive worrying; suicidal thoughts; aidophobia”**. According to the hospital records, against question **Approximate time duration between first contact and testing, it was recorded as “in 1992 for the first time while in degree college and again 2 years back**

tested HIV +”. The insured also took treatment in the hospital in 12/2003. The final diagnosis arrived by the authorities was **pulmonary tuberculosis with severe anemia**. As per the hospital records, the insured also underwent several pathological and medical tests. The hospital records also indicated that the insured was referred to them by SDS Tuberculosis Institute, Bangalore. The hospital records obtained by the insurer clearly established that the life assured was diagnosed for HIV+ and took treatment for the same, prior to taking the policy. Therefore, the life assured ought to have disclosed them to the insurer while executing the proposal for insurance to enable the LIC to assess the risk in right perspective. Instead, he suppressed the information by not furnishing correct information to the relevant questions in the proposal form and thereby induced the insurer for issue of the policy.

- iv. According to the underwriting norms of LIC had the life assured disclosed the above material facts at the time of taking the policy, they would not have considered the insurance immediately. The life assured would have been advised to undergo special medical tests and consideration or otherwise of the insured for insurance would be dependant on the findings of these reports.
- v. Sec. 45 of the Insurance Act 1938 was not applicable under the claim as the claim was repudiated within two years. It is very much pertinent to note that if two years have not elapsed from the date of acceptance of the insurance policy/commencement of the policy, the insurer is under no obligation to prove that the suppression of material facts having a bearing upon the acceptance of the proposal is fraudulent in nature and it is sufficient for the insurer to prove that there was misstatement or incorrect statement or inaccurate statement of facts in the proposal to rescind the contract of insurance.
- vi. As the contract of insurance being a contract of utmost good faith (uberima fide), there must be complete good faith on the part of the insured and the insured is under a solemn obligation to make full disclosure of material facts which may be relevant for the insurer to take into account while deciding whether the proposal for the insurance policy should be accepted or not.
- vii. Therefore, I have to hold for the reasons as aforesaid, the repudiation of the claim by the insurer invoking the provisions of 1st part of Sec. 45 of the Insurance Act 1938 on the ground that the insured had suppressed material facts relating to his health is sustainable on law as well as facts and the decision of the insurer was legal, correct and proper and does not warrant any interference at my hands.
- viii. In the aforesaid circumstances, the complaint fails and is dismissed as devoid of any merit.

Hyderabad Ombudsman Centre
Case No. L-21.001.0488.2005-06
Smt. Jayanthi Janardhan Gaonkar
Vs
Life Insurance Corporation of India

Award Dated 31.3.2006

FACTS OF THE CASE

One Shri Janrdhana Ramachandra Gaonkar, S/o Ramachandra Tammaya Gaonkar, doing cultivation and a resident of North Kannada District Karnataka State took a life insurance policy from Dandeli Branch of LIC, under Dharwad Division. The mode of

payment of premium was Half yearly. The policy was in a lapsed condition due to non-payment of premium due from 03/2002. Subsequently, the life assured revived the policy on 19.11.2002. But the life assured died on 14.12.2002. The cause of death was reported to be **Cirrhosis of liver-Pulmonary Koch's**. Smt. Jayanthi Janardhan Gaonkar, the complainant under the policy, lodged a claim with the LIC. But the claim was repudiated by LIC of India, citing the reason, that the life assured, while reviving his lapsed policy, gave false answers to certain questions in the declaration of good health form, submitted by him at the time of reviving his lapsed policy. It was also stated by the LIC that they held indisputable proof, to show that even before he revived his lapsed policy, he suffered from **Cirrhosis of Liver and Pulmonary Koch's** and took treatment for the same. He, however, did not disclose these facts in the declaration of good health form. Finding the life assured to be guilty of deliberate suppression of material facts relating to his health at the time of reviving his lapsed policy, the insurer repudiated the claim by setting aside the revival.

DECISION :

I heard the contentions of the insurer and also perused all the documents, including the written submissions of the complainant, placed before me.

The life assured took an Endowment Assurance policy, with risk commencing from 28.03.2000, by executing the necessary proposal for insurance on 20.03.2000 for a Sum Assured of Rs. 15,000/-. The mode of payment of premium was half-yearly. The life assured paid premiums upto 09/2001 only. Subsequent premiums under the policy from 03/2002 were not paid in time. Hence the policy lapsed. The life assured got the policy revived on 19.11.2002, by paying the entire arrears of premia with interest and also submitted declaration of Good Health Form, duly executed by him. But the life assured died on 14.12.2002. The duration of the claim from revival was just one month. Since it was very early claim, the LIC arranged for investigation of the claim.

The basis for repudiation of the claim by LIC was the Declaration of Good Health Form submitted by the deceased life assured for revival of his lapsed policy on 19.11.2002, wherein the life assured had given false answers with the intention of concealment of material facts relating to his health and getting his policy revived by non disclosure of the fact that he was suffering from Cirrhosis of Liver with Pulmonary Koch's, prior to revival of the policy.

In support of their repudiation action, they obtained the treatment particulars from General Hospital, Dandeli. According to the hospital records of this hospital, the life assured was admitted there on 02.06.2001 vide In patient No. 746 (prior to revival of the policy) and was discharged from the hospital after treatment on 10.06.2001. This admission and the treatment thereto was prior to revival of the policy in question. The final diagnosis arrived by them was "**Cirrhosis of Liver with Pulmonary Koch's**" and some medicines were prescribed with an advice to continue the treatment. In support of their repudiation action, they also obtained treatment particulars in their claim form B1. According to the hospital records, the insured was admitted there with complaints of cough, fever and pain in the abdomen since 15 days.

The above medical evidences established the fact that the life assured was not enjoying good health at the time of reviving the policy. In fact, he was on treatment for cirrhosis of liver and pulmonary Koch's before he got his policy revived on 19.11.2002, as confirmed by the medical evidence issued by the above hospital. Therefore, it goes without saying that the deceased life assured ought to have disclosed the above facts to the insurer to enable them to assess the risk in the right perspective.

The policy under dispute was revived under Non-medical Scheme, without undergoing medical examination by authorized medical examiner of LIC. Therefore, the life

assured was more responsible to furnish all the facts relating to his health truthfully and correctly to enable them to assess the risk in the right perspective.

The insurance policy in question was revived on 19.11.2002 and the life assured knew very well that he was on treatment in a hospital, prior to revival of the policy. But the life assured answered all the questions in the declaration of good health form in a clear-cut fashion as if neither he suffered from Cirrhosis of Liver and Pulmonary Koch's nor took treatment from the hospital. Thus the answers given by the life assured are not reflecting the real state of his health and as a matter of fact, he had suppressed the vital facts relatable to his health while submitting the said form. Instead, these facts were suppressed, which clearly established the fraudulent intent of the life assured.

The revival of an insurance policy considers the question of insurability of the life assured afresh and any concealment of material facts would clothe the insurer with right to treat the revival as void.

Therefore, for the reasons as aforesaid and also in the light of concrete medical evidences submitted by the insurer, I am of the view that the repudiation of the claim by the insurer has to be upheld on law as well as on facts; and hence the repudiation of the claim by the insurer does not warrant any interference at my hands. The insurer had already offered a paid up value amount of Rs. 1765.00 as ex gratia amount. From the available documents it is observed that the life assured and the complainant hailed from a rural place in Karnataka with complete rural background. The complainant contended that the lapse was on the part of the agent as he had not explained the implications of the various questions in the declaration of good health form. The sudden and unfortunate death of the life assured also rendered her impossible to earn her livelihood and that she also could not get any financial support from any quarter. Therefore, the total denial of the claim amount is not fully justified. In the present case, considering the totality of the facts and circumstances of the case as referred above, I am of the view that it is just and proper to meet the ends of justice to direct the insurer to pay a sum of Rs. 5,000/- (Rupees five thousand only) as ex gratia invoking Rule 18 of Redressal of Public Grievances Rules 1998 on humanitarian grounds.

In the result, the complaint is not allowed. But the insurer is directed to pay a sum of Rs 5,000/- (Rupees five thousand only) as ex gratia to the complainant in view of Rule 18 of the Redressal of Public Grievances Rules 1998.

Kochi Ombudsman Centre
Case No. IO/KCH/LI/21.001.117/2005-06
Smt. P. Thankamma
Vs
Life Insurance Corporation of India

Award Dated 04.10.2005

The complaint under Rule 12(1)(b) read with Rule 13 of the RPG Rules, 1998 relates to repudiation of a claim by the insurer under a life insurance policy No. 782921465 covering the complainant's daughter Ms. A. Ambili from 15.11.2003 onwards for a sum assured of Rs. 1,00,000/-. The life assured died on 28.05.2004 and the resultant claim referred by the nominee Smt. Thankamma, mother of the life assured, was rejected by the insurer on the ground that the L. A. was holding a life insurance policy with a sum assured of Rs. 50,000/- at the time of filing the proposal for the policy under question and had willfully suppressed the fact in the proposal. The insurer has contented that the suppression of the existence of the previous policy was a material fact since the maximum sum insurance for self-employed females is Rs. 1,00,000/-. It was found that

the proposal form was filled up by the agent and hence the life assured could not be held responsible for the suppression of the existence of the policy. Since Rs. 50,000/- under the previous policy has already been paid, an amount of Rs. 50,000/- was awarded under the disputed policy so that the total amount is limited to Rs. 1,00,000/-, the maximum sum insured allowed for the category.

Kochi Ombudsman Centre
Case No. IO/KCH/LI/21.001.125/2005-06
Smt. Ambily C.
Vs
Life Insurance Corporation of India

Award Dated 20.10.2005

The complaint under Rule No. 12(1)(b) read with Rule No. 13 of the RPG Rules, 1998 arose out of partial repudiation of a death claim under Pol. No. 780695199 held by the husband of the complainant-late Shri S. Murugakumar. The life assured had taken the policy in August 1992 and the policy lapsed due to non-payment of premia due from 5.8.2001. The policy was revived on the basis of a declaration of good health submitted by the life assured on 18.11.2002 whereunder his health condition was stated as good. However, on investigation, the insurer found out that the life assured was a cancer patient and he was under treatment at Amritha Institute of Medical Sciences from 7.10.2002. The life assured also had undergone an operation for petiampullary carcinoma on 21.10.2003 and he died on 11.3.2003. This information was not disclosed in the Declaration of good health submitted for revival of the policy and therefore the revival became vitiated. The insurer had, therefore, admitted the claim for paid-up value and declared the revival null and void for suppression of material facts. On a scrutiny of the records, the wilful suppression of facts being self-evident, the decision of the insurer was upheld and the complaint was dismissed.

Kochi Ombudsman Centre
Case No. IO/KCH/LI/21.001.110/2005-06
Smt. Latha Venugopal
Vs
Life Insurance Corporation of India

Award Dated 20.10.2005

The complaint under Rule No. 12(1)(b) read with Rule 13 of the RPG Rules, 1998 relates to repudiation of two death claims by the Life Insurance Corporation of India, Kottayam Division under Pol. Nos. 392941616 and 391945710 held by the husband of the complainant late Shri P. Venugopalan Nair. The life assured who was employed in the Indian Overseas Bank had taken the disputed policies in August 2003 and March 2004 stating his health condition as good. He died on 7.8.2004 due to Type II Diabetic Mellitus, Liver Cirrhosis and Hepatic Failure. On investigation into these early claims the insurer had found out that he was on medical leave from the Bank for 38 days from 5.9.2002 to 12.10.2002. Even accepting the contention that the medical leave was due to difficulties in obtaining earned leave from the Bank, the statement of the life assured that he was never on leave for more than 5 days for medical purposes at a stretch in the proposal was obviously false and as an educated man he was under obligation to disclose the same at least in the insurance proposal. The Medical Certificate produced for leave also mentioned the disease as "Hemiparesis of right side". On the whole, it was found that the medical leave records had a bearing on the proximate cause of

death and therefore it could not be disbelieved. In the circumstances, the repudiation of the claim by the insurer was found justifiable and hence the complaint was dismissed.

Kochi Ombudsman Centre
Case No. IO/KCH/LI/21.001.91/2005-06
Mrs. Mini Sam
Vs
Life Insurance Corporation of India

Award Dated 09.11.2005

The complaint under Ruel 12(1)(b) read with Rule 13 of the RPG Rules 1998 arose out of repudiation of a death claim by LIC under Pol. No. 392882738 held by the husband of the complainant : late Shri Sam Daniel. The insured had proposed for insurance on 16.3.2004 and the policy in dispute was issued with date of commencement as 19.3.2004. The insured died on 8.10.2004 and the very early claim was investigated into by LIC. On verification of the hospital records, it was found that the insured was an inpatient of the Holy Cross Hospital at Adoor in August 2002 and he had undergone an operation on 17.8.2002 for fracture of 1/3rd of left humerus and during the post-operative period he had high blood pressure and radial nerve neurapraxia. All these details were not disclosed in the disputed proposal although the insured was an educated man and had previous insurance policies. The complainant had blamed the Agent for the lapse. However, considering the circumstances of the case, the blame could not be heaped upon the agent alone as the insured was a graduate and was supposed to know the details in an insurance proposal as he had previous insurance policies. The repudiation was found proper and justifiable as per Section 45 of the Insurance Act and hence the complaint was dismissed.

Kochi Ombudsman Centre
Case No. IO/KCH/LI/21.001.144/2005-06
Shri P. Rathinam P. Rathinasamy
Vs
Life Insurance Corporation of India

Award Dated 17.11.2005

The complaint under Ruel 12(1)(b) read with Rule 13 of the RPG Rules 1998 was in connection with repudiation of a death claim by LIC under Pol. No. 391862440 on the life of one Shri. Edwin Ravichandran, who died on 27.1.03 due to renal problems. The complainant is the father of the insured. The insured had proposed for insurance on 20.3.2000 and the policy was issued on 31.3.2000. However, when the claim was investigated into, it was revealed that the insured had renal problems right from 1995 and he had undergone renal transplantation on 15.8.1995 at Medical Trust Hospital, Kochi. All these particulars were not mentioned in the proposal and the contract being vitiated for suppression of material facts, the claim was repudiated. However, the father of the complainant is a very old man living in abject poverty, that too, having the responsibility of looking after the young children left behind by the insured. Under these circumstances, out of sympathy for the pitiable plight of the complainant, the insurer was directed to refund 60 % of the premia paid under the policy as ex-gratia. The repudiation was left unfettered.

Kochi Ombudsman Centre
Case No. IO/KCH/LI/21.001.141/2005-06
Ms. Renju Juby

Vs

Life Insurance Corporation of India

Award Dated 22.11.2005

The complaint under Rule 12(1)(b) read with Rule 13 of RPG Rules 1998 is as a consequence of repudiation of a death claim by the insurer under Pol. No. 391799256 held by the husband of the complainant-late Shri Juby Thomas. The policy commenced on 28.11.2004. The insured had undergone surgery for bilateral inguinal hernia at MGM Muthoot Hospital, Kozhencherry and died due to medical complications on 10.12.2004. There was a police case also against the hospital for negligence. However, the case sheet of the hospital had shown that the insured had consulted the Doctors at the same hospital on 3.9.2004 and they had advised surgery. Although the insured was well aware of the Hernia problem ever since 3.9.2004 he had declared himself quite healthy in the proposal form which was nothing but suppression of material facts. It was also reported that the proposal form was filled up by the insured himself. The insured's father also had mentioned to the Police that the insured had hernia problems for about a year. In the circumstances, the suppression of material facts wilfully was proved beyond doubt and hence the insurer's action in repudiating the claim was found just and proper. The complaint was therefore dismissed.

Kochi Ombudsman Centre

Case No. IO/KCH/LI/21.001.145/2005-06

Ms. Philomina Johnson

Vs

Life Insurance Corporation of India

Award Dated 22.11.2005

The complaint under Rule 12(1)(b) read with Rule 13 of the RPG Rules, 1998 arises out of non-payment of a death claim under Pol. No. 774164975 held by the husband of the complainant-late Shri Johnson. The policy was commenced on 28.10.2002 and the last premium paid was quarterly - 4 /2004. The life assured died on 7.10.2004 by which time, even the grace period of one month for the quarterly premium due on 28.7.2004 was over. Since the policy had lapsed without acquiring even paid up value and it did not come under any of the relaxations, the claim was not considered by the insurer. The complainant - a domestic servant - pleaded impecunious circumstances of the family for non-payment of premia. However, as per policy conditions, nothing was payable and the insurer was right in not honouring claim. Since the complainant was in a miserable plight of adjust poverty, a sum of Rs. 1,500/- was ordered to paid as ex-gratia.

Kochi Ombudsman Centre

Case No. IO/KCH/LI/21.001.145/2005-06

Ms. Rosily Jose

Vs

Life Insurance Corporation of India

Award Dated 29.11.2005

The complaint under Rule No. 12(1)(b) read with Rule 13 of the RPG Rules, 1998 arose out of repudiation of a death claim by the insurer under Pol. No. 77416629. The complainant's husband - late Shri Jose had proposed for the disputed insurance policy on 4.2.2003. The proposal resulted into a policy with the above number on 24.2.2003. The life assured had sustained a fall from the staircase on 4.9.2004 and succumbed to

the injuries on the same day. However, as the insurance claim had arisen within a very short period, the insurer had conducted an investigation which revealed that the life assured was suffering from Liver Cirrhosis, portal hypertension etc. even from the year 1999. In fact, he was hospitalized on two occasions - once in 1999 and again in 2001. The suppression of material facts was very vivid and self-explanatory in the records and the complainant herself admitted the facts. Therefore, the decision of the insurer to repudiate the claim was fully justified and hence the complaint was dismissed.

Kochi Ombudsman Centre
Case No. IO/KCH/LI/21.001.139/2005-06
Ms. Annamma Chacko
Vs
Life Insurance Corporation of India

Award Dated 07.12.2005

The complaint under Rule 12(1)(b) read with Rule 13 of the RPG Rules, 1998 arose out of revival repudiation of a death claim under Pol. Nos. 390676104 & 390149006 by the insurer. The husband of the complainant - Late Shri Chacko had revived both the lapsed policies on 26.11.03 after submitting a declaration of good health, medical report and special reports. The reports were dated 30.10.2003, but the revival arrears were paid on 26.11.03 only. On 6. 11.2003, and 26.11.03, the life assured had medical consultation at Caritas Hospital, Kottayam. The life assured died on 6.11.2004 due to Klatskin Tumour, Hepatic cellular failure, hepatic encephalopathy and Septicemia. On 26.11.2003, the life assured was aware of his medical complications, and still did not disclose the same to the insurer. The disputed policies were in a lapsed condition since July 2002 and October 2001 respectively and the life assured had thought of reviving the policies on 26.11.2003 with back dated papers even after knowing the details of his diseases. The suppression of material facts being very clear, the insurer had repudiated the claim under both the policies, but offered the paid-up value already acquired as on the date of death of the policy holder. The decision of the insurer was found fully justifiable and the action of the insurer in repudiating the revival was upheld. However, it was ordered that the paid-up value already accrued be paid to the claimant in full and final settlement of the claim.

Kochi Ombudsman Centre
Case No. IO/KCH/LI/21.001.129/2005-06
Ms. Santhi
Vs
Life Insurance Corporation of India

Award Dated 08.12.2005

The complaint under Rule No. 12 (1) (b) read with Rule 13 of the RPG Rules, 1998 arose out of repudiation of a very early death claim under Pol. No. 782792674 by the respondent. The Complainant's husband - late Shri Vinod had taken out the disputed policy on 13.2.2004 (date of proposal 11.2.2004). He was admitted as an inpatient in the Thiruvananthapuram Medical College on 26.3.2004 with a history of giddiness, fall etc. The medical records showed that the life assured had all these problems 2 months prior to the date of admission - in other words-some time in January 2004 itself. From the Medical College, Trivandrum, he was also referred to Sree Chitra Hospital, Trivandrum on 2.4.2004, which further confirmed the medical history. It was also seen from the records that the life assured had past history of "Seizures". He was also a smoker and used to consume alcohol occasionally. None of these facts were mentioned

in the proposal for insurance. The life assured had another policy the claim under which was already settled. For the disputed policy, he had paid only the initial premium. In the aforesaid circumstances, the insurer had repudiated the claim for justifiable reasons and no intervention at the hands of this Forum was called for. The complaint was therefore dismissed.

Kochi Ombudsman Centre
Case No. IO/KCH/LI/21.001.189/2005-06
Shri P. V. Suresh
Vs
Life Insurance Corporation of India

Award Dated 27.12.2005

The complaint under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998 arose out of repudiation of a death claim by the insurer under Policy No. 773896707 held by the wife of the complainant. The policy had commenced in March 2002 and the life assured died on 9.9.04. On investigation, the insurer had found out that the life assured was an inpatient of Jubilee Nursing Home Trichur in the year 1999 for Rheumatoid Arthritis. The proximate cause of death was "Carcinoma Cervix". However, the earlier episode of treatment in the year 1999 was not mentioned in the proposal form and hence the claim was repudiated. The complainant admitted before this Forum that the life assured was hospitalized in 1999 for Rheumatic complaints while pleading that they had not taken the ailments seriously at the time of writing the proposal and hence it was not mentioned. The insurer had proved the case of suppression of material facts and hence the repudiation of the claim under Section 45 of the Insurance Act was upheld. However, the fraudulent intention as such was of a doubtful nature in the circumstances of the case. The party had also paid 10 quarterly premia and the policy had run for nearly 3 years. In these circumstances, a small ex-gratia of Rs. 5,000/- under Rule No. 18 of the RPG Rules 1998 was allowed to the complainant and the case was disposed of.

Kochi Ombudsman Centre
Case No. IO/KCH/LI/21.001.201/2005-06
Shri M. N. Pradeesh
Vs
Life Insurance Corporation of India

Award Dated 12.01.2006

The complaint under Rule No. 12(1)(b) read with Rule 13 of the RPG Rules, 1998 arose out of repudiation of a death claim by the respondent under Pol. No. 773919989 held by the father of the complainant. The life assured had taken the disputed policy on 15.5.2002 by a proposal dated 9.5.2002 wherein all health related questions were answered in the negative and to the advantage of the life assured. The life assured committed suicide on 14.7.2004 by taking some "acid". The early claim was investigated by the insurer and it was found that the life assured was a heart patient with history of unstable angina right from July, 1999. He was also an inpatient of MOSC Medical College, Kolenchery from 20.7.99 to 17.12.99. These facts were concealed in the proposal form and therefore the insurer had repudiated the claim under Section 45 of the Insurance Act. On verification of the records, suppression of facts material to the assessment of risk by the insurer was proved beyond reasonable doubts and hence the repudiation of the claim was found justifiable. In the circumstances, the complaint was dismissed.

Kochi Ombudsman Centre
Case No. IO/KCH/LI/21.001.214/2005-06
Smt. C. M. Bindu
Vs
Life Insurance Corporation of India

Award Dated 17.01.2006

The complaint under Rule No. 12(1)(b) read with Rule 13 of the RPG Rules, 1998 relates to repudiation of a death claim by the insurer under Pol. No. 773457737 held by the husband of the complainant. The life assured, who had taken the policy in July 2002, had got it revived under the special revival scheme on 22.4.2003 based on a declaration of good health dtd. 25.11.2002. The life assured died on 13.12.2004 due to Squamous Cell Carcinoma of penis. He was admitted in the Lisie Hospital for surgical treatment on 8.4.2003 and discharged on 14.4.2003. The fact was that on the date of revival, he did not reveal his ailments. The claim was repudiated by the insurer for suppression of material facts. The action of repudiation by the insurer was justifiable in the circumstances. However, the insurer was unable to prove that there was any willful fraud committed by the life assured, except that on the actual date of revival, it was obligatory on his part to inform the insurer of the ailments he was suffering from. The life assured was just 40 years old with a child of about 8 years. Considering the totality of circumstances, while upholding the repudiation of the claim, the insurer was directed to pay an amount of Rs. 14,000/- as ex-gratia to the complainant.

Kochi Ombudsman Centre
Case No. IO/KCH/LI/21.001.235/2005-06
Smt. Rajeswari Ballal
Vs
Life Insurance Corporation of India

Award Dated 02.02.2006

The complaint under Rule 12(1)(b) read with Rule 13 of the RPG Rules, 1998 was in relation to the repudiation of a claim for Rs. 10 lakhs in respect of Shri Jagdish Ballal, husband of the complainant. He died on 8.7.2004 in a road accident. The complainant's claim was rejected assigning the reason that the policy issued in this case was an unconcluded contract as on the date of death of Shri Jagdish Ballal. Though the related proposal and supporting medical report were received at LIC's Kasaragod Branch on 6.7.2004, since the competent authority to accept the said proposal being the Kozhikode Divisional Office of LIC, the papers were sent to and were received by Kozhikode DO on 10.7.04. The acceptance of the proposal was complete only on 17.7.04 and eventually policy was issued by the concerned branch. After studying the various aspects of this case, the Hon'ble Insurance Ombudsman has concluded that the complainant is not entitled to any benefit there under since the claim is inadmissible as an unconcluded contract. After considering the personal circumstances of the young widow, with a five year child to look after, this Forum directed the insurer to pay an ex-gratia of Rs. 50,000/- under Rule No. 18 of the RPG Rules 1998.

Kochi Ombudsman Centre
Case No. IO/KCH/LI/21.001.324/2005-06
Shri Thankappan Pillai
Vs
Life Insurance Corporation of India

Award Dated 30.03.2006

The complaint under Rule 12(1)(b) read with Rule 13 of the RPG Rules, 1998 relates to repudiation of a death claim by the respondent under Pol. No. 782402882 held by the wife of the complainant. The policy commenced on 14.12.2002 and the life assured committed suicide even as the policy had run for a little over 2 years. The Insurer had repudiated the claim on the ground that the life assured had a host of health problems right from 1987 and there were records of medical treatment at Holy Cross Hospital, Kottayam. She was also diagnosed to be a diabetic from 2000. All these facts were suppressed in the insurance proposal. The complainant blamed the insurance agent for the lapses in furnishing correct information in the proposal, which, in toto, could not be believed. In any case, suppression of material facts regarding health was evident in the case. The party had also misquoted her age as 50 while she was already 58. In these, circumstances, the repudiation was upheld. However, since the cause of death was suicide and it had nothing to do with the diseases suppressed, a lenient view was taken and the insurer was asked to refund the premia collected under the policy except the first year's premia as ex-gratia. The complaint was thus disposed of on merits.

Kolkata Ombudsman Centre
Case No. 406/21/001/L/09/2005-2006
Smt. Satya Swarnakar
Vs
Life Insurance Corporation of India

Award Dated 28.12.2005

Facts & Submissions :

The complaint is regarding repudiation of death claim arising out of death of Shri Bhola Swarnakar.

Smt. Satya Swarnakar stated that her son gave his premium to a person for depositing the money to LIC, Purulia before the date of death. After giving the same, he went to Jamshedpur for his business purpose and died in a road accident. She further stated that the accident took place on the Ranchi-Tata highway and the news came in the evening, whereas the premium was paid during office hour in Purulia Branch, which is 32 kms. away from the accident site, without knowing anything about the accident. She, therefore, contended that the policy was not in lapsed condition and approached us for a relief of Rs. 40,000/- with accidental benefit.

LICI stated that the accident took place on Tata-Ranchi highway on 09.02.04 at 8.30 A.M. as per death enquiry report by District Crime Branch, Ranchi. The policyholder paid the risk premium due 08/2003 on 31.08.2003 and the premium due 11/2003 was paid on 09.02.04 at 15.02 hrs. i.e., after the occurrence of death on 09.02.2004, as the death took place at 8.30 AM in the morning. LICI, therefore, contended that it was not a case of repudiation as the policy was in lapsed condition at the time of death and Asansol DO intimated the same to the claimant vide their letter dated 02.08.2005.

Decision : We find that the deceased life assured (DLA) died of a road accident on Tata-Ranchi high way on 09.02.2004 at 8.30 A.M. as per death enquiry report by District Crime Branch, Ranchi. DLA paid the risk premium due 08/2003 on 31.08.2003 and the next quarterly premium was due in 11/2003. Premium due 11/2003 was paid on 09.02.2004 at 15.02 hRs. i.e., after the occurrence of death on 09.02.2004 at 8.30 AM. The policy, therefore, was in lapsed condition without acquiring any paid-up value. We, therefore, hold that LICI have rightly rejected the death claim and we do not interfere with the decision of LICI.

Kolkata Ombudsman Centre

Case No. 487/21/001/L/10/2005-2006
Shri Krishna Murari
Vs
Life Insurance Corporation of India

Award Dated 25.01.2006

Facts & Submissions :

The complaint is regarding repudiation of death claim arising out of death of Shri Ram Khelawan Prasad.

Shri Krishna Murari stated that the above two policies were purchased from Bihar Sharif Branch for sum assured of Rs. 1 lakh each. Policy No. 511631959 continued for nearly 4 years and policy no. 511844062 continued for nearly 3 years till the death of his father. His father was a Government servant in Health Department, Government of Bihar and expired on 03.09.2003. the date of birth as recorded in his service book was 07.02.1939. His father had earlier taken one more policy no. 511625381 for Rs. 50,000/- and the claim was settled in October 2003. But Patna Divisional Office repudiated the death claim under the other two policies on the ground that the life assured did not mention the previous policy particulars while taking the last two policies and the date of birth was mentioned as 27.12.1941. There was difference of age of the life assured by nearly two years. He represented to Zonal Manager, Eastern Zonal Office stating that his father was a Government servant and he had no scope to suppress his date of birth. He had correctly mentioned his date of birth in his previous policy no.511625381 as 07.02.1939. In the succeeding policies also he had given the same date of birth but due to clerical mistake of the agent, the incorrect date of birth was recorded. The agent told him that he had to fill in several proposals at a time on the basis of rough records noted by him and in such a situation the said mistake took place. He contended that the two policies could have been granted to his father even if he would have been two years older. So, there was no question of suppression of age. He further stated that under section 45 of Insurance Act 1938, LIC is prohibited from repudiating the claim of policies which had run for at least two years on the ground of inaccuracy or falsehood of such statement unless the suppressed material was made fraudulently by the policy holder. He has sought a relief of Rs. 2 lakhs plus accrued bonus plus penal interest as per 'P' form.

LICI stated that the life assured Shri Ram Khelawan Prasad died due to chest pain and claimant submitted the claim papers. Bihar Sharif Branch pointed out about the age of the life assured. Patna Divisional Office, called for the papers for proof of age and on verification of paper and as per Claims Department letter dated 29.03.2004, the death claim was repudiated stating that the life assured had another policy bearing number 511625381 w.e.f. 28.06.99 which he did not mention in Q.no.9 in both the proposals of the aforesaid policies. Further, in the proposal against policy no.511625381 he had mentioned the date of birth as 07.02.1939, whereas in the proposal against policy nos. 511631959 & 511844062 date of birth was mentioned as 27.12.1941. LIC further stated that because of age difference, the age nearer birthday at the time of proposing the two policies would have been 62 years and the sum under consideration (SUC) would have been Rs. 2.5 lakhs. Therefore, the minimum underwriting requirements would have been "ECG, Tele, BST, CBC, ESR, S.Cholesterol". But because of age suppression, decision had been taken at Zonal Underwriting Section (ZUS) with only "ECG" and thus the wrong statement had led to wrong underwriting decision. LIC, therefore, repudiated the claim on the ground of non-disclosure of previous particulars and understatement of age.

Decision : We find that the deceased life assured (DLA) was a Government servant in Health Department, Govt. of Bihar and his date of birth, as per his Service Book was 07.02.1939. Whereas in the proposal forms under policy no.511631959 & 511844062, the DLA mentioned the date of birth as 27.12.1941. Had the DLA mentioned his correct age at the time of submitting the subsequent two proposals, the minimum underwriting requirements would have been "ECG, Tele, BST, CBC, ESR, S.Cholestrol", since the SUC was Rs. 2.5 lakhs and the actual age was 62 years. But because of age suppression, decision had been taken at Zonal Underwriting Section (ZUS) with only "ECG" and therefore, the wrong statement had led to wrong underwriting decision. We, therefore, hold that LICl was justified in repudiating the claim and accordingly, we uphold the same.

Kolkata Ombudsman Centre
Case No. 618/24/001/L/12/2005-2006
Smt. Rina Datta
Vs
Life Insurance Corporation of India

Award Dated 20.03.2006

Facts & Submissions:

The complaint is regarding repudiation of death claim arising out of death of Shri Abihijit Datta.

Smt. Rina Datta stated that after the death of her husband, she preferred claim under four policies on the life of her husband, but she did not receive the claim under the aforesaid policy. LICl, KSDO repudiated the claim on the ground that the deceased life assured (DLA) had withheld material information regarding the previous insurance at the time of effecting the assurance with them. She made a representation to the Zonal Manager on 21.08.04 followed by a reminder on 29.07.05 by registered post, but she did not receive any reply. She stated that the proposal form was filled in by the agent Shri Govinda Chandra Ghosh to whom all the previous policies were handed over by the husband, but the agent did not furnish the requisite information in column 9 of the proposal. The proof of submission of all previous policies was evident from the fact that in the entry made against column (nature of age proof submitted) in the xerox copy of the proposal form forwarded to her with the Sr. Divisional Manager's letter, previous policy no. 420229373 was shown by the agent. Her husband requested the agent to supply xerox copy of the proposal form under policy no. 423673359 dated 15.11.2003 before submission to LICl, but the agent did not care to comply with his request. Had the agent furnished xerox copy of the proposal form after being filled in by him, her late husband would have pointed out the same to LICl. She, therefore, contended that there was a gross lapse on the part of the agent for which a widow should not be penalized. She has now approached us for early settlement of death claim.

LICl stated that the DLA was a businessman (Building contractor) by occupation. He took the above mentioned policy with date of commencement 15.11.2003. After running the policy for 15 days (from the date of acceptance of proposal), he died on 12.12.2003 due to acute Cardio Respiratory Failure in a case of massive Myocardial Infarction. The recorded nominee preferred her claim by submitting some evidence of death as well as other requirements as asked for. On scrutiny, LICl came to know that the DLA had withheld material information regarding previous insurance at the time of effecting the

assurance. In the proposal for above assurance dated 15.11.2003, the DLA had answered the following question as under.

“Questions	Answers
Please give details of your previous insurance(including policies surrendered/lapsed during last 3 yrs)”	Did not disclose

Whereas the DLA had effected another policy on his own life bearing no.415668139 with date of commencement as 28.12.2002 for sum assured of Rs. 5,00,000/- from City Branch No.2. He did not disclose the information in his proposal for the said policy. Had he disclosed this fact in his proposal, the requirements of underwriting would have changed and the decision of acceptance of proposal would have been otherwise. LIC, therefore, repudiated the claim and conveyed the same to the complainant vide their letter dated 26.07.04.

Decision : We find that the DLA had not disclosed the previous policy particulars in the proposal for assurance under the above policy. The complainant contended in her letter dated 02.12.05 that under the column “Nature of Age proof submitted”, the agent referred policy no. “420229373”, which did not prove beyond doubt that the DLA had submitted all the previous particulars to the agent. Since the DLA had signed the proposal form, legally he cannot disown the responsibility of non-disclosure of previous policy particulars by the agent. Non-disclosure of policy no.415668139 for sum assured of Rs. 5,00,000/- affected the underwriting decision, since the requirements of underwriting would have changed and the decision of acceptance of proposal would have been otherwise. We, therefore, hold that LIC have rightly repudiated the claim accordingly, we uphold the same.

It may not be out of place to mention that the agent, who is a first line underwriter, acted in a most casual manner. He did not fill up the previous insurance particulars column and left it blank in spite of having the same with him, although he referred to the previous policy particulars against the column “Nature of age proof submitted”. The underwriter should also have been more careful in scrutinizing the particulars before issuing the policy. We, therefore, direct LIC to review the role of the agent in this particular case and if found guilty, take necessary action. The underwriter should also be cautioned to be more careful in future.

Kolkata Ombudsman Centre
Case No. 317/21/001/L/08/2005-2006
Smt. Sushama Maity
Vs
Life Insurance Corporation of India

Award Dated 31.03.2006

Facts & Submissions:

The complaint is regarding non-receipt of death claim arising out of death of Shri Sanjay Maity.

Smt. Sushama Maity stated that her son Shri Sanjay Maity, who was a rickshaw puller, died of electrocution on 09.06.03. Her son had taken two policies no. 413068151 & 412928575 with date of commencement 28.08.2000 & 28.07.1999 and for sum assured of Rs. 25,000/- and Rs. 11,500/- respectively from Diamond Harbour Branch. Being the nominee under the policies, Smt. Maity filed her claim with the insurance company

along with necessary documents. Further requirements of insurance company were also compiled with, but despite regular follow up and reminders the insurance company did not settle the claim. Being aggrieved she has approached this forum for relief of Rs. 25,000/- and Rs. 11,500/- plus bonus and other benefits.

LICI stated that the deceased life assured (DLA) Shri Sanjay Maity died due to electrocution on 09.06.03. The claimant submitted PMR, FIR of police along with intimation of death. In all these documents age was mentioned as 19 yrs, but on scrutiny of the records at Divisional Office the claimant was asked to produce standard age proof. The claimant submitted the original transfer certificates, which revealed the actual date of birth of DLA as 20.04.1984. The insurer pointed out that the DLA stated two different DOB and in both the policies there was gross misstatement of age by 2 years. The actual age at entry in both the policies were 16 yrs. 4 months and 15 yrs. 3 months respectively. The DLA, therefore, was actually a minor as on the date of the proposal. As per Indian Contract Act, a minor cannot enter into a valid contract. Since the DLA was a minor as per the age proof, the contract was void ab-initio. LICI, therefore, repudiated both the claims on 30.03.2005 based on the above evidence. The same was communicated to the claimant. The insurance company, however, agreed to refund the premium paid and they requested the claimant to contact Diamond Harbour Branch for necessary payment.

Decision : There is no dispute here that the DLA Shri Sanjay Maity was a minor at the time he signed the contract with the insurer. The DOB given in the proposal form was found to be incorrect in view of the certificate obtained from the school. In view of the matter that the contract was ab-initio void, the insurer was justified in repudiating the death claim.

But the question that remains for consideration is whether only the claimant should be penalized for giving wrong particulars regarding DOB at the time of submitting the proposal. We find that in this case the insurer accepted the proposal on the strength of age declared in form no.4104B signed by DLA and attested by the agent Shri Mahadev Mandal. Shri Mandal was appointed as agent on 15.02.02 and he became BM's Club Member on 01.09.2004. As per rule of the Corporation, he was not entitled to sign and submit form no.4104B. He could do so only in association with Development Officer under whose organization he was working as an agent of the corporation. Further, there were some irregularities in the form under the heading "Any other particulars in the document to identify person", it was written there as No.31, which meant that the certificate no. issued on 04.03.90 by the School Authority, PO Kulpi, Dist. 24-Parganas(S). But in the same form particulars regarding school, address, sl.no., date of issue of certificate, etc. were not given. In spite of these irregularities the underwriter accepted the proposal without raising any question as to the validity of the form signed by the agent without xerox copy of the certificate in question not enclosed with form no.4104B. There was, therefore, serious lapse on the part of the underwriter. While the insurer once accepted the proposal in good faith, they could not go back and treat the contract as void on the ground that the age was not correctly stated.

We also observe from the submission made during the hearing that both the party i.e., agent and the complainant were aware of the facts and the agent knowing fully well submitted fake documents only for his material gain for securing business. The agent was aware that the nominee, an illiterate lady, could never be a proposer on the life of her son since she was not having any income of her own. Probably, she had taken recourse to fraudulent means to get the proposal accepted showing her son as major and advised the agent accordingly to procure the age proof for acceptance of the

proposal by the insurer. The agent instead of guiding the complainant properly was more interested in getting commission for securing the policy.

The insurer submitted that they had a doubt about the age on receipt of PMR. They sought to collect genuine age proof from the school authority. They could have done the same thing at the proposal stage on receipt of form no.4104B to avoid the future complications in view of many irregularities and missing entries in the underwriting proposal.

In view of the above, we hold both the complainant as well as the underwriter responsible for having accepted a proposal which was found to be void ab-initio in view of the incorrect DOB of the DLA.

We, therefore, hold that the claimant should not be totally deprived of the death claim due to her in this case. Since the fault lies also with the insurer, we award that 50% of the death claim should be paid to the claimant as ex-gratia. We find that the sum assured under the two policies is Rs. 25,000/- and Rs. 11,500/- respectively. Therefore, Rs. 18,250/- being 50% of the sum assured, is payable to the complainant. We understand that the insurance company have already refunded the premium paid by the complainant by sending DV, which of course have not been accepted by the complainant. We, accordingly, direct that the above 50% of the sum assured of Rs. 18,250/- should be inclusive of the amount of premium as mentioned in the DV.

The insurance company will pay the claim amount within fifteen days from the date of receipt of consent letter from the complainant.

Before we part with the complaint, we express our displeasure at the way the agent conducted himself in securing the policy. Instead of guiding the complainant in right direction, he procured business with wrong declaration of age. The insurer should take administrative action against such agent.

Kolkata Ombudsman Centre
Case No. 581/21/001/L/11/2005-2006
Smt. Reema Karmarkar
Vs
Life Insurance Corporation of India

Award Dated 27.03.2006

Facts & Submissions:

The complaint is regarding repudiation of death claim arising out of death of Shri Badal Karmarkar.

Smt. Rina Karmarkar stated that her husband had taken a policy on 28.01.2002. He expired on 31.03.2003 but LIC repudiated the claim on the ground of suppression of material facts. She stated that the proposal was accepted by LIC undergoing medical test by their empanelled doctors as per rules. At that time her husband's health condition was quite good. During the long period of 13 months from 11.08.01 to 12.09.02, he did not take any medicine. During that period he was neither hospitalized nor took any leave for his own treatment. Being aggrieved, he has approached this forum and sought a relief of Rs. 5,00,000/- as per 'P' form.

LIC stated that the deceased life assured (DLA) took the aforesaid policy on 28.01.2002. He was employed under M.E. Directorate, Govt. of West Bengal as Draftsman. He expired on 31.03.2003 due to colon cancer (Adeno Carcinoma) at Ekbalpur Nursing Home, Kolkata. The complainant preferred the claim and submitted some evidences as submitted by the complainant as well as information received by

them through enquiry, LICl came to know that the DLA had withheld material information regarding his health at the time of effecting the above assurance. The DLA had been suffering from iron deficiency, anemia, hypochromia, mild-to-moderate diffuse splenomagaly, erythroid hypoplasia, etc. for which he was treated at Ruby General Hospital, Kolkata during the period from March 2001 till his death. However, he did not disclose these facts in the proposal dated 22.01.2002 and instead gave false answers. Had he disclosed these facts in the proposal, LICl might not have accepted his proposal. Health card dated 23.03.01, 26.03.01, 09.04.01 and 10.04.01 of Ruby General Hospital, Kolkata showed that the DLA had suffered from anemia and spleen trouble since March 2001 for which he was under medical treatment by them and diagnosed as iron-deficiency, mild-to-moderate diffuse splenomegaly, hypochromia, hypoplasia, etc. after obtaining from pathological/radiological reports. Ultra sonography report dated 27.03.01 by Narendra Seva Trust, Gariahat, Kolkata showed that spleen was mild-to-moderate diffuse splenomegaly. Report of bone marrow examination dated 06.04.01 by Clinical Haematology Service, Kolkata showed that bone marrow revealed erythroid hypoplasia, dyserythropoiesis, micronormblast and iron deficiency. Blood Report dated 24.03.01 by Narendra Seva Trust, Gariahat, Kolkata showed RBC-Hypochromia, Aniso-paikilocytes, target cells and microcytes. Health card dated 10.08.01 by Ruby General Hospital showed that the DLA was advised for intermittent blood trasfusion. LICl, therefore, repudiated the claim and communicated the same to the complainant on 18.09.04.

Decision : We find from the Health Card dated 23.03.01, 26.03.01, 09.04.01 and 10.04.01 of Ruby General Hospital, Kolkata, USG Report dated 27.03.01 of Narendra Seva Trust, Gariahat, Kolkata, Report of bone marrow examination dated 06.04.01 of Clinical Haematology Service, Kolkata, Blood Report dated 24.03.01 of Narendra Seva Trust and Health Card dated 10.08.01 by Ruby General Hospital advising intermittent blood transfusion that the DLA was suffering from various ailments since March 2001 and was under continuous medical treatment. Whereas in the proposal for assurance dated 22.01.02, DLA had answered the following questions as under :

Questions	Answers
11(a) <i>During the last five years did you consult a Medical Practitioner for any ailment requiring treatment for more Than a week?</i>	No
11(d) <i>Are you suffering from or have you ever suffered from ailment pertaining to Liver, Stomach, Heart, Lungs, Kidney, Brain or Nervous System?</i>	No
11(e) <i>Are you suffering from or have you ever suffered from Diabetes, Tuberculosis, High Blood Pressure, Low Blood Pressure, Cancer, Epilepsy, Hernia, Hydrocele, Leprosy or any other Disease?</i>	No
11(f) <i>What has been your usual state of health?</i>	Good"

We are satisfied that there was suppression of material facts and LICl was justified in repudiating the claim. Accordingly, we uphold the same.

Kolkata Ombudsman Centre
Case No. 375/24/001/L/08/2005-2006
Shri Shiba Bhuiya
Vs

Life Insurance Corporation of India

Award Dated 29.03.2006

Facts & Submissions:

The complaint is regarding non-receipt of death claim arising out of death of Shri Ashoke Bhuiya.

Shri Shiba Bhuiya filed a death claim under policy no.460912669 on the death of his father Shri Ashoke Bhuiya on 24.01.05. He filed this claim as Smt. Sukri Bhuiya, his mother and nominee under the policy, had also expired on 21.04.1999. As the title became open, he was asked by LIC to obtain Succession Certificate from the competent magistrate. He, accordingly, filed an application for such certificate before the District Court at Asansol on 18.05.05. But he was informed by his advocate Shri Sanjib Kumar Chattopadhyay that a sum of Rs. 16,000/- was required for stamp duty for the purpose of obtaining Succession certificate. He approached LIC for waiver of the condition regarding succession certificate as he was unable to incur an expenditure of Rs. 16,000/-. Permission was given by Manager (Claims), Asansol Divisional office for waiver of legal evidence of title but the same was not accepted by Ushagram Branch Office. Since there was no response to his request for waiver of succession certificate in this case, he has approached this forum for relief and for immediate payment of death claim.

LIC Asansol DO stated that in this case date of death was 16.02.1999 and intimation was received by the Branch Office on 24.01.2005. It was also intimated that the nominee under the policy had expired on 21.04.1999. It was a time barred case and the title was open. But instead of forwarding the docket to Manager (Claims) for admission of claim on ex-gratia basis, Branch wrongly quoted that an amount of Rs. 78,017/- was payable and for which succession certificate was required. The claimant expressed his inability to submit succession certificate vide his letter dated 20.05.05 and requested for waiver of legal evidence of title. The branch sent the dockets to the Divisional authority and the claim was admitted for basic sum assured on ex-gratia basis by the competent authority favouring legal heirs on 28.02.06 and necessary dockets were returned to Branch Office. LIC, Asansol Divisional Office were yet to receive the payment particulars of the same. On enquiry from Branch Office, it was stated that they had asked for succession certificate from the claimant.

We also received a letter dated 19.09.05 from Manager (CR), Asansol Divisional Office pointing out that Ushagram Branch had issued a letter dated 27.07.05 addressed to Shiba Bhuiya that they were unable to consider his prayer dated 20.05.05. As per Ushagram Branch letter dated 09.08.05, they were required to enquire in details the financial position and relationship of Shiba Bhuiya to the DLA.

Decision : We find from record that the DLA had the following 3 policies :

	Policy Number	Branch code	Succession amount
1.	460366688	472	43,500/-
2.	460912669	46E	78,017/-
3.	460294727	46A	37,968/-

The following were the claimants:

- i) Shri Shiba Bhuiya, Son of DLA
- ii) Ms. Chameli Bhuiya, Daughter of DLA
- iii) Ms. Champa Bhuiya, Daughter of DLA

iv) Ms. Mina Kumar, Daughter of DLA

As the title became open consequent upon the death of the nominee Smt. Sukri Bhuiya, wife of the DLA, LICl insisted on succession certificate for settling the claim. Shri Sanjib Kumar Chattopadhyay, Advocate filed an application on behalf of the claimants u/s 372 of Indian Succession Act before the Ld. District Delegate Court, Asansol, which was admitted and registered as Succession Certificate Case No. 128/2005. The claimants were asked to pay Rs. 16000/- for the stamp duty for the purpose of grant of Succession Certificate and make the payment on any alternate basis.

Subsequent to the complaint being admitted by this office, enquiries were made about the status of the other two policies and we are informed that claims had been settled under the policies on the strength of indemnity bond by Raniganj Branch Office in respect of policy no. 460294727 and by Durgapur Branch Office in respect of policy no. 460366688. This information was collected through telephone conversation on 27.03.06 from Shri S.N.Mondal, Branch Manager, Raniganj Branch and from Shri A.K.Sadhukhan, AO, Durgapur BO. Net payment of Rs. 36077/- was paid on 26.08.05 by Raniganj Branch and Rs. 31,115.90 was paid on 31.10.05 by Durgapur Branch.

The facts and circumstances of the case in so far as the claim in respect of policy no. 460912669 is concerned, are the same as in the case of other two policies. If claims could be settled under the other 2 policies on the basis of indemnity bond, why such settlement cannot be made on the strength of indemnity bond in respect of policy no. 460912669.

We find from the correspondence that the Branch Manager, Ushagram Branch insisted on production of succession certificate even though relaxation for the same was suggested by Manager (Claims), Asansol Divisional Office, Raniganj and Durgapur Branch Offices did not follow LICl Ushagram Branch in insisting on succession certificate for settlement of the claim.

In view of the above, we direct LICl, Ushagram Branch Office to waive the requirement of succession certificate in this case and to settle the claim on the strength of indemnity bond duly notarized in the prescribed proforma of the insurer. LICl will make the payment within fifteen days from the date of receipt of consent letter from the complainant.

Kolkata Ombudsman Centre
Case No. 638/21/001/L/12/2005-2006
Smt. Shilpa Srivastava
Vs
Life Insurance Corporation of India

Award Dated 30.03.2006

Facts & Submissions:

The complaint is regarding repudiation of death claim on the ground that the deceased life assured (DLA) committed suicide within one year of commencement of the policy.

Smt. Shilpa Srivastava stated that there was no definite opinion regarding the nature of death in the Post Mortem Report (PMR) of her deceased husband. She has requested for the benefit of doubt regarding nature of death and early settlement of death claim.

LICl, KSDO stated that there was no doubt that the DLA died of a suicidal hanging and no claim was payable to the nominee. *"The life assured took the above mentioned policy from our Salt lake Branch Office. The life assured expired on 01.10.2002. Death*

occurred within 9 months from the date of risk. The nominee, the wife of deceased life assured preferred the claim. We received claim forms, PMR, Death Certificate and some allied papers from the claimant.

Doctor opined cause of death due to asphyxia following hanging which is antemortem in nature and probably a suicidal hanging.

Claim Form "A" : Immediate cause of death mentioned as Asphyxial Death.

Claim Form "C": Cause of Death Asphyxia.

Claim Form B and B1 submitted blank.

After processing the claim we called for Final Police Investigation Report from the claimant on 23.08.2004, 19.10.2004 and again on 14.07.2005. Acknowledging the receipt of our letter dated 14.07.2005, claimant Smt. Shilpa Srivastava wrote to us on 08.08.2005.

In her letter she stated , "the PM report narrates that late R.K.Srivastava died of suicidal hanging (Asphyxial death). In this situation formal preliminary enquiry was conducted & being suicidal, case was closed. My father visited & met to concerned police officer who intimated above.

From the above statement of claimant it is clear that she is convinced about the cause of death as suicidal hanging.

On the strength of her statement, Claim forms "A", "C" and from the observation of PMR it is evidently established that death was due to suicidal hanging.

As per policy condition as death occurred within one year from risk date of the policy, suicide clause is applicable. Accordingly, competent authority took the decision : "The claim is denied".

Thus LIC has justified the grounds of denial of claim under the policy as explained in foregoing paragraphs. Therefore, the contention of complainant made in her complaint letter dated 15.10.2005 is not justified."

Decision: Policy No. 422768909 was purchased by the DLA in the month of December'01 for sum assured of Rs. 2 lakhs with mode of payment "yearly" and premium Rs. 7473/-. The duration of the policy was only 9 months when he died and it was observed from the PMR that the policyholder committed suicide on 01.10.02. The PMR, inter alia, stated that the cause of death was due to Asphyxial hanging, which was ante mortem in nature and probably a suicidal hanging. In claim form "A" also, the claimant stated that the immediate cause of death was Asphyxial death. As such death took place within one year from the date of commencement of the policy, suicide clause will be operative and nothing is payable to the claimant towards death claim under the policy. We, accordingly, uphold the decision of the insurance company.

**Lucknow Ombudsman Centre
Case No. LKO / 75 / 001 / 05 - 06**

Shri Keshav Ram

Vs

Life Insurance Corporation of India

Award Dated 06.10.2005

Smt. Kalawati and Shri Keshav Ram took a Joint Life Policy on their life for basic sum assured Rs. 50,000/- in Sept. 2001. The policy lapsed since Nov. 2003 due to non-payment of premiums. The same was revived on the basis of DGH and SMR on 20.05.2004. After 5 months, the female life assured Smt. Kalawati died on 06.08.2004. The male life assured under joint life policy lodged the claim with LIC but his claim was

repudiated by LIC citing the reason that the female life assured while reviving the policy had given false reply to certain question of DGH form and suppressed material information relating to her health in the personal statement regarding declaration of good health submitted at the time revival of above policy.

The insurer repudiated the claim on the ground that they held indisputable proof to show that even before the revival of policy the female life assured was suffering from Rheumatic Handicap for which she had undergone Pathological tests in AIIMS from 15.11.2002 to 03.12.2002 and taken OPD treatment on 09.12.2002 from AIIMS New Delhi. This material information was not disclosed by female life assured in Personal statement regarding good health at the time of reviving their policy She had therefore deliberately withheld material information regarding her health. In support of their decision LIC submitted the copy of OPD prescription and pathological report from AIIMS (15.11.02 to 03.12.02). Further Insurer submitted a copy of application of complainant for Festival Advance addressed to his employer for sanction of maximum festival advance so as to incur expenditure on treatment of his wife. The complainant however denied that his wife was suffering from any ailment and he had applied for festival advance for the treatment of his wife but he had not contradicted the prescription of AIIMS, New Delhi nor has questioned their genuineness. He also did not produce any evidence in support of his contentions.

Held in view of this there was no reason to disbelieve that Smt. Kalawati, the female life assured was suffering from health problem and had considered revival of policy. The application for festival advance submitted by complainant also supported this. She therefore not only did not disclose about her ailment but also misstated facts. The Hon'ble National Commission in her case of LIC of India Vs Naveen Dhingra 1(2004) CPJ (88) (NC) has clearly stated that if material facts are suppressed at the time of revival of policy the repudiation of claim under the policy was fully justified.

The repudiation action taken by LIC of India was therefore in order.

Lucknow Ombudsman Centre

Case No. L-83 / 001 / 05 - 06

Shri Subedar Pandey

Vs

Life Insurance Corporation of India

Award Dated 31.10.2005

Mr. Subedar Pandey and his wife Mrs. Shashi Lata Pandey submitted a proposal on 30.12.02 for sum proposed Rs. 50,000/- under Jeevan Sathi Plan (89-16) which was converted into policy. One of the proponents being a female life below 33 years of age the policy was accepted with clause IV-B. Unfortunately female life assured Smt. Shashi Lata Pandey died on 22.04.04 by committing suicide. The survivor life assured Mr. Subedar Pandey lodged the claim with LIC but the LIC repudiated the claim on the ground that Smt. Pandey had committed suicide within 3 years and as per imposition of restrictive clause IV-B nothing was payable under the policy. The survivor life assured approached the Insurance Ombudsman against the decision of LIC of India citing the reason that his wife Smt. Pandey was a contractor in PWD and was submitting I.T. Returns. It was also stated by him that nothing like clause IV-B was imposed or communicated alongwith acceptance of proposal or issue of policy bond nor they had given any consent for the same. The LIC on the other hand submitted that the claim was covered under clause IV-B as Smt. Shashi Lata Pandey was a housewife as per proposal form. She was aged 33 years and she had committed suicide. Further the proponent had given her consent for imposition of clause IV - B on form no. 400 and

submitted the same alongwith the proposal form and accordingly accepted with clause IV-B by the underwriter. All these elements establish beyond doubt that claim was covered under exclusion clause IV-B.

It was not in dispute that Smt. Pandey the female life assured died on 22.04.04 by committing suicide but the complainant contended that he was never intimated that the proposal was accepted with clause IV-B nor his wife had given consent for imposition of clause IV-B, whereas insurer has submitted a copy of form No. 400 on which consent of clause IV-B has been given by proponent. However, the insurer has not been able to produce the copy of FPR to establish that the proposal had been accepted alongwith clause IV-B. On perusal of original policy bond it has been observed that there is no mention on policy bond that the clause IV-B has been imposed or affixed on or in side the policy document.

In absence of specific mention that the contract of Insurance has been accepted with Restrictive Clause IV-B, it cannot be presumed by the proponent simply because his wife has given consent for clause IV - B in the proposal form and proposal has also been accepted with clause IV - B nor insurer can presume so. The insurer's underwriter has no doubt accepted the proposal with clause IV-B but since the imposition of clause IV-B has not been communicated to the proposer, it cannot be used against the proponent. The contract is governed by the terms and conditions with which it is accepted and which are properly communicated to the other party. In the present case it was observed by the Ombudsman that the acceptance of proposal alongwith clause IV-B has not been communicated to the proponent nor incorporated in FPR or policy bond. As such the repudiation letter was set aside. The complaint was allowed.

Lucknow Ombudsman Centre
Case No. L - 151 / 002 / 05 - 06
Shri Kulbhushan
Vs
SBI Life Insurance Co. Ltd.

Award Dated 31.03.2006

Smt. Sadhana Kumari an account holder of Basti Gramin Bank was covered for Rs. 1 lakh under Group Insurance scheme introduced by SBI Life Insurance Co. Ltd. from 01.06.2002. The scheme was initially for 5 years subject to annual premium renewable every year. Accordingly first 2 annual premiums were debited from her account at original rate. The life assured Smt. Sadhana died of heart failure on 06.06.2004. Mr. Kulbhushan nominee under the policy lodged the claim with insurance Co. through Basti Gramin Bank for payment of Rs. 1,00,000/- as per original terms & conditions when scheme was Introduced in Bank. The Insurance Co. settled the claim for Rs. 25,000/- as per revised conditions applicable at the time of death and premium amount adjusted.

Aggrieved with the decision of Insurance Co. Shri Kulbhushan approached the Insurance Ombudsman and submitted his contentions that the premium paid by Smt. Sadhana Kumari for renewal of the cover the year 2003 - 04 was debited from her bank account on 05.06.2003 and it must have been received by the Insurance Co. after few days and since his wife i.e. the account holder died on 06.06.2004 she was covered by the earlier cover of Rs. 1,00,000/- granted by the insurer at the beginning. In his support he submitted a letter issued by Chief Marketing Officer when the scheme was introduced in Basti Gramin Bank that the amount of premium shall continue for 2 years from the date of commencement of policy and it shall be revised after 2 years. The letter nowhere states that the S. A. shall also be revised after 2 years. Hence

Insurance Co. was not entitled to revise the sum assured from Rs. 1,00,000/- to Rs. 25,00,000/-. Besides company should have intimated to the customers the change and issue a revised certificate in lieu of the one issued at the time of inception of the scheme.

The SBI Insurance Co. Ltd. in its written statement has relied on the terms and conditions of the Master policy, the schedules thereto and the letter dated 16.01.04 addressed to the chairman of Basti Gramin Bank by which the terms & conditions including the life cover and annual premium were revised and stated that the claim for Rs. 25,00/- has been settled as per terms & conditions of the scheme.

On perusal of all the documents submitted by insurer as well as the complainant it has been observed that some confusion has been caused by the language used in the letter of Chief Marketing Officer of the company addressed to the customers but if two provisions are reconciled the confusion will disappear. The insurance cover as per scheme will commence from the date on which the premium has been debited to the members account with the grantees but the benefits shall be admissible only after receipt of premium by the insurer. Besides the contract will be governed by the terms & conditions of certificate of Insurance because the letter of Chief Marketing Officer is actually not an offer but an invitation to offer and the certificate of Insurance is the evidence of the contract between the customer and the Insurance Co.

Further it is mentioned in the Group Master policy and on the back of the certificate of Insurance issued to the customer that SBI Life may revise the premium rates, the terms and conditions applicable to the scheme upon giving the 3 months notice in writing to the Group Administrator i.e. Basti Gramin Bank. Any such variation shall apply with effect from the next annual renewal date. In the policy it has been further mentioned that this shall apply to all the sum assured with effect from the annual renewal date coinciding with the next following the date of expiry of such notice.

The Insurer SBI life vide its letter dated 16.01.04 addressed to the Chairman of Basti Gramin Bank clearly mentioned that the life cover sum assured any the premium payable for the cover had been revised as under age group 40 - 54 years in which Mrs. Sadhana Kumari fell. The sum assured was revised to Rs. 25,000/- and the annual premium to Rs. 180/-. Further the letter also directs the Chariman of Basti Gramin Banks to display suitable notice at the Branch premises and advise members accordingly on the above amendments. In case the Bank has not informed the customers about the amendments Insurance Company could not be faulted upon and it is the Bank which is responsible for the lapse.

From the above contentions of both the parties and the relevant record it is observed that the premium of Rs. 480/- debited from the S. B. Account of Smt. Sadhana Kumari on 05.06.03 was paid in advance for period 01.06.2003 to 30.05.04 and the premium of Rs. 180/- debited by the Bank on 18.05.04 was for the period of 01.06.04 to 30.05.05 as per amendments communicated by the Insurer vide its letter dated 16.01.04 to Bank. Here is also a provision in the scheme to withdraw from the scheme at any time. If the member late Smt. Sadhana Kumari has desired to drop out of the scheme she could very well have done the same when the premium of Rs 180/- instead of Rs. 480/- was debited to her account by the Bank on 18.05.04.

Held that the claim amount of Rs. 25,000/- as stated by the Insurer vide its advice to the Bank dated 02.07.05 is in accordance with the terms and conditions of the Master Policy issued to Basti Gramin Bank by the Insurer SBI Life Insurance Co. Ltd. However there has been an abnormal delay in settlement of the claim as per IRDA (protection of policyholder's interest) Regulations 2002 the claim under a policy is to be paid or repudiated within 30 days from the date of receipt of all relevant papers, Ombudsman

awarded interest after 30 days from the date of receipt of all requirement by the insurer till the receipt of insurer's advise to the Bank @ 2 % above the Bank rate prevailing on 01.04.05 i.e. @ 8 %. Further the insurer shall also pay interest on the amount so payable above 30 days from the date of receipt of consent to this award from complainant if the payment is not made within 30 days as directed.

The complaint is disposed of accordingly.

Lucknow Ombudsman Centre
Case No. L - 153 / 001 / 05 - 06
Shri Ghanshyam Alias Ghannu
Vs
Life Insurance Corporation of India

Award Dated 31.03.2006

Smt. Rani Devi wife of Shri Ghanshyam had taken an insurance policy for sum assured Rs. 50,000/- from LIC of India in October infection. The complainant nominee under the policy Shri Ghanshyam lodged the claim with LIC of India. The insurer repudiated the claim on the ground that it has indisputable evidence in its possession that the Life Assured Smt. Ram Devi was pregnant at the time of proposing for insurance. This fact was however not disclosed to the insurer at the time of proposing for insurance. The insurer has further stated that the above facts were deliberately with held by the proposer in order to fraudulently obtain risk cover thereby vitiating the contract of insurance. In its support the insurer has relied upon the investigation report of its investigation Officer. In his investigation the investigation officer revealed that the assured Smt. Rani Devi was carrying a foetus of 5-6 months in her womb at the time of death. Thus finding was based on an affidavit sworn by the servicing agent Geeta Prasad Gupta and the written statements from several native villagers who were neighbours of the deceased assured. The insurer failed to produce cogent evidence such as gynecologist's report hospital treatment, medical prescription etc. to support pregnancy.

The complainant nominee Shri Ghan Shyam vehemently denied the insurer's contention and submitted that the information relating to pregnancy was fed to the investigation officer by some of his inmates and relatives who were inimical to him. He further stated that a local country medical practitioner named Ganga Ram Vishwakarma has treated his wife and would swear to the fact that she had died of cold infection. In view of the denial by complainant the cause of assured's death as a result of abortion he was allowed to produce within 15 days 3 separate affidavits :

1. by the complainant himself
2. by Dr. Ganga Ram Vishwakarma
3. by Gram Pradhan, Nagar Bazar, Nagar Distt. Basti Stating the exact cause of death and also whether She was pregnant at the time of death or not. The complainant submitted the above mentioned affidavits within stipulated time.

After carefully examining the two sets of affidavits one submitted by the Agent other submitted by the complainant Ombudsman observed that in the absence of incontrovertible evidence regarding establishment of the life Assured's pregnancy no firm conclusion can be drawn with regards to the actual cause of death of the assured. Section 45 of insurance Act is in favour of complainant. The onus is heavily cast on the insurer to satisfy the 3 ingredients of section 45 before arriving at the repudiation decision. Held that the insurer's contention has not been established or supported by any reliable documentary evidence. In view of the above, repudiation order dated

30.03.02 issued by Sr. Divisional Manager, LIC of India, Gorakhpur is set aside and full sum assured with accrued bonuses is awarded to the complainant. No interest is awarded in the circumstances of the case.

The complaint is allowed.

Mumbai Ombudsman Centre
Case No. IO/MUM/A/197/2005-06
Smt. Kusum Shankarrao Zade
Vs
Life Insurance Corporation of India

Award Dated 18.11.2005

Shri Shankarrao Namdeo Zade took policy no. 974339453 from Life Insurance Corporation of India, Nagpur Divisional Office for Rs. 2,00,000/- with effect from 21.11.2003 under plan 149 for a term of 11 years, through his proposal. The cause of his death was Subarachnoid Haemorrhage with raised Intracranial tension with rebleed with sudden Cardiorespiratory Arrest. LIC of India repudiated the liability under the above policy stating that the deceased life assured had withheld correct information regarding his health at the time of effecting the assurance and hence, in terms of the policy contract and declaration contained in the proposal forms and personal statements, they were not liable for any payment under the policies.

Shri Shankar Namdeo Zade was working as a Mazdoor in Ballarpur Industries Ltd. His annual income as stated in the proposal form was Rs. 1 lakh per annum. As per the Employer's Certificate, the deceased life assured had availed medical leave on 5 occasions during the period from 13.05.2001 to 19.11.2003. All these absences were for short durations and reason given in all the occasions was "Not feeling well". As per the Medical Attendants Certificate claim form B dated 24.08.2004 and as per the certificate of hospital treatment claim form B1 dated 24.09.2004 issued by Medical College, Nagpur the deceased was admitted to the hospital on 22.04.2004 with headache, vomiting, unconsciousness since 2 days before admission. On further analysis of the records it is observed that the insured was suffering from Sickle Cell Anaemia as stated by Dr. S. L. Bhandari in his certificate dated 21.10.2004. In Sickle Cell Anaemia, the sickled cells interfere with oxygen transport, destruct capillary blood flow and cause fever and severe pain in joints and abdomen. This ailment is further established by Dr. A. L. Khandekar who has also mentioned in his certificate dated 20.10.2004 that the insured was suffering from Sickle Cell disease since more than three years and the insured was suffering from Bony pain off and on. Dr. Bhandari was the usual medical attendant of the Insured since 1998 and as per his certificate the insured was suffering from Sickle Cell Anamia since 5-6 years. While considering the insured's capacity for payment of insurance premium it is observed from the Investigation Report that the Insured was employed in Ballarpur Industries Limited as mazdoor and his monthly income was Rs. 7,847/-. The insured was already having insurance policy for Rs. 10,000/- in 1997 and after six years he took policy for Rs. 2 lakhs under Jeevan Anand Plan with Annual premium of Rs. 25,734/- which appears to be more than his capacity to pay premium under both the policies with family of wife and four children. In the proposal form income has been stated as Rs. 1 lakh per annum paying Income Tax. The above analysis lead to the conclusion that there was over insurance as also suddenly getting insured for high sum after knowing the disease very well for which he was taking treatment prior to the date of proposal.

The insured had experienced frequent complications which were giving enough signals to act upon for which it would be reasonable to conclude that the Insured had

suppressed material information about his health and earlier hospitalization in the proposal form thereby depriving the underwriter to get an opportunity to call for suitable reports before considering the proposal. In view of this LIC cannot be faulted for repudiating the claim of Smt. Kusum Shahkarrao Zade. In the circumstances, this Forum has no valid ground to interfere with the decision of LIC to repudiate the claim for the sum assured.

Mumbai Ombudsman Centre
Case No. IO/MUM/A/199/2005-06
Smt. Simintabai Uttam Shinde
Vs
Life Insurance Corporation of India

Award Dated 18.11.2005

Shri Uttam Shankar Shinde took policy no. 982217505 from Life Insurance Corporation of India, Aurangabad Divisional Office for Rs. 50,000/- with effect from 28.07.2002 under plan 75 for a term of 20 years through his proposal. He died due to sudden chest pain and he expired before getting any treatment. LIC of India repudiated the liability under the above policy stating that the deceased life assured had withheld correct information regarding his age at the time of effecting the Insurance. In the proposal for assurance signed by him, in answer to question no. 2 about his age nearer birthday, he gave it as 42 years instead of 47 years. Hence, in terms of the policy contract and declaration contained in the proposal forms and personal statements, they were not liable for any payment under the policy. The age of the deceased life assured was admitted as 42 years in the policy on the basis of the Transfer Certificate from Rajeshwari Mahavidyalay, Apegaon, submitted by him along with his proposal for Insurance. Since this age was within non-medical special limit for underwriting, policy was issued under Non-medical Scheme. LIC conducted investigation since it was an early claim and in the course of investigation it was revealed that the correct date of birth of the diseased life assured was 15.06.1955 and not 15.06.1960 as admitted in the policy. On the basis of the proof of date of birth of the deceased such as copy of the Transfer Form. Certificate from New High School, Georai, Extract of School Register from the same school, certificate from Z. P. High School, Tendulja where the deceased studied before joining New High School and Employment Registration Card No. M/8752/8 dated 19.11.1981 it is established beyond doubt that his correct date of birth is 15.06.1955. This fact has been confirmed by the claimant herself in her letter dated 26.08.2003. She has also stated in the said letter that the original S.S.C. Certificate was lost, but School Leaving Certificate and Employment Registration Card were available. Both these proofs show the date of birth of the deceased as 15.06.1955. The age mentioned in the death certificate, 47 years also confirms that he was born in the year 1955. The authenticity of the age proof submitted with the proposal as well as Employers Certificate is doubtful in view of the corrections made on the same. In view of non-availability of any other authentic document in support of the age stated in the proposal form, the guiding factor would be other documents as examined above.

Age is a vital factor for risk assessment commensurate with appropriate premium to be collected by the Insurance Company and also terms of acceptance of the proposal. The deceased life assured grossly understated his age by 5 years by submitting a false birth certificate, thus misleading the underwriter in acceptance of the proposal form under non-medical scheme. Had he disclosed the correct age, LIC would have insisted on Full Medical Report before accepting the same, which would have revealed the health condition of the life assured at that time. Thus the repudiation of death claim by

LIC for deliberate mis-statement and suppression of material facts regarding age of the life assured is upheld. There is no need to interfere with the decision of LIC.

Mumbai Ombudsman Centre
Case No. IO/MUM/A/200/2005-06
Smt. Jaywantabai R. Pandavkar
Vs
Life Insurance Corporation of India

Award Dated 18.11.2005

Shri Ramrao Ganpatrao Pandavkar took a life insurance policy no. 980050374 from Life Insurance Corporation of India, Aurangabad Divisional Office for a sum assured Rs. 1,00,000/- under Plan and Term 74-15 with effect from 10.01.1996. The policy lapsed due to non-payment of premium in 07.01.2000 & 07.01.2001 without acquiring any paid up value. It was revived by Shri Ramrao G. Pandavkar on 06.01.2001 & 11.09.2001 for full sum assured on the strength of Declaration of Good Health made by him on same dates. Shri Ramrao G. Pandavkar expired due to Chronic Myeloid Leukaemia. When a claim was preferred by Smt. Jaywantabai R. Pandavkar, wife of the deceased life assured, Life Insurance Corporation of India repudiated the claim on the ground that Shri Ramrao had made deliberate misstatement and withheld material information regarding his health at the time of getting the policy revived and hence, in terms of the declaration signed by him at the foot of the said Personal Statement, the revival of the policy was declared void and all moneys paid towards revival of the policy and subsequent thereto belonged to them.

LIC took the view that all the above statements were false and stated that they held indisputable proof to show that the life assured was suffering from Chronic Myeloid Leukemia with severe anaemia from 17.10.1994 and was getting treatment in the hospital. He did not disclose this fact in the proposal. The policy was that on 10.01.1996 and the same lapsed twice and revived on 06.01.2001 and 11.09.2001 on the strength of declaration of good health by the life assured. In the proposal form, the DLA did not disclose the state of his health and the treatment he was taking for the illness he had been suffering.

It is evident from the record received at this Forum that the claimant's husband was suffering from Chronic Myeloid Leukaemia since 17.10.1994 and was taking treatment from the above hospital. It is also noted that cause of death was chronic Myeloid Leukaemia. Myeloid leukaemia is one variety of leukaemia in which the type of blood cells that proliferates abnormally originates in the blood forming (myeloid) tissue of the bone marrow. The complications and symptoms leading to this disease has been suppressed by the life assured when he proposed for the policy and gave false answers to the questions put to him in the proposal form. It also appears that the declaration of good health given by him to revive the lapsed policy was also false. Thus there is suppression of material information regarding his health and when the material information regarding health is suppressed, it follows that the contract is void ab initio. It is pertinent to note that the non-disclosed ailment was one of the causes of death. The contract of insurance being based upon good faith any such suppression of material fact would vitiate the entire contract. Thus the rejection of death claim by LIC of India for deliberate misstatement and suppression of material information regarding health of the life assured at the time of proposal is held sustainable. Hence, this Forum finds no reason to interfere with the decision of LIC.

Mumbai Ombudsman Centre

Case No. IO/MUM/A/203/2005-06
Smt. Sheela Chandraprakash Gera
Vs
Life Insurance Corporation of India

Award Dated 21.11.2005

Shri Chandraprakash Gera had taken four Life Insurance Policies bearing Nos. 21436524, 667966188,970292549 and 970759961 from Life Insurance Corporation of India, Nagpur Divisional Office. All the four policies lapsed in December, 2000 due to non payment of premium which were revived on 26.6.2002 for full sum assured on the strength of the Personal Statement regarding health given by Shri Chandraprakash Gera. Shri Chandraprakash Gera expired on 10.1.2003 and the primary cause of death and the secondary cause of death were sudden cardiac arrest and metastatics colorectal Cancer respectively. When the claim for the policy moneys was preferred by the nominee, Smt. Sheela C. Gera, LIC settled an amount of Rs. 2,16,894 being the paid up value+Bonus on the four policies. LIC had repudiated the death claim benefits as Late Shri Gera had suppressed his health condition at the time of effecting revival of the policy. Not satisfied with the said decision Smt. Gera made an appeal to the Zonal Manger, Western Zone LIC, for reconsideration of the decision taken by Divisional Office and aggrieved by the decision of LIC, Smt. Gera approached the Office of the Insurance Ombudsman. After perusal of the records parties to the dispute were called for hearing.

Relevant records made available to this Forum have been scrutinized and it is well established from the medical records that the insured was not in good health at the time of revival of the policy. He neither mentioned about Carcinoma of rectum nor Diabetes Mellitus in the form of Declaration regarding good health when submitted for revival of the policy. As per the policy contract, on lapsation of policy, the contract stands terminated and when the policy is to be revived, the insurer would like to be assured of the state of health of the life assured. In this instant case, LIC entirely relied on Good Health Form submitted by the Insured and in the absence of any adverse indication about health and habit of the insured revival of the policy was effected. Hence this Forum finds no reason to interfere with the decision of LIC to pay the paid up value with accrued Bonus.

Mumbai Ombudsman Centre
Case No. IO/MUM/A/204/2005-06
Smt. Mandakini Shankar Mudale
Vs
Life Insurance Corporation of India

Award Dated 23.11.2005

Shri Shankar Sadashivappa Mudale husband of Smt. Mandakini S. Mudale was insured under Life Insurance Policy No. 983575001 issued by Branch 95H of Life Insurance Corporation of India, Nanded Divisional Office through proposal dated 31.3.2003 for a Sum Assured of Rs. 1,00,000/- under Plan and Term 149 - 21 - Jeevan Anand Policy with Profits + Accident benefit. The policy commenced on 28.3.2003. Shri Shankar S. Mudale unfortunately expired on 4.6.2004 due to an accident. When the claim for the policy moneys were preferred by the nominee, Smt. Mandakini Shankar Mudale, Life Insurance Corporation of India repudiated the claim vide letter dated 14.09.2004. The ground for repudiation of the claim by LIC was suppression of material fact regarding the health of the deceased life assured at the time of effecting the insurance with them. Not satisfied with the decision of LIC, Smt. Mudale made an appeal to the Zonal

Manager, but the same was turned down hence aggrieved Smt. Mudale approached the Office of the Insurance Ombudsman seeking intervention of the Ombudsman for redressal of her grievance. After perusal of the records, parties to the dispute were called for hearing.

In the light of the records produced by Life Insurance Corporation of India it is evident that the deceased life assured had met with an accident and was hospitalized which was not disclosed at the time of filling the proposal form. Shri Mudale also had undergone operation due to an accident before the policy was taken. Had he disclosed about his accident, hospitalizations and leave taken on sick grounds, LIC would have called for treatment papers/discharge summary, deformity questionnaire, CNS questionnaire and would have underwritten the case on different terms and conditions, and accepted the proposal accordingly.

In the facts and circumstances of the case, the decision of Life Insurance Corporation of India to repudiate the claim cannot be faulted. However, strong action is suggested against the Agent who introduced the business.

Mumbai Ombudsman Centre
Case No. IO/MUM/A/207/2005-06
Smt. Ahilyabai Sopan Madrewar
Vs
Life Insurance Corporation of India

Award Dated 24.11.2005

Shri Sopan Vitthal Madrewar was insured under Life Insurance Policy No. 981360659 under Plan and Term 14-20 for sum insured of Rs. 50,000/-. The date of commencement of policy was 28.03.1991. The said policy lapsed due to non payment of premium from December, 2000 and the policy was revived on 02.4.2002 based on the Personal Statement regarding health given by Shri Madrewar. Shri Sopan V Madrewar unfortunately expired on 28.6.2003 due to Cardiac Respiratory Arrest with Cardiogenic shock with LVF. When the claim for the policy moneys was preferred by the nominee, Smt. Ahilyabai Sopan Madrewar, it was held by Aurangabad Divisional Office of Life Insurance Corporation of India that they had indisputable evidence to show that the assured had suffered from Diabetes Mellitus with Ischemic Heart disease prior to the revival of the policy for which he took medical treatment and these facts were not disclosed in his Personal Statement. Not satisfied with the decision of the Company, Smt. Ahilyabai Sopan Madrewar appealed to the Zonal Manager, and aggrieved by the decision of the Company, Smt. Ahilyabai Madrewar approached the Insurance Ombudsman seeking intervention in the case for settlement of full claim amount. Records of the case have been perused and the parties to the dispute were heard.

The oral and written submissions with the relevant records made available to this Forum have been scrutinized and it is established fact that the insured was undergoing treatment for heart ailments and Diabetes Mellitus which claimant also had disclosed in the claim Form. A, before revival of the policy. Had the life assured disclosed this material information at the time of submitting the form of declaration regarding good health at the time of revival LIC would have taken appropriate decision for revival of the policy. Hence the decision of the insurer does not call for any interference at the hands of the Insurance Ombudsman.

Mumbai Ombudsman Centre

Case No. IO/MUM/A/208/2005-06
Smt. Shobha Rajaram Dhumal
Vs
Life Insurance Corporation of India

Award Dated 24.11.2005

Shri Rajaram Zingruji Dhumal had taken a Jeevan Sathi (Double Cover Joint Life Plan) with Profits with Accident Policy under Life Insurance Policy No. 983575310 issued by Life Insurance Corporation of India, Branch Hingoi I of Nanded Divisional Office covering self and his wife Smt. Shobha Haribhau Taponkar through proposals dated 13.12.2002 / 24.1.2003 respectively submitted for a Sum Assured of Rs. 50,000/- under Plan and Term 89-16. The policy commenced on 28.03.2003. Shri Rajaram Zingruji Dhumal expired on 21.05.2004 due to Terminal Cardio respiratory arrest and the secondary cause Diabetes, Diabetic Nephropathy, Hypertension, chronic renal failure. When the claim for the policy moneys was preferred by the nominee, Smt. Shobha Rajaram Dhumal, LIC of India repudiated the claim on the ground of withholding correct information regarding his health at the time of effecting the insurance. They said that they had indisputable proof to show that he had suffered from Diabetes with limping leg cellulities with Acute Renal Failure and had taken treatment before taking the insurance, which was not disclosed. Not satisfied with the said decision Smt. Dhumal made an appeal to the Zonal Manager for reconsideration of the decision but was turned down. Hence aggrieved, Smt. Dhumal approached the Office of the Insurance Ombudsman seeking intervention of the Ombudsman for settlement of her claim. After perusal of the records parties to the dispute were called for hearing. All the relevant records submitted to this Forum have been scrutinized. From the records produced it is revealed that the deceased life assured had consulted doctor in the year 2002 and was detected diabetes with limping cellulites with acute Renal failure. In the absence of any specific date of detection of the illness, it is difficult to ascertain whether the illness was detected before the proposal dated 13.12.2002 was filled up by the deceased life assured or subsequently. However, the proposal date here is not relevant because the proposal has to be received by the Insurer with all the requirements for acceptance and it has been observed in this case that the health declaration of spouse which was the last requirement is dated 31.03.2003. It would appear from the above documents that the deceased knew about his illness before acceptance of the proposal and he deliberately suppressed this fact.

Thus the repudiation of death claim by LIC for deliberate misstatements and suppression of material facts regarding health by the life assured is held sustainable. There is no need to interfere with the decision of LIC.

Mumbai Ombudsman Centre
Case No. LI - 011 of 2005 - 2006
Smt. Lalita Jugalkishor Mantri
Vs
Life Insurance Corporation of India

Award Dated 25.11.2005

Dr. Jugalkishor Zumbarlal Mantri took policy no. 983121525 from Life Insurance Corporation of India, Branch 986 of Nanded Divisional Office for RS. 1,00,000/- with effect from 28.01.2004 under plan 149 for term of 20 years (Jeevan Anand with Profit with Accident) through his proposal dated 12.02.2004. He died on 28.04.2004 and cause of his death was Terminal Cardio Respiratory arrest due to Acute Coronary Syndrome.

LIC of India repudiated the liability under the above policy by their letter dated 03.09.2004 stating that the deceased life assured had withheld correct information regarding his health at the time of effecting the insurance and hence, in terms of the policy contract and declaration contained in the proposal forms and personal statements, they were not liable for any payment under the policy. LIC took the view that they held indisputable proof to show that he had been suffering from Acid peptic disease since last three years and had taken treatment from Sai Hospital, Aurangabad but he had not disclosed this in his proposal.

The records submitted to this Forum and submission made by the parties at the hearing have been examined. The life assured died on 28.04.2004 at Sai Hospital & Critical Care Centre, Aurangabad within a few hours of admission to the hospital. The primary cause of death as mentioned in the Claim Form B (Medical Attendants Certificate) and Claim Form B1 (Certificate of Hospital Treatment) issued by Dr. P. S. Deshmukh was Terminal Cardio Respiratory Arrest and Acute Coronary Syndrome was the secondary cause. Dr. Deshmukh in the Claim Form B mentioned that he was the usual medical attendant of the deceased for the last 3 years and had been treating him for acid peptic disease. In the Certificate of Treatment form (F. No. 5152) also Dr. Deshmukh mentioned the same.

The Complainant in her letter dated nil addressed to the Zonal Manager has mentioned that her husband had minor acidity problem 1 ½ years back and for that he took medicine like Tab. Gelucil Chewable and Tab Ranitidine. She also submitted a certificate dated 27.10.2004 from Dr. Deshmukh giving his opinion that acid peptic disease had no connection with cause of death. However, the certificate of Dr. Deshmukh clearly mentioned that late Shri Mantri was under his treatment for acid peptic disease since last 3 years which evidently puts back the date of illness well before the proposal was made and policy taken.

It would also be important to note that the Complainant has not disputed that the deceased life assured was suffering from acid peptic disease prior to the date of proposal for which he was taking treatment from Dr. P. S. Deshmukh of Sai Hospital, Aurangabad. Moreover, the deceased himself was a medical practitioner (BAMS) and instead of relying on himself he took the treatment from a specialist which proved the point that the disease was chronic and the life assured was conscious about it. However, he did not disclose this fact in the proposal form dated 1202.2004. Had he disclosed this fact at the time of taking the policy, LIC would have called for special report and taken appropriate decision in acceptance of this proposal. It, therefore, constitutes non - disclosure of a material fact. Thus the repudiation of death claim by LIC for deliberate misstatements and suppression of material facts regarding health of the life assured at the time of proposal is held sustainable.

Mumbai Ombudsman Centre

Case No. Li - 048 of 2005-06

Smt. S. Vasantha

Vs

Life Insurance Corporation of India

Award Dated 30.11.2005

Shri Shanmugavelu P. Reddiyar was insured under Life Insurance policy No. 922091847 under Table and Term 14-12 Endowment Assurance policy issued by Kalyan-92D, Branch of Life insurance Corporation of India, Thane Divisional Office. Shri Shanmugavelu Reddiyar expired on 15.07.2004 due to Bronchogenic carcinoma. When the claim for the policy moneys was preferred by the nominee, Smt. S. Vasantha,

it was held by Thane Divisional Office that they had indisputable evidence to show that the assured had suffered from Peptic Ulcer and was operated for Duodenal Ulcer for which he had taken medical treatment before he proposed for the policy which was not disclosed while filling the proposal form. Not satisfied by the said decision Smt. S. Vasantha appealed to the Zonal Manager, Western Zone LIC, for reconsideration but the same was upheld. Aggrieved by this decision, Smt. Vasantha approached this Forum for redressal of her grievance. After perusal of records parties to the dispute were called for hearing. The relevant records pertaining to the case have been examined and it is very well established that the deceased was suffering from peptic ulcer prior to the date of proposal for which he had taken medical treatment from Government hospital, Aruppukottai. He did not disclose this ailment in the proposal for insurance and deliberately suppressed the same from LIC although he was aware of the said ailment and medical treatment taken for the same. In this circumstances this Forum has no valid ground to interfere with the decision of the LIC to repudiate the claim for the assured.

Mumbai Ombudsman Centre

Case No. LI - 004 of 2005-06

Smt. Maya Suresh Kamble

Vs

Life Insurance Corporation of India

Award Dated 30.11.2005

Shri Suresh Jagannath Kamble took policy nos. 880843431 and 880844163 from Life Insurance Corporation of India, Mumbai Divisional Office II for Rs. 50,000/- and Rs. 25,000/- with effect from 28.12.2001 and 28.01.2002 under plan 14 for a term of 15 years through proposals dated 23.12.2001 and 28.01.2002 respectively. He died on 29.02.2004 and cause of his death was Cardio Respiratory Failure due to HT c CVA c (R) Hemiplegia. Smt. Maya J. Kamble, wife of the deceased, preferred a claim to LIC of India for reimbursement of policy money. LIC of India informed Smt. Kamble about their decision to repudiate the liability under the above policies stating that the deceased life assured had withheld correct information regarding his health at the time of effecting the assurance and hence, it terms of the policy contract and declaration contained in the proposal forms and personal statements, they were not liable for any payment under these policies.

The entire records pertaining to the complaint have been scrutinised. It has been mentioned in the Medical Attendant's Certificate - Claim Form B and Certificate of Hospital Treatment - Claim Form B1 issued by ESIS Hospital, Andheri, that cause of death was 'Cardio Respiratory Failure c HT c IHD c CVA c (RT) Hemiplegia.' As per the certificate dated 28.06.2004 from the employer of the deceased life assured, he was on leave on medical grounds on six occasions between 02.01.1999 to 29.02.2004 and out of this 4 spells of leave fell prior to the date of proposal. On perusal of the medical certificate issued by ESIS Hospital, it has been revealed that he was admitted in ESIS Andheri Hospital from 02.01.1999 to 05.01.1999 for acute Enteritis. He was also admitted to the same hospital from 13.03.2001 to 23.03.2001 and was diagnosed to have 'HT c IW Infarction'. Immediately after commencement of the above policies, he was again hospitalised from 08.02.2002 to 06.03.2002 for the same illness. Thereafter, he was continuously under treatment at ESIS hospital, JJ Hospital and KEM Hospital for the said disease. The above medical reports lead to the conclusion that the life assured was suffering from hypertension with Inferior Wall Infarction prior to the date of insurance and was a tobacco chewer. He did not disclose his health status, past

illness and hospitalisation details, habits etc. in the proposal forms. Had he disclosed these facts at the time of proposal for insurance, LIC would have called for necessary special reports and taken appropriate decision in acceptance of the proposals. Thus there is deliberate misstatement and suppression of material fact by the Deceased Life Assured in the proposals for insurance. Contract of insurance is a contract of utmost good faith and the parties to the contract are required to disclose all the material facts, as failure to do so would be a good ground for rescission of the contract. In view of this legal position, LIC cannot be faulted for repudiating the claim of Smt. Maya Suresh Kamble. In the circumstances, this Forum finds no valid reason to interfere with the decision of LIC to repudiate the claim for the sum assured claimed by the Complainant.

**Mumbai Ombudsman Centre
Case No. LI - 051 of 2005-06
Smt. Poonam Sharma**

Vs

Life Insurance Corporation of India

Award Dated 07.12.2005

Shri Surendrakumar Sharma was insured under Life Insurance Policy. Unfortunately Shri Surendrakumar Sharma expired due to a train accident. The primary cause of death was shock due to haemorrhage and secondary cause was complete traumatic amputation of thoracico-abdominal part of the body. When the claim for the policy moneys was preferred by Smt. Poonam Sharma wife of the deceased life assured, it was held by LIC that they had proof to show that the Life Assured had suffered from Hypertension/Anxiety prior to taking the policy which was not disclosed at the time of taking the policy. Based on this LIC repudiated the claim. Not satisfied with the said decision, Smt. Poonam Sharma appealed to the Zonal Manager and as she was not satisfied she approached the Office of the Insurance Ombudsman seeking intervention of the Ombudsman for settlement of her claim. Records have been perused and the parties to the dispute were called for hearing. The papers pertaining to the case on record and oral depositions made by the parties at the hearing have been scrutinised. It is evident from the Medical records that the deceased Life Assured suffered from various illness mentioned in the certificates issued by the Railway Hospital and remained absent from the place of work on health grounds on many occasions for more than a week before proposing for insurance but did not disclose these in the proposal form or to the medical examiner of LIC. Had he disclosed these facts at the proposal stage, LIC would have called for special medical reports and would have taken appropriate underwriting decisions. The insurer trusted the representations of the life assured and proceeded with the completion of the policy. Failure on the part of the Deceased Life Assured to disclose all the material facts was, therefore, a good ground for the insurer to repudiate the claim. In view of this legal position, the decision of LIC to repudiate the claim on the ground that deceased Life Assured made wrong statements and withheld correct information regarding his health at the time of effecting insurance cannot be faulted.

**Mumbai Ombudsman Centre
Case No. LI - 293 of 2004-05
Shri Sharad Laxmikant Sawant**

Vs

Life Insurance Corporation of India

Award Dated 14.12.2005

Smt. Varsha Sharad Sawant had taken a Life Insurance Policy No. 891203266 for Rs. 1,00,000/- from Branch 935 of Mumbai Divisional Office - III of Life Insurance Corporation of India. Smt. Sawant unfortunately expired due to Refractory haemolymphoid malignancy with septicemia c acute renal failure after the policy had run for 9 months and 9 days. When the claim was preferred by her husband Shri Sharad Laxmikant Sawant who was the nominee under the policy, Life Insurance Corporation of India repudiated the claim on the ground that Smt. Sawant made deliberate misstatement and withheld material information from them regarding her health at the time of effecting the assurance. Aggrieved by the said decision, Shri Sharad L. Sawant appealed to the Zonal Manager for reconsideration of the claim but, his representation was also turned down. Shri Sawant therefore approached the Ombudsman seeking interference in the matter. The relevant records of the case made available to this Forum have been thoroughly scrutinized and parties to the dispute were called for hearing. It is evident that she was not keeping well for quite some time even before the proposal was made. Out of the Sick leaves taken predominantly low back pain figured in. Admittedly it was one of the symptoms though not the disease itself but should have been investigated properly It would be admitted that some degeneration can take place gradually even with advanced age. Unfortunately in her case the MRI findings were quite serious viz, inter vertebral discs were dessicated which clearly indicates the progress and invasiveness of the disease over a period of time. This ailment viz. back pain, the insured had suppressed at the time of submission of proposal as also the medical grounds for absenting from work or that her normal health was disturbed by occasional health problems as per her own statements and sick leave application. All this misled the underwriters and they were deprived of the opportunity of probing the issue further. As death had occurred within a few months of taking the policy LIC has taken cover under section 45 of the Insurance Act which is in their favour to repudiate the claim on grounds of non-disclosed material facts vital to the contract and therefore, this Forum does not find any valid reason to contradict the same in the face of medical records and certificates produced by LIC from State Bank of India and other medical practitioners.

**Mumbai Ombudsman Centre
Case No. IO/MUM/A/259/2005-06
Smt. Rajkumari Sharma**

Vs

Life Insurance Corporation of India

Award Dated 16.12.2005

Shri Krishna Gopal Sharma took a life insurance policy no. 901124245 from Life Insurance Corporation of India, Mumbai Divisional Office-I for a sum assured of Rs. 1,00,000/- under Plan and Term 14-15 with effect from 10.08.1999. The policy lapsed due to non-payment of premium due August, 2000 without acquiring any paid up value. It was revived by Shri Krishna G. Sharma on 30.08.2001 for full sum assured on the strength of Declaration of Good Health made by him on 30.08.2001. In the said statement, Shri Krishna Sharma had declared tht he was in good health and that he had not undergone nor had been advised to undergo any medical or surgical treatment or X-ray, ECG, Pathological or other test since the date of proposal or last revival to that date. Shri Krishna Sharma expired on 26.01.2004 due to Carcinoma Epiglottis. When a claim was preferred by Smt. Raj kumari Sharma, wife on the deceased life assured, Life Insurance Corporation of India repudiated the claim on the ground that Shri Krishna Sharma was suffering from Carcinoma Epiglottis for which he took medical treatment in a hospital during the years from 2000 to 2003, but, he did not disclose this

fact in the Declaration of Good Health made by him on 30.08.2001. They, therefore, held the view that he had made deliberate mis-statement and withheld material information from them at the time of getting the policy revived and hence in terms of the Declaration signed by him, the revival of the policy was declared void and all moneys paid towards revival of the policy and subsequent thereto were forfeited by them. In the Medical Attendant's Certificate-Claim Form B and Certificate of Hospital Treatment-Claim Form B1 both dated 08.06.2004 issued by Central Railway Hospital, Kalyan, it has been mentioned that cause of death of the life assured was Carcinoma of Larynx and the same was diagnosed 3 years back at Tata Memorial Hospital, Mumbai. There is a certificate dated 23.07.2003 on record issued by Tata Memorial Hospital clearly mentioning that Shri Krishna Gopal Sharma was a known case of Carcinoma Epiglottis and was first seen in that hospital on 05.06.2000. He underwent investigations and surgery there and also underwent post-operative radiation therapy from 14.08.2000 to 05.10.2000.

In view of the above, LIC's decision to treat the revival null & void and to forfeit the moneys paid towards revival and subsequent thereto cannot be faulted. Since the policy has not acquired paid up value as on the date of revival, nothing becomes payable under the policy. A word of caution is necessary for LIC to act upon suitably in respect of Special Revival Scheme which appears to have been misused in this case by the concerned Agent and Development Officer at the expense of the Insured. It would be important to scrutinize such cases thoroughly and it is difficult to accept that the concerned Agent was not aware or had no reason to suspect about the health status of the Life Assured.

Mumbai Ombudsman Centre
Case No. LI - 061 of 2005-06
Smt. Ritu Malhotra
Vs
Life Insurance Corporation of India

Award Dated 21.12.2005

Shri Devendra J. Malhotra took a life insurance policy no. 890755077 from Life Insurance Corporation of India, Mumbai Divisional Office - III for a sum assured of Rs. 1,00,000/- under Plan and Term 75-20 with effect from 10.03.1998. The policy lapsed due to non-payment of premium due September, 2001 after acquiring paid up value. It was revived by Shri Devendra J. Malhotra on 30.08.2003 for full sum assured on the strength of Declaration of Good Health made by him on 28.05.2003.

Shri Devendra Malhotra expired due to Terminal cardiac respiratory Arrest (CRA) due to tubercular meningitis in a k/c/o retrovirus positive status. When a claim was preferred by Smt. Ritu Malhotra, the wife of the deceased life assured, Life Insurance Corporation of India repudiated the claim on the ground that Shri Devendra Malhotra was suffering from Pulmonary Tuberculosis since 1 year taking AKT and a known case of retrovirus positive status before he revived the policy, for which he took medical treatment, but, he did not disclose this fact in the declaration of Good Health made by him on 28.05.2003. They, therefore, held the view that he had made deliberate mis-statement and withheld material information from them at the time of getting the policy revived and hence in terms of the Declaration signed by him, the revival of the policy was declared void and all moneys paid towards revival of the policy and subsequent there to were forfeited by them. LIC had also stated that the paid-up value of the policy was payable by them. The evidence on record both oral and documentary was carefully scrutinised. The doctor has mentioned in the Report that he was first consulted on

17.01.2004 and the symptoms of illness were observed 10-12 days before admission to hospital. To a specific question "what other diseases or illness (i) preceded (ii) or co-existed with that which immediately caused his death ?" he replied that the deceased was a known case of pulmonary tuberculosis taking AKT (Anti Koch's Treatment) since one year This fact has been confirmed in the certificate of hospital treatment dated 24.02.2004 issued by the same hospital which evidently puts the illness after the policy lapsed and before it was revived in August, 2003.

It is evident from the certificates issued by KEM hospital that the Deceased Life Assured was suffering from pulmonary tuberculosis and a known case of retrovirus positive status and was on active treatment before he submitted Personal statement regarding health dated 28.05.2003 for revival of the policy under dispute. But he gave negative reply to the relevant questions and also made false statement that he was in sound health. Had he disclosed this fact in the health declaration which was the basis for revival of the policy, LIC would have called for relevant questionnaire seeking additional information and also medical reports for considering revival of the policy and taken appropriate decision. In view of the above legal posititon, LIC cannot be faulted for treating the revival null and void and also for forfeiting the moneys paid towards revival of the poicy.

Mumbai Ombudsman Centre

Case No. LI - 110 of 2005-06

Smt. Shakuntala Rajput

Vs

Tata AIG Life Insurance Co. Ltd.

Award Dated 30.12.2005

Ms. Purnima Rajput had taken a policy "Assure 20 years security and Growth Plan" from Tata AIG Life Insurance Company limited for a Sum Assured of Rs. 1,00,000/-. The date of proposal of the policy was 12.08.2004 and the date of comencement of the policy was 31.08.2004. Ms Purnima Rajput unfortunately expired on 19.06.2005 and the cause of death was Acute Hepatic failure and it was mentioned that she was a known case of advanced C. A. Rt. breast with multiple mets to liver since one year. When Smt Shakuntala Rajput, mother and the nominee under the policy preferred a claim under the said policy the Company repudiated the claim stating that Ms. Purnima Rajput at the time of filling in the proposal had a history of lump in right breast and such information was not disclosed and if she had disclosed the same, the underwriting decision would have been different. Not satisfied with the decision of the Company Smt. Shakuntala Rajput approached this Forum with a copy endorsed to Tata AIG. After perusal of the records, parties to the dispute were called for hearing It is evident from the records submitted that Ms. Purnima Rajput was suffering from some problem well before the policy was taken. The medical records clearly proved that Ms. Purnima Rajput was having knowledge of some complaints which she herself must have noticed every day in her person. This is a matter which is quite sensitive and does not escape notice of any lady and more so an educated, discerning lady like Ms. Rajput who was working in some establishment. The proposal was placed at the time when the disease was in an advanced stage as would be evidenced from the noting as also investigation reports. Obviously she has suppressed this ailment prior to the date of proposal and also at the time of submission of proposal, which misled the underwriters, and they were deprived of the opportunity of probing the issue further before considering her proposal. The claim of Smt. Shakuntala Rajput for the sum assured under the policy on the life of Ms. Purnima Rajput is not sustainable. However, I am constrained to make an observation that the Insurance Advisor or Agent who booked the business with his

Confidential Report must be placed under a scanner with appropriate action taken to stop recurrence of similar acceptance of business.

**Mumbai Ombudsman Centre
Case No. LI - 060 of 2005-06
Shri Nasir Husain Shaikh**

Vs

Life Insurance Corporation of India

Award Dated 30.12.2005

Smt. Jebunnisa Shaikh took two Life Insurance Policies for Rs. 8,00,000/- and Rs. 5,00,000/- under Plan & Term 151-15-10 and 151-10-06 respectively from M. D. O. - III of Life Insurance Corporation of India. Smt. Shaikh unfortunately expired due to Preampullary carcinoma, cardio respiratory arrest, Acute Respiratory Distress Syndrome (ARDS) and Septicemia. When the claim was preferred by her son Shri Nazir Husain Shaikh, Life Insurance Corporation of India repudiated the claim on the ground that Smt. Shaikh made deliberate mis-statement and withheld material information from them regarding her health at the time of effecting the insurance. LIC, however, stated that they had indisputable proof to show that the Life Assured was undergoing menopausal stage since 4-5 years and also had a history of chewing tobacco and was obese prior to taking the policy which was not disclosed by Smt. Shaikh at the time of taking the policy. Not satisfied with the said decision, Shri Nazir Husain Shaikh appealed to the Zonal Manager, for reconsideration of the claim but, his representation was also turned down. Aggrieved by their decision Shri Shaikh approached the Office of the insurance Ombudsman seeking interference in the matter for settlement of his claim. Records have been perused and the parties to the dispute were called for hearing. The relevant records pertaining to the case have been examined and it is evident from the Nanavati Hospital Indoor case papers that the deceased life assured was a tobacco chewer and was undergoing menopausal stage prior to the date of proposal. Despite knowing that she had menopause at the time of proposing for insurance she gave the date of last menstruation as 12.02.03. These facts were material to be disclosed and she concealed these facts at the time of proposing for insurance. Had she disclosed the correct information, LIC would have called for special reports before underwriting the proposal and taken appropriate decision before accepting the proposal. Hence there is no valid reason to interfere with the decision of LIC. LIC is directed to take necessary action against the agent and medical examiner concerned.

**Mumbai Ombudsman Centre
Case No. LI - 233 of 2004-05
Shri Chandrakant Gharat**

Vs

Life Insurance Corporation of India

Award Dated 30.12.2005

Smt. Chandrakala Chandrakant Gharat took a policy no. 882149125 from Life Insurance Corporation of India, Branch Office 88C of Divisional Office II with effect from 28.02.2004 for Rs. 1,00,000/- under Plan & Term 149-8 (Jeevan Anand with Profits) through her proposal dated 16.02.2004. Smt. Gharat expired on 03.06.2004 due to cardiac Respiratory Failure. Her husband, Shri Chandrakant Gharat, nominee under the policy, preferred a claim upon LIC of India.

From the Certificate of Employer-Claim Form E dated 05.11.2004 it has revealed that the deceased life assured had availed sick leave for 18 days from 05.08.2003 to 22.08.2003 on medical grounds which is supported by medical certificate no. ADM/1349/4/09/034 dated 04.09.2003 issued by Dr. Kamdar's Nursing Home, Santacruz, clearly stating that Smt. Chandrakala Gharat was admitted to the hospital on 5.8.2003 and discharged on 14.08.2003 and was followed up in OPD for her acute backache. This fact has been corroborated by Dr. Bipin Kamdar in his Certificate of Hospital Treatment dated 23.12.2004. In this certificate doctor has mentioned the nature of complaint as Acute chronic Lumbago c L45 L55 S₁ discetis with bilateral raduculitis.

It is evident from the certificate issued by Dr. Bipin Kamdar that the deceased life assured was admitted to Dr. Kamdar's Nursing Home on 05.08.2003 (Indoor advice no. 031338) and was treated in that hospital for acute backache from 05.08.2003 to 14.08.2003. She also availed leave for 18 days from 05.08.2003 to 22.08.2003 for this illness. She did not disclose these facts in her proposal form dated 16.02.2004. She gave negative reply to specific questions eliciting information regarding her health. From the evidence on record it could be proved that the deceased life assured suppressed this fact which was a material information for proper assessment of the risk by the insurer. Had the insured disclosed the ailment in the proposal form, LIC would have called for Special questionnaire with the treatment particulars and taken appropriate decision in acceptance of proposal. Thus the repudiation of death claim by LIC for deliberate mis-statements and withholding material information regarding health of the life assured at the time of proposal is held sustainable. Hence, the decision of LIC does not warrant any interference by this Forum.

Mumbai Ombudsman Centre
Case No. LI - 022 of 2004-05
Smt. Jayshree Tilak Bhosale
Vs
Life Insurance Corporation of India

Award Dated 17.01.2006

Shri Tilak Naiksaheb Bhosale was insured under Life Insurance Policy No. 954154171 issued by City Branch 3 (955), under Pune Divisional Office of Life Insurance Corporation of India. Unfortunately Shri Tilak Naiksaheb Bhosle expired on 03.05.2004 due to Advanced Cardiac Failure. When the claim for the policy moneys was preferred by Smt. Jayshree T. Bhosale wife of the deceased life assured, it was held by the Pune Divisional Office of the Life Insurance Corporation of India that Shri Bhosale withheld material information from them regarding his health at the time of effecting the insurance, by not disclosing the fact that he was suffering from Hypertension and Ischemic Heart Disease. Based on this LIC repudiated the claim. Not satisfied with the said decision, Smt. Jayshree Bhosale appealed to the Zonal Manager, for reconsideration of the decision, But Zonal Office upheld the decision taken by the Divisional Office. Aggrieved by the said, decision, Smt. Bhosale approached the Office of the Insurance Ombudsman seeking intervention of the Ombudsman for settlement of her claim. The records have strongly revealed that the insured was suffering from IHD and had even had Coronary Angiography/Investigation before taking the policy. From all the medical records, it is well established that the insured was suffering from heart ailment well before the policy was taken which had resulted as cause of death also. It also appears that only a minor scooter accident was mentioned in the proposal form with corrections and overwriting by the Agent to detract the Insurer's attention. Had the insured not suppressed this material fact while proposing for the insurance, LIC would

have called for the required special reports and taken appropriate decision in acceptance of the proposal.

However it is extremely unintelligible as to how LIC committed such an underwriting lapse in the face of clear noting by the Medical Examiner about the hospitalisation of the Insured for IHD in 1996 in his medical report apart from a lead given in the proposal form about the so-called minor scooter accident in 1996. LIC is directed to take appropriate action against the persons concerned and intimate this Forum.

The claim of Smt. Jayshree Tilak Bhosale for the policy monies under policy no. 95415417 on the life of late Shri Tilak Naiksaheb Bhosale is not sustainable.

Mumbai Ombudsman Centre

Case No. LI - 064 of 2005-06

Shri Atul M. Sinkar

Vs

Life Insurance Corporation of India

Award Dated 17.01.2006

Shri Manohar Ramchandra Sinkar took a life insurance policy no. 890835268 from Life Insurance Corporation of India, Mumbai Divisional Office - III for a sum assured Rs. 1,00,000/- under Plan and Term 14-15 with effect from 12.10.1998. The policy lapsed due to non-payment of premium due April, 2000 without acquiring any paid up value. It was revived by Shri Manohar R. Sinkar on 12.12.2000 for full sum assured. Shri Manohar Sinkar expired on 12.09.2003 and the cause of his death was Terminal Cardiac Respiratory Arrest due to septicemia in a operated case of infected diabetic gangrene (Rt) leg. When a claim was preferred by Shri Atul M. Sinkar, son of the deceased life assured, Life Insurance Corporation of India repudiated the claim on the ground that Shri Manohar Sinkar withheld material information regarding his health at the time of effecting the assurance and hence, in terms of the policy contract and declaration contained in the proposal forms and personal statements, they were not liable for any payment this policy.

LIC took the view that all the statements mentioned in the proposal form were false and stated that they held indisputable proof to show that life assured was known case of diabetes mellitus since 15 years and on medicines. He was a known case of IHD c Inf. Wall Myocardial Infarction (IWMI) and he had undergone Angiography in 1994 and also had history of Pulmonary Koch's for which he had taken treatment. He did not disclose these facts in his Proposal, instead he gave false answers as above.

The claim of Shri Atul Manohar Sinkar for the sum assured under policy no. 890835268 on the life of late (Shri) Manohar Ramchandra Sinkar is not tenable. The case is disposed of accordingly.

Mumbai Ombudsman Centre

Case No. LI - 291 of 2005-06

Smt. Sushma A. Kolge

Vs

Max New York Life Insurance Co. Ltd.

Award Dated 23.01.2006

Shri Avinash Vishnu Kolge had taken a Whole Life Participating Insurance on 25.06.2004. Shri Avinash Vishnu Kolge expired on 23.7.2004 and the cause of the death was Terminal cardiorespiratory arrest and Adult Respiratory Distress Syndrome due to pneumonia. When Smt. Sushma Kolge, wife and the nominee under the policy preferred claim the Company repudiated the claim and their contention was that Shri

Kolge had not informed the Company about his health status post submission of the proposal and prior to the acceptance of the risk and issuance of policy by the Company. Not satisfied with the decision of the Company Smt. Sushma Kolge approached the Office of the Insurance Ombudsman seeking justice and redressal of her grievances. Records were perused and the parties to the dispute were called for hearing. The records pertaining perused to the case have been analyzed.

It was clear Shri Kolge was first treated by his house physician Dr. Rekha pradhan on 5.7.04 and after two Days i.e. on 7.7.04 he got admitted to Pathak Nursing Home under care of Dr. A. V. Pathak and was shifted to Thane Health Care Hospital on 8.7.04 with complaints as mentioned above Admission to hospital for illness is an important intervention in the health status which ought to have been intimated to the Insurance Company Max New York specially because the risk was not accepted till then and the policy was not issued. At least the Agent should have been informed to advise Max New York suitably which was not done. This Forum, however, cannot help observing that there was procedural delays in acceptance of the risk and taking underwriting decisions for whatever reasons. Secondly the Agent who introduced the business and issued the Confidential Report for acceptance of risk, cannot be absolved of his responsibilities to advise the Company about the latest health status of the Life Assured apart from ensuring that the life proposed for insurance was a quality business.

**Mumbai Ombudsman Centre
Case No. LI - 105 of 2005-06
Smt. Prabha T. Patel**

Vs

Life Insurance Corporation of India

Award Dated 27.01.2006

Shri Tulsi R. Patel had taken two policies bearing Nos. 881134870 and 881134869 from Life Insurance Corporation of India issued by Mumbai Divisional Office - II, for a Sum Assured of Rs. 1,00,000/- and another for Rs. 10,00,000/-. The proposal under both the policies were dated 27.12.2002. Unfortunately Shri Tulsi R. Patel expired on 09.10.2003 due to Interstitial lung Disease. When the claim for the policy moneys was preferred by Smt. Prabha T. Patel, wife of the deceased life assured, it was observed by Life Insurance Corporation of India that Shri Patel withheld material information from them regarding his health at the time of effecting the insurance, by not disclosing the fact that he had suffered from Pulmonary Tuberculosis for which he had consulted a medical man. Not satisfied with the said decision, Smt. Prabha T. Patel appealed to the Zonal Manager, and aggrieved by their decision Smt. Prabha Patel approached the Office of the Insurance Ombudsman for settlement of her claim. After perusal of the records parties to the dispute were called for hearing. The relevant records pertaining to the case have been examined carefully and it is evident from the medical records that the deceased life assured had suffered from Pulmonary Tuberculosis about 18 years before the proposal for insurance and had taken Anti-Koch's treatment. He did not disclose this in the proposal form dated 27.12.2002, instead he gave false answers to the relevant question in the proposal form. Had he disclosed the history of his past illness, LIC would have called for relevant questionnaire form and special reports for consideration of acceptance of the proposal and taken appropriate decision. It is to be noted that non-disclosed disease was the primary cause of death. Thus LIC cannot be faulted for repudiating the claim of Smt. Prabha T. Patel for the sum assured for deliberate incorrect statement and withholding correct information at the time of effecting the assurance. There is no valid reason to interfere with the decision of LIC.

**Mumbai Ombudsman Centre
Case No. LI - 119 of 2005-06
Smt. Kaliyamma Armgam S.**

Vs

Life Insurance Corporation of India

Award Dated 13.02.2006

Shri Armgam Sinatambi was insured under Life Insurance Policy Nos. 982018965 and 9820189662 issued by Branch 924 under Mumbai Divisional Office III of Life Insurance Corporation of India, through proposals dated 28.09.2000 and the date of commencement under both the policies were 26.09.2000. Unfortunately Shri Armgam Sinatambi expired on 27.3.2003 due to Advanced Cardiac Failure. When the claim for the policy moneys was preferred by Smt. Kaliyamma A Sinatambi wife of the deceased life assured, it was held by LIC that Shri Sinatambi withheld material information from them regarding his health at the time of effecting the insurance, by not disclosing the fact that he was suffering from Hepatic Encephalopathy and was a known case of pulmonary disease, Alcoholic Liver Disease and Seizure prior to taking the policy which was not disclosed at the time of taking the policy. Based on this LIC repudiated the claim. Not satisfied with the said decision, Smt. Kaliyamma A Sinatambi appealed to the Zonal Manager, LIC of India, Western Zone for reconsideration of the decision. But Zonal Office upheld the decision and hence aggrieved by the said decision, Smt. Sinatambi approached the Office of the Insurance Ombudsman seeking intervention of the Ombudsman for settlement of her claim. After perusal of the records parties to the dispute were called for hearing. The relevant records made available to this Forum have been scrutinized.

It is therefore, evident from the above medical records that the deceased life assured suffered from a variety of ailments which he did not disclose either in the proposal form dated 28.9.2000 or to the medical examiner of LIC when he presented himself. Had he disclosed these material information at proposal stage, LIC would have called for special questionnaire form seeking further information and taken appropriate decision regarding acceptance of the proposal.

In view of this legal position, the decision of LIC to repudiate the claim on the ground that the deceased life assured made incorrect statements and withheld material information regarding his health at the time of effecting the assurance cannot be faulted.

**Mumbai Ombudsman Centre
Case No. LI - 134 of 2005-06
Smt. Sunita D. Kute**

Vs

Life Insurance Corporation of India

Award Dated 14.02.2006

Shri Dattu Trimbak Kute took a life insurance policy no. 880722019 from Life Insurance Corporation of India, Mumbai Divisional Office - II for a sum assured Rs. 1,00,000/- under Plan and Term 103-20 with effect from. 15.11.2000. The policy lapsed due to non-payment of premium due August, 2002 without acquiring paid up value. It was revived by Shri Dattu Trimbak Kute on 26.06.2003 for full sum assured on the strength of Declaration of Good Health made by him on 15.05.2003.

Shri Dattu Trimbak Kute expired on 09.11.2003 due to Hemiplegia and Pulmonary Tuberculosis. When a claim was preferred by Smt. Sunita Sunita D. Kute, the wife of the deceased life assured, Life Insurance Corporation of India repudiated the claim on

the ground that Shri Dattu T. Kute was suffering from Pulmonary Tuberculosis and Hemiplegia for which he took medical treatment in Vaishali Hospital from 21.05.2003 to 25.03.2003 i.e. before the revival but, he did not disclose these facts in the Declaration of Good Health made by him on 15.05.2003. They, therefore, held the view that he had made deliberate mis-statement and withheld material information from them at the time of getting the policy revived and hence in terms of the Declaration signed by him, the revival of the policy was declared void and all moneys paid towards revival of the policy and subsequent thereto were forfeited by them. Aggrieved by the said decision, Smt. Sunita D. Kute made a representation to the Zonal Manager, LIC of India, Western Zone. However, the same was also turned down. Smt. Sunita D. Kute has therefore approached the Ombudsman with a prayer that her claim should be settled by LIC.

The claim of Smt. Sunita D. Kute for the full Sum Assured under policy no. 880722019 on the life of late Shri Dattu Trimbak Kute is not sustainable. The case is disposed of accordingly.

Mumbai Ombudsman Centre
Case No. LI - 098 of 2005-06
Smt. Swati Vikas Joshi
Vs
Life Insurance Corporation of India

Award Dated 16.02.2006

Shri Vikas Jagannath Joshi was insured under Life Insurance Policy Nos. 969734893 and 969737824 issued by CBO V of 9176 Branch under Nashik Divisional Office of Life Insurance Corporation of India. Unfortunately Shri Vikas Jagannath Joshi expired due to Pulmonary Tuberculosis. When the claim for the policy moneys was preferred by Smt. Swati Vikas Joshi wife of the deceased life assured, it was observed by Life Insurance Corporation of India that Shri Joshi withheld material information from them regarding his health at the time of effecting the insurance, by not disclosing the fact that the Life Assured had suffered from Asthma and had consulted medical men and had taken treatment prior to taking the policy which was not disclosed by Shri Joshi at the time of taking the policy. Based on this LIC repudiated the claim. Not satisfied with the said decision, Smt. Swati Vikas Joshi appealed to the Zonal Manager, Western Zonal Office of the Life Insurance Corporation of India and the Zonal Office also upheld the decision taken by the Divisional Office. Hence being aggrieved Smt. Joshi approached the Office of the Insurance Ombudsman for settlement of her claim. After perusal of the records parties to the dispute were called for hearing. The relevant records pertaining to the case have been carefully scrutinized. Evidently the reply given by the claimant and the nominee Smt. Joshi was "Asthma which is further corroborated by the treatment received from Dr. Kulkarni and therefore, there was non-disclosure by the Life Assured in the proposal forms and to the Medical Examiners of LIC who examined him. Had he disclosed the correct information about his illness and the treatment taken by him, LIC would have called for additional information about his illness and also special reports for consideration of proposals.

The claim of Smt. Swati Vikas Joshi for the Sum Assured under policy nos 969737824 and 969734893 on the life of Shri Vikas J. Joshi is not sustainable.

Mumbai Ombudsman Centre
Case No. LI - 059 of 2005-06
Smt. Neelima Henry Dhale

Vs
Life Insurance Corporation of India

Award Dated 17.02.2006

Shri Henry B. Dhale took a life insurance policy no. 922132742 from Life Insurance Corporation of India, Ambernath Branch 92B of Thane Division with effect from 21.03.2002 through his proposal dated 23.03.2002 for Rs. 50,000/- under Plan and Term 75-20. Shri Henry B. Dhale died on 31.01.2003 due to Cerebrovascular accident with cardiomegaly and Hepatomegaly. When the claim was preferred by his wife Smt. Nilima H. Dhale, it was repudiated by Thane Divisional Office by letter dated 05.02.2004 on the ground that Shri Henry B. Dhale, the deceased life assured, had made deliberate mis-statements and withheld material information regarding his health at the time of effecting the assurance.

LIC stated that they held indisputable proof to show that he was a known case of Hypertension & Heart Disease before date of proposal for which he availed of medical leave and had taken treatment from Medical Practitioner. However, he did not disclose these facts in the proposal; instead he gave false answers as stated above. In terms of the policy contract and the declaration contained in the proposal form they therefore, repudiated the claim and forfeited the policy moneys.

The claim of Smt. Neelima Henry Dhale for the sum assured under policy no. 922132742 on the life of late Shri Henry Bansi Dhale is not sustainable. The case is disposed of accordingly.

Mumbai Ombudsman Centre
Case No. LI - 068 of 2005-06
Shri Ganesh Jairam Dawane
Vs

Life Insurance Corporation of India

Award Dated 17.02.2006

Smt. Bharati Ganesh Dawane took policy no. 920745899 from Life Insurance Corporation of India, Boisar Branch of Thane Divisional Office for Rs. 50,000/- with effect from 23.10.1997 under plan 14 for a term of 10 years through her proposal dated 19.10.1997. The policy lapsed for non-payment of premium due October, 1999 and revived in October 2001 and again lapsed and revived on 14.08.2002 for full Sum Assured on the strength of Personal Statement of Health made by the deceased on 09.08.2002 along with medical report. Smt. Bharati Ganesh Dawane died on 07.02.2003 owing to Cardiorespiratory arrest, Hypertension with Left Ventricular Failure.

Life Insurance Corporation of India held the view that they had indisputable evidence to show that the assured had suffered from Hypertension with LVF with Anaemia for which she took medical treatment in a hospital 1yr and 7 months back i.e. prior to date of revival. She had not disclosed these facts in her personal statement. She had made incorrect statements and withheld correct information from them regarding her health at the time of getting the policy revived as per the declaration signed by her at the foot of the personal statement and declared the revival void and forfeited all the money paid towards revival of the policy and subsequent thereto. Aggrieved by the above decision, Shri Ganesh Dawane represented to the Zonal Manager, Western Zone of Life Insurance Corporation of India for reconsideration of the decision but the Zonal Claims Review Committee, on a review of the claim, confirmed the repudiation decision taken by the Thane Divisional Office.

The claim of Shri Ganesh Jairam Dawane for the sum assured under policy no. 920745899 on the life of late Smt. Bharati Ganesh Dawane is not tenable. The case is disposed of accordingly.

**Mumbai Ombudsman Centre
Case No. LI - 036 of 2005-06
Smt. Ramvati Jwala Prasad**

Vs

Life Insurance Corporation of India

Award Dated 20.02.2006

Shri Jwala Prasad M. Singh was insured under Life Insurance Policy Nos. 921404427 and 922618892 of Life Insurance Corporation of India, Thane Divisional Office. Shri Jwala Prasad M. Singh expired on 3.3.2004 and the primary cause of death was carcinoma of Tongue and the secondary cause of death was Cardio respiratory arrest. When the claim for the policy moneys were preferred by the nominee, Smt. Ramvati Jwala Prasad, Life Insurance Corporation of India repudiated the claim on the basis of suppression of material facts that the Life Assured was a chronic bidi smoker since 25 years before death which was not disclosed at the time of taking the policy. Based on this LIC repudiated the claim. Not satisfied by the said decision Smt. Ramvati Jwala Prasad appealed to the Zonal Manager, Western Zone LIC, for reconsideration of the decision but the same was also turned down. Hence aggrieved Smt. Ramvati Jwala Prasad approached the Office of the Insurance Ombudsman seeking intervention of the Ombudsman for settlement of her claim. After perusal of the records parties to the dispute were called for hearing. The records pertaining to the case have been examined carefully. LIC has taken the view that this information of smoking habit was vital for their consideration and therefore, the claims were repudiated as the contracts became void. However, since the entire repudiation is on an alleged habit of a deceased person equity demands that irrespective of whether provisions of section 45 were favourable to LIC or not, the proof of the life Assured's habit of smoking would be necessary to be established. LIC solely relied on the doctor's notings in the case papers. The investigating Officer in his report dated 24.8.04 has mentioned that he was smoking 7-8 bidis per day did not mention since how long he had been smoking. Secondly, there was no medical corroboration of health problems arising out of the smoking in the form of any treatment taken by the Life Assured in between to confirm either smoking or the effects of it. Strictly on medical facts these were only symptoms not yet diagnosed and the entire episode is after the inception of both the policies. Investigations proved it was a case of cancer of tongue and therefore, the issue is not medically established. Thirdly even if smoking was granted but not admitted, there was no tobacco chewing or pan masala grabs kept on tongue for hours which are often suspected to cause cancer of the tongue. The section 45 of the Insurance Act, 1938 prescribes a statutory period of two years within which the Insurer may repudiate the contract on the ground of false and inaccurate material information furnished by the Insured. On the whole the rejection was on an alleged habit which was not proved and this provision places the burden of proof on the Insurer to establish the cause materially and unless the Insurer was able to do so, the contract could not be avoided on the ground of alleged misstatement or non-disclosure of facts. Based on this analysis and backed up by facts, I set aside the repudiation by LIC under both the policies and hold the appeal of the Complainant sustainable.

**Mumbai Ombudsman Centre
Case No. LI - 085 of 2005-06**

**Smt. Lata Gangaram Kadam
Vs
Life Insurance Corporation of India**

Award Dated 24.02.2006

Shri Gangaram Ramchandra Kadam took policy from Life Insurance Corporation of India, Thane Divisional Office through his proposal dated 28.11.2003. He died on 20.10.2004 and the primary cause of death was Cardio respiratory arrest due to aspiration pneumonia and secondary cause was cerebral toxoplasmosis due to immuno compromised state due to retroviral disease. LIC of India repudiated the liability under the above policy stating that the deceased life assured had withheld correct information regarding his health at the time of effecting the assurance and hence, in terms of the policy contract and declaration in the proposal form and personal statement, they were not liable for any payment under the policy. LIC took the view that they held indisputable proof to show that he was suffering from Tuberculosis for which he had taken TB leave. Aggrieved by this decision, the claimant Smt. Lata Gangaram Kadam made a representation to the Zonal Manager of Western Zone of LIC of India, but the Zonal Office Claims Review Committee also upheld the decision taken by the Divisional Office. She, therefore, approached the Insurance Ombudsman. After perusal of the records parties to the dispute were called for hearing. Smt. Lata Gangaram Kadam appeared and submitted that LIC's rejection of the claim on the ground of medical leave taken by her husband is wrong as he took leave for house work and not due to any sickness. He was admitted to J.J. hospital by the department of police while he was on Election duty at Sindhudurg. Hence the disease was sudden and not earlier contracted. On this basis she claimed policy monies as she informed that claims under the other policies have been settled. It is evident from the records that he was absent for a long period from 10.10.2001 to 11.4.2002 on medical grounds and he was granted specific 'T.B. leave' from 13.3.2002 to 11.4.2002 and again he was on leave for fits from 28.8.2003 to 5.9.2003. The proposal was on non-medical basis and as no medical examination of the Insured was conducted, LIC solely relied on the information and health declaration given by the Life Assured in the proposal form for accepting the same. Going by the number of days leave availed by the Insured during 2-3 years prior to the proposal date, it is evident that he was suffering from various illness which forced him to take leave frequently. It is also to be noted that Shri Gangaram Kadam died within 1 year of taking out the policy. On the basis of the reasons for leave, namely 'T.B. leave' 'Hospital leave' mentioned in the statement of leave it could be reasonably concluded that the deceased life assured suffered from Tuberculosis and was admitted to hospital twice before he proposed for assurance. He did not disclose this fact in the proposal form dated 28.11.2003, but replied negatively to the specific questions thereby denying an opportunity to LIC to take appropriate decision. Had he disclosed these facts at proposal stage, LIC would have called for relevant questionnaire form and special medical reports and would have taken appropriate decision in acceptance of the proposal. Thus the repudiation of death claim by LIC for deliberate misstatement and suppression of material facts regarding the health of the life assured is held sustainable. There is no need to interfere with the decision of LIC by this Forum.

**Mumbai Ombudsman Centre
Case No. LI - 084 of 2005-06
Shri Popatgiri Kamalgiri Gosavi
Vs
Life Insurance Corporation of India**

Award Dated 28.02.2006

Shri Kashinathgiri Devgiri Gosavi took a Life Insurance Policy from 9226 Branch Office under Satara Divisional Office of Life Insurance Corporation of India through proposal dated 20.9.2000 for a Sum Assured of Rs. 1,00,000/-The date of commencement of the policy was 28.9.2000. Unfortunately Shri Kashinathgiri Devgiri Godavi was murdered on 25.1.2002. When the claim was preferred by Shri Popatgiri K. Gosavi who was the nominee under the policy, Life Insurance Corporation of India repudiated the claim stating that the deceased life assured Shri Kashinath Gosavi who was a sanyasi had wrongly mentioned in the proposal form that his occupation was agriculture. Not satisfied with the decision of LIC Shri Popatgiri Gosavi appealed to the Zonal Manager of Western Zone of Life Insurance Corporation of India for reconsideration of the claim but, his representation was also turned down. Hence being aggrieved Shri Gosavi approached the Office of the Insurance Ombudsman seeking intervention of the Ombudsman for settlement of his claim The relevant records of the case made available to this Forum have been thoroughly scrutinized and parties to the dispute were called for hearing. It could be established from the document on record that the deceased life assured and the nominee under the policy were devotees of Sonajaidevi Temple and staying in its Math. The said Devasthan has huge agriculture land and the main source of income being agricultural income, devotees of the temple are actively involved in the agricultural work. The Claim Investigation Officer has also reported that occupation of the deceased was agricultural work. The Claim Investigation Officer has also reported that occupation of the deceased was agriculture. In view of this it can not be said that the occupation "agriculture" mentioned in the proposal was incorrect as this is corroborated by 7/12 extract of Agricultural land issued by Gaon Kamgar Talathi, Kasbe Bavdhan, Wai Taluka wherein his name appears alongwith others as owner and cultivator. If he was a full fledged Sanyasi, this fact should have been reported by the Agent and this was not done. It is clear from the policy status reports on record that LIC has insured many of the inmates of the Math and in most of the cases the deceased life assured himself was the nominee. If they were all Sanyasis, LIC should not have issued policies to all these persons and accepted Shri Kashinathgiri also as a nominee under some other policies. The policy under dispute was taken by the life assured on his own life and the purpose of insurance mentioned in the policy was 'saving'. In life insurance every person is deemed to have an insurable interest in his own life for very obvious reasons.

In view of the above analysis and the fact that LIC had already paid claim under the one policy under similar circumstances, Life Insurance Corporation of India's rejection of the claim becomes vulnerable and is hereby set aside and the complainant's appeal is held sustainable.

Mumbai Ombudsman Centre

Case No. LI - 154 of 2005-06

Shri Vijay Vilas Desai

Vs

Life Insurance Corporation of India

Award Dated 08.03.2006

Shri Vilas Pnadurang Desai had taken a Life Insurance Policy bering from Branch 939 of Mumbai Divisional Office - II of Life Insurance Corporation of India. The date of proposal was 08.07.2004 and the date of commencement of the policy and risk was 15.7.2004 and 23.8.2004 respectively. At the time of filling up the proposal form Shri

Desai had disclosed that he was alcoholic and tobacco chewer and LIC accepted the proposal with class II health extra. Shri Vilas P. Desai unfortunately expired on 30.04.2005 due to Cardio respiratory arrest as primary cause and pulmonary Tuberculosis with hepatic cirrhosis as secondary cause. When the claim was preferred by his son Shri Vijay V. Desai who was the nominee under the policy, Life Insurance Corporation of India repudiated the claim on the ground that he was known case of pulmonary tuberculosis with pleural effusion for which he had consulted a medical man and had taken treatment from him and this fact was not disclosed. Not satisfied with the said decision, Shri Vijay Desai appealed to the Zonal Manger, Western Zonal Office but, his representation was also turned down Aggrieved by their decision Shri Desai approached the Office of the Insurance Ombudsman seeking interference of the Ombudsman in the matter for settlement of his claim. Records have been perused and the parties to the dispute were called for hearing. It is evident from the Sion Hospital records that the deceased life assured was admitted to the Hospital immediately after submitting his proposal to LIC but before the same was accepted by them and he was diagnosed to have Pulmonary Koch's with alcoholic liver disease. As per the proposal form and declaration given by the Life Assured, he was duty bound to disclose all the information about his health correctly and this duty to disclose continues till the conclusion of the contract. LIC accepted the risk from 23.08.04 backdating the policy to 15.07.04 on receipt of balance of premium on 19.08.04 and the consent for health extra dated 21.08.04. The procedural part was getting complied with when the life assured was actually in hospital. Admission to Hospital for illness is an important intervention in the health status of the life assured which ought to have been intimated to LIC because consent for health extra which was the last requirement given by the life assured was only after his discharge from Hospital and risk was accepted by LIC thereafter.

From the above facts, it can be established beyond doubt that the deceased life assured deliberately suppressed material information and made misstatement regarding his health at the time of proposal and also suppressed the material information regarding the change in his health status between the date of proposal and the conclusion of the contract and thereby denied an opportunity to LIC to take appropriate decision to underwrite the risk.

In view of this legal position LIC cannot be faulted for repudiating the claim of Shri Vijay V. Desai.

**Mumbai Ombudsman Centre
Case No. LI - 152 of 2005-06
Smt. Voilet Fernandes**

Vs

Life Insurance Corporation of India

Award Dated 10.03.2006

Shri Nelson Fernandes took policy no. 880923484 from Life Insurance Corporation of India, Vikhroli Branch of Mumbai Divisional Office II for Rs. 6,00,000/- with effect from 26.09.2003 under plan 48 for a term of 25 years, through his proposal dated 22.09.2003. He died on 27.04.2004 and cause of his death was Spetickaemia with Hepatorenal Syndrome. LIC of India repudiated the liability under the above policy by their letter dated 15.02.2005 stating that the deceased life assured had withheld correct information regarding his health at the time of effecting the assurance and hence, in terms of the policy contract and declaration contained in the proposal forms and personal statements, they were not liable for any payment under the policy.

LIC took the view that the statements made in the proposal form were false and stated that they held indisputable proof to show that about 1 ½ years before he proposed for the above policy he had suffered from filariasis of right leg and had history of jaundice few years back. He was occasional alcoholic and had accidental fall 2 years back. He consulted Dr. Angachekar for filariasis of right lower limb on 05.11.2003 and had taken treatment from him but he had not disclosed all these facts in his proposal, instead he gave false answers therein as stated above and also did not inform about the same afterwards but before completion of the policy on 07.11.2003. It is evident from the case papers of Holy Spirit Hospital that deceased life assured had history of filariasis of right leg and suffered from jaundice few years back prior to the date of proposal. It has been proved from the case paper dated 05.11.2003 of Dr. Utkarsh K. Angachekar that deceased life assured consulted him for filariasis before the contract was concluded by LIC by issuing FPR dated 07.11.2003.

From the above facts, it can be established beyond doubt that the deceased life assured suppressed material information and made mis-statements regarding his health at the time of proposal and also suppressed the material information regarding change in his health status between the date of proposal and conclusion of the contract. Even with change of the certificate by Dr. Angachekar that he was not treated by him in September, 2003 but a OPD patient on November 5, 2003 there is no material alternation in the status of the claim being suspect as a result of non-disclosure by the Life Assured before the FPR on 07.11.2003. Moreover, the study of the prescription by Dr. Angachekar reveals that the disease was advanced and the Doctor's recommendation of a heavy crepe bandage said it all. The noting on hospital paper "patient is heavy filariasis with liver cells failure with cirrhosis of liver" confirms the progress and much earlier onset of the disease he suppressed. The claim of Smt. Voilet N. Fernandes for the sum assured under policy no. 880923484 on the life of late Shri Nelson J. Fernandes is not sustainable.

**Mumbai Ombudsman Centre
Case No. LI - 160 of 2005-06
Smt. Shyamala Venkatraman
Vs**

Life Insurance Corporation of India

Award Dated 10.03.2006

Shri L. N. Venkatraman was insured under Life Insurance Policy without profits/with Accident benefit. The said policy lapsed due to non payment of premium and the policy was revived by LIC based on the personal Statement regarding health given by Shri Venkatraman. Shri L. N. Venkataraman unfortunately expired on 18.09.2004 due to Cardiorespiratory failure due to myocardial infarction and the secondary cause being Diabetes Mellitus and Hypertension. When the claim for the policy moneys was preferred by the nominee, Smt. Shyamala Venkataraman, it was held by Mumbai Divisional Office of Life Insurance Corporation of India that they had indisputable evidence to show that the assured had undergone angioplasty at Lilavati hospital and was a known case of Type 2 Diabetes Mellitus with Hypertension, a chronic smoker, tobacco chewer and was also a known case of ? COPD taking Asthalin Inhaler prior to the revival of the policy and these facts were not disclosed in his Personal Statement regarding his good health. Life Insurance Corporation of India, Mumbai Divisional Office - IV therefore, in terms of the declaration signed by him declared the revival of the policy as void and decided to pay Rs. 34,000/- being the paid up value and Guranteed Addition of Rs. 28,000/- accrued on the policy. Not satisfied with the decision of the Corporation, Smt. Venkataraman appealed to the Zonal Manager, for

the full Sum Assured but the Zonal Office, Claims Review Committee however reiterated their stand of repudiation. Hence being aggrieved by the above decision, Shyamala Venkataraman approached the Insurance Ombudsman for settlement of full claim amount. Records of the case have been perused and the parties to the dispute were heard. The oral and written submissions with the relevant records made available to this Forum have been scrutinized.

It is evident from the hospital records that the deceased life assured was admitted in hospital and undergone angioplasty which was before the revival of the policy. He did not disclose these facts either in the Personal Statement regarding Good Health. It is important to note that any surgical procedure is an important health intervention and at the time of reviving the policy this information was very vital to which late Shri Venkataraman had given negative reply to specific questions in the personal statement. The policy was taken from 1998 and the policy had lapsed because of non-payment of premium on due date, and in this Case the Insured chose to revive the contract of the policy and the revival is clearly in law a fresh contract and thus it is the duty of Insured to disclose all the facts which are vital for a contract.

The decision of Life Insurance of India to treat the revival of the policy on the life of Shri L. N. Venkataraman as null and void is in order.

Mumbai Ombudsman Centre
Case No. LI - 137 of 2005-06
Smt. Hansaben V. Parmar
Vs
Life Insurance Corporation of India

Award Dated 16.03.2006

Shri Vashrambhai Raimal Parmar took policy no. 812596618 from Life Insurance Corporation of India, Bhavnagar City I Branch of Bhavnagar Divisional Office for Rs. 1,00,000/- under 15 years money back policy with profit (with Accident Benefit) through his proposal dated 20.06.1996. He died on 18.03.2000 due to Heart Attack. LIC of India repudiated the liability under the above policy by their letter dated 11.03.2003 stating that deceased life assured made incorrect statements and withheld correct information regarding his health at the time of effecting the assurance and therefore, in terms of the policy contract and declaration contained in the proposal form and personal statement they were not liable for any payment under the policy.

The evidence on record both oral and documentary has been examined. It has been revealed from the proposal form dated 20.06.96 for policy under dispute that he had mentioned particulars of his three previous policies, namely, 812656309, 870773059 and 69334463, but he did not mention details of his policy No. 812656713 he was holding at that time which was completed at Bhavnagar Br. 2/829 with extra of Rs.8.00 per thousand in March,96. He had also not given details of a pending proposal No. 429829 dated 18.04.96 in the same Branch i.e. Bhavnagar Br. 2/829 which resulted into policy No. 812656796 in August' 96. This policy was also accepted with extra of Rs. 8.80 per thousand with Clause 61 (a).

The life assured is required to disclose policy details of all the policies held by him and also details of pending proposals in any office of LIC at the time of applying for new policy. This information is required by the insurer to make reference to previous policy records to ascertain the previous set of measurements which may indicate a change/deterioration of health of the life assured and/or any serious ailment which

might have been disclosed in the previous proposal that would enable the underwriter to take appropriate decision in the latest proposal. From the above records it can be established that the deceased life assured was holding a policy on his life which was accepted by LIC with extra premium due to his health status and also a proposal submitted by him in Bhavnagar Br. 2/829 was pending for acceptance when he proposed for insurance for disputed policy. The life assured knew at the time of proposing that the fresh policy was accepted by LIC with health extra without having the information about the policy which he did not disclose. He knew that the pending proposal would also be accepted with extra since it was pending in the same Branch. It is natural to conclude that he did not disclose this information deliberately. Had he disclosed these facts, it would have influenced the judgement of the underwriter in deciding the acceptance of risk and if so at what premium and what condition. Thus there is clear suppression of material fact made deliberately by the assured at the time of proposing for insurance depriving the insurer to take appropriate underwriting decision. The claim of Smt. Hansaben V. Parmar for the sum assured on the life of late Shri Vashrambhai Raimal Parmar is not sustainable.

Mumbai Ombudsman Centre

Case No. LI - 156 of 2005-06

Shri Sandip L. Saswade

Vs

Life Insurance Corporation of India

Award Dated 22.03.2006

Shri Sagar Limakant Saswade had taken a Life Insurance Policy from Life Insurance Corporation of India with date of commencement under the policy being 01.5.2001. Unfortunately Shri Sagar L. Saswade expired on 29.11.2001 due to a Road Accident. When the claim for the policy moneys was preferred by Shri Sandip L. Saswade, Life Insurance Corporation of India settled the basic Sum Assured and disallowed the Accident Benefit. Not satisfied with the said decision, Shri Saswade appealed to the Zonal Manager, Western Zonal Office of the Life Insurance Corporation of India and later also to the Central Office of the Corporation. As both the Offices i.e. Zonal Office and the Central Office of the Corporation upheld the decision taken by the Divisional Office, Shri Saswade as distressed and hence he approached the Office of the Insurance Ombudsman seeking intervention of the Ombudsman for settlement of his claim. His main contention was that as per Expert Medical opinion appearing in the standard Medical Jurisprudence of Ethyl contents in blood are in the range of 0.10-0.15% i.e. 100 mg to 150 mg. such person comes under the category of 'Slight - under influence' and not influenced by drink. The records submitted by both the parties were perused and parties to the dispute were called for hearing. The relevant records of the case have been examined. It is also not disputed that the deceased life assured had consumed liquor / alcohol and the contents of the alcohol of 131 mg for 100 ml of blood found in the blood sample. The contention of the Complainant that the quantity of alcohol being small contents in the range of 0.10-0.15% i.e. 100 mg to 150 mg comes under the category of 'slight - under influence' is not acceptable as every citizen of this Country is bound to follow the law of the land. As per Sec. 185 of Motor Vehicles Act, 1988 "driving by a drunken person is a punishable offence and therefore, it is a breach of law. The fact that Shri Sagar Saswade had drinks before driving his vehicle is established and the chemical analysis had further proved that he was under his

influence of intoxicating liquor at the time of the accident and had also committed a breach of law.

In the facts and circumstances, I have no reason to interfere with the decision taken by Life Insurance Corporation of India to reject the claim for payment of Accident benefit. The petition of Shri Sandip L. Saswade, therefore, fails.

Mumbai Ombudsman Centre
Case No. LI - 133 of 2005-06
Smt. Taraben T. Soni
Vs
Life Insurance Corporation of India

Award Dated 20.03.2006

Shri Tejas T. Soni took policy no. 921164715 from Life Insurance Corporation of India, Dombivali Branch of Thane Divisional Office for Rs. 1,00,000/- with effect from 21.08.2000 under plan 124 for a term of 15 years, through his proposal dated 27.08.2000. He died on 17.08.2003 and the primary cause of his death was Acute Respiratory Distress Syndrome and Secondary cause was Bilateral Pneumonia with Septicaemia with Chronic Renal Failure. LIC of India repudiated the liability under the above policy by their letter dated 28.02.2004 stating that the deceased life assured had withheld correct information regarding his health at the time of effecting the assurance and hence, in terms of the policy contract and declaration contained in the proposal form and personal statements, they were not liable for any payment under the policy.

It is evident from the medical records that the symptoms of the illness, the Deceased Life Assured suffered, were observed somewhere in 1997. He had undergone various medical examinations and consulted medical practitioners before he proposed for insurance. He did not disclose these facts in his proposal dated 27.08.2000. Had he disclosed all the information at the proposal stage, LIC would have called for special reports and taken appropriate decision in acceptance of the risk.

The proposal was on non-medical basis and as no medical examination of the Insured was conducted, LIC solely relied on the information and the health declaration given by the insured in the proposal form. The Certificate of hospital treatment refers to the fact that "patient has not brought any note from any doctor". Clearly there was an attempt to close all information about the duration of illness. However, complaints of edema in feet, weakness, evening rise of temperature, distension of abdomen were mentioned and the doctor's comment was a "known case of chronic renal failure" as opposed to acute renal failure. There was noting of hypertension as well which is a natural outcome. In glomerular degenerative and invasive to be graded as category V. Accordingly, it proves beyond doubt that the disease was there and the Life Assured was aware of these problems when he proposed for insurance which he suppressed.

Thus the repudiation of the death claim by LIC for deliberate misstatements and suppression of material facts regarding health of the life assured is held sustainable. There is no need to interfere with the decision of LIC by this Forum.

Mumbai Ombudsman Centre
Case No. LI - 139 of 2005-06
Smt. Bharati Ashok Bangade
Vs
Life Insurance Corporation of India

Award Dated 29.03.2006

Shri Sanam Ashok Bangade had proposed for two Life Insurance Policies on 6.11.2004 and underwent medical examination on 6.11.2004 only. The date of commencement of the risk under both the policies were back dated 28.10.2004. Unfortunately Shri Sanam Ashok Bangade met with an accident on 19.11.2004 and succumbed to his injuries at around 2.50 p.m. When the claim for the policy moneys were preferred by Smt. Bharati Bangade, mother of Shri Sanam Bangade, it was observed by Life Insurance Corporation of India, Kolhapur D. O. that the amount of premium alongwith the proposal form and other relevant papers were received at their Office on 19th November, 2004 at around 3.15 p.m. i.e. after the death of Shri Bangade at around 2.50 p.m. and therefore, they decided to refund the premium paid after deducting certain expenses related to processing charges. Not satisfied with the said decision, Smt. Bharati Bangade appealed to the Zonal Manager, Western Zonal Office who after re-examination of the case decided to consider payment of Rs. 55,000/- and 1,30,000/- on ex-gratia basis without recovery of premium and without payment of bonus and DAB. Pursuant to acceptance of the claim amount Smt. Bangade felt that LIC's rejection of DAB was not in order. Hence she approached the Office of the Insurance Ombudsman seeking intervention of Ombudsman in the matter of settlement of her claim for DAB under both the policies. Records were perused and parties to the dispute were called for hearing.

The relevant records of the case have been carefully scrutinized. In the above case, while going through the chronology of events, it is clear that there was no contract at the time of death of the life proposed as neither the First Premium Receipt was issued nor the policy document. Granting even that the payment towards first premium alongwith relevant proposal paper was received by the agent but the same was received by LIC when the proposer was not alive and hence the very subject matter of insurance was non-existent when the premium was paid to make the contract effective. In case of unconcluded contracts, if the claim is preferred by the legal heirs of the deceased, LIC may make an ex-gratia payment in settlement of the claim which was made in this case. As LIC has already made an ex-gratia payment to Smt. Bharati Bangade after taking her consent for the same, I find no reason to interfere with the decision taken by LIC to reject Double Accident Benefit. I, however, feel LIC should have investigated matter thoroughly to determine the respective role of the Complainant and Agent.

Mumbai Ombudsman Centre

Case No. LI - 249 of 2004-05

Smt. Victoria Vimala Rani

Vs

Life Insurance Corporation of India

Award Dated 29.03.2006

Shri Raman padhuvai Sigamani took policy no. 821584973 from Life Insurance Corporation of India, Yavatmal Branch Office No. II of Amravati Divisional Office for Rs. 1,00,000/- with effect from 01.03.2001 under plan 14 for a term of 18 years, through his proposal dated 31.03.2001. He died on 02.05.2001 and cause of his death was unknown. LIC of India repudiated the liability under the above policy by their letter dated 31.03.2004 stating that the deceased life assured had withheld correct information regarding his health at the time of effecting the assurance and hence, in terms of the policy contract and declaration contained in the proposal form and personal statement, they were not liable for any payment under the policy.

In the Post Mortem Report, opinion as to the probable cause of death was preserved and viscera was preserved for chemical analysis. However, the conclusion arrived at in the chemical analysis of viscera reads as "Results of detection of organon phosphorous insecticide monocrotophos (Nuvacron) are positive and level of monocrotophos detected is in the same order as that found in fatal poisoning cases involving monocrotophos". This has proved beyond doubt that the death occurred due to consumption of a poisonous matter and the opinion of the Postmortem Report is solely dependent on the findings of the chemical analysis which has proved it to be an unnatural death. It is evident from the leave records supported by medical certificate that the deceased life assured was suffering from Infective Hepatitis for which he took treatment from Dr. Paraminder Singh Villkhoo and was advised complete bed rest. Thus he remained absent from his place of work on ground of ill health before he proposed for assurance. He suppressed the above information in the proposal and personal statement of health dated 31.03.2001. The proposal was on non-medical basis and hence no medical examination was conducted and as such LIC solely relied on the information given in the proposal form and the health declaration given by the insured, on the basis of which the proposal was completed. As per the declaration, the insured was duty bound to disclose all the information correctly and truthfully at the time of proposing for assurance. However, he did not disclose his past illness and leave availed by him on medical ground in the proposal form deliberately which was material for underwriting his proposal. Thus there is deliberate misstatement and suppression of material facts by the deceased life assured in the proposal for assurance. Apart from that, the Post Mortem report together with chemical analysis report clearly establish that death was due to poisoning. It cannot be conclusively proved that he committed suicide by consuming the material, its presence in the body beyond the level at which fatality takes place makes it an unnatural death and the duty lay on the Complainant to prove that it was not self-intentional or that no foul play had taken place which also would have left the matter entirely doubtful without establishing the cause. In the final analysis therefore the suppression of material fact would hold good for repudiation of the claim as the contract becomes void as stated below.

Mumbai Ombudsman Centre
Case No. LI - 150 of 2005-06
Smt. Jayshree D. Rathod
Vs

Life Insurance Corporation of India

Award Dated 31.03.2006

Shri Deepak Shamji Rathod took policy no. 907362357 from LIC of India, Branch 909 of Mumbai Divisional Office for Rs, 1,50,000/- with effect from 28.08.1997 under Plan 111 for a term of 25 years (Bima Kiran Policy without Profits) through his proposal dated 21.8.1997. Shri Deepak Rathod died on 04.05.2000 and the cause of death was Subarachnoid Haemorrhage with liver cirrhosis. LIC took the view that all the statements were false and stated they held indisputable proof to show that he was suffering from Epilepsy before he proposed for the policy and he did not disclose this fact in his proposal, instead he gave false answers.

LIC's contention is that from the history mentioned in the Police hospital that the deceased life assured was a known epileptic which was corroborated by the claimant herself stating cause of death as 'Epilepsy' in the Claim Form A. The disease 'epilepsy' mentioned in the letter written by the Office of the Police surgeon dated 04.05.2000 is possibly based on the information given by the relatives of the deceased who had

taken him to the hospital could not produce the Histopathological report which was asked for in the Post mortem report and the final cause of death was written as "Subarachnoid Haemorrhage c liver cirrhosis-natural" and this was based on Histopathological report findings. As regards the accident fall LIC held the view that since epilepsy was the cause there was no question of fall being accidental. How far LIC's contention is tenable can be examined through a critical analysis. As regards the question whether the life assured had suffered from epilepsy before he proposed for insurance LIC has not produced any evidence to prove that the disease was pre-existing. There is no evidence even to suggest that the Life Assured had knowledge of pre-existence of epilepsy before taking policy. LIC did not conduct any Claim Enquiry on this claim and had written to this Forum that there was no need to do so. In the absence of any medical evidence or even circumstantial evidence, it is unfair to conclude that the Insured was epileptic before he proposed for insurance and that he deliberately suppressed this fact in the proposal form. The charge of non-disclosure is, therefore, not tenable.

The ground of repudiation of claim by LIC therefore remained unproved and inconclusive. As per Post mortem report death was due to Subarchnoid Haemorrhage with Cirrhosis of liver and a natural one. Medically it also lent credence to death by a disease and circumstantially it failed to establish accidental fall in somebody else's house apart from eye witness account as stated before in this Award. Based on the above analysis and as the policy continued uninterrupted from 28.08.1997 to 04.05.2000 that is for nearly 3 years, while actual repudiation taking place after nearly 6 yrs i.e., in June, 2003, I set aside the repudiation by LIC and call upon them to pay the basic sum assured only without any accident benefit under the policy.

Mumbai Ombudsman Centre
Case No. LI - 145 of 2005-06
Smt. Kusum Anandrao Bhoite
Vs
Life Insurance Corporation of India

Award Dated 31.03.2006

Shri Anandra Doulu Bhoite took a life insurance policy no. 946472060 from Life Insurance Corporation of India Murgud Branch Office of Kolhapur Division with effect from 28.03.2003 through his proposal dated 23.01.2003 for Rs. 1,00,000/- under Plan and Term 14-21 (21). Shri Bhoite died on 130.8.2004 due to Myocardial Infarction within one year four months and thirteen days from the date of commencement. When the claim was preferred by his wife Smt. Kusum Anandrao Bhoite, it was repudiated by Kolhapur Divisional Office by letter dated 31.03.2004 on the ground that Shri Anandrao D. Bhoite, the deceased life assured, had made deliberate wrong statements and withheld material information regarding his health at the time of effecting the assurance.

The Certificate by Employer reveals that Shri Bhoite was on leave on medical ground for 44 days from 18.02.2000 to 02.04.2000, 6 days 06.03.2002 to 11.03.2002 and he had submitted medical certificates from Dr. Rajiv S. Chavan and Dr. P. M. Chougule to his employer for securing leave from 18.02.2000 to 02.04.2000. Dr. Chavan in his certificate dated 28.02.2000 mentioned that Shri Bhoite was suffering from Essential hypertension while Dr. Chougule has stated that he was suffering from onset of psychiatric disorder, in his certificate dated 31.03.2000.

LIC has not produced evidence of actual treatment taken by deceased life assured in the form of prescriptions, bills, reports etc, but it is established from the medical

certificates produced by the insured to his employers in support of his sick leave applications that the deceased life assured did suffer from ailments for which he took treatment and availed leave on medical ground before he proposed for assurance. Both psychiatric disorder and hypertension were mentioned as the diagnosis by the doctor. The cause of death was myocardial infarction and the disease co-existed was Essential Hypertension. Myocardial infarction is death of a segment of heart muscle, which follows interruption of the blood supply arising out of blockages in the arteries. Hypertension is considered as a great risk factor in medical science to cause Coronary Artery and Cerebrovascular diseases. Hypertension causes circulatory disorder and arteriosclerosis. Essential hypertension is apparently non-specific and idiopathic but it can become non-controllable in some patients and thus remains a potential danger to life. He also had psychiatric disorder for which he consulted a doctor which has been corroborated by him. The Life Assured did not disclose his ailment in the proposal dated 23.01.2003, instead gave deliberate, incorrect statements. Had he disclosed these facts, LIC would have considered the proposal with different criteria on the basis of special medical reports which would have been called and this clearly indicates that the deceased life assured with malafide intention suppressed his medical history.

In the light of convincing evidence produced by LIC in this case and as there is clear nexus between essential hypertension and myocardial infarction, due to which life assured ultimately died, LIC's decision to repudiate the claim on the ground of deliberately and fraudulently withholding the material information can not be faulted. There is no valid ground to interfere with the decision of LIC to repudiate the claim for the sum assured under the policy.

**Mumbai Ombudsman Centre
Case No. LI - 162 of 2005-06
Smt. Ushadevi Rajgoda Patil
Vs**

Life Insurance Corporation of India

Award Dated 31.03.2006

Shri Rajgonda Balgonda Patil took a Life Insurance policy from Satara Divisional Office. Shri Rajgonda Balgonda Patil expired on 13.08.2004 due to HTN c DM c IHD c CRF c CVA. When Smt. Ushadevi Rajgonda Patil, wife and nominee under the policy preferred a claim under the above said policy LIC of India, Satara D.O. repudiated the. LIC took the view that the statements given in the proposal form were false and stated that they held indisputable proof to show that Life Assured was suffering from Diabetes Mellitus, Hypertension, Subendocardial Infarct prior to the date of proposal and he was also having the habit of chewing tobacco. Moreover he did not disclose that his two brothers and one sister were diabetic. All these facts were material which were not disclosed at the time of proposing for the above said policy instead Shri Patil had given false answers as above. Not satisfied with this decision, the claimant Smt. Ushadevi Patil made a representation to the Zonal Manager which was also upheld. Smt. Ushadevi Rajgonda Patil therefore, approached this Forum for justice. After perusal of the records parties to the dispute were called for hearing. The records pertaining to the case have been scrutinized and from the records made available to this Forum it has been observed that the deceased life assured was hospitalized and taken treatment in Wanless hospital Case papers show that the deceased life assured suffered from Diabetes Mellitus, Hypertension since one year and had subendocardial Infarct 1 year back, taking the history prior to the date of proposal.

He did not disclose all these material facts either in his proposal dated 31.12.2002 or to the medical examiner of LIC. Had he disclosed this material information at proposal stage, LIC would have called for relevant special reports and taken appropriate decision in acceptance of the risk. Thus rejection of death claim by LIC of India for the Sum Assured for deliberate misstatement and withholding material information regarding health of the life assured at the time of proposing for assurance is held sustainable. Hence this Forum finds no valid reason to interfere with the decision of LIC of India.

Mumbai Ombudsman Centre
Case No. LI - 090 of 2005-06
Smt. Kunda Gangadhr Deshpande
Vs
Life Insurance Corporation of India

Award Dated 31.03.2006

Shri Gangadhar Dattaram Deshpande took a Life Insurance policy from Life Insurance Corporation of India, CBO I of Kolhapur Divisional Office through his proposal dated 12.05.2001. Shri Gangadhar Dattaram Deshpande expired on 24.03.2004 due to Cachexia as primary cause and (Rt) Renal (Kidney) carcinoma. When Smt. Kunda Gangadhar Deshpande, wife and nominee under the policy preferred a claim under the above said policy, LIC of India repudiated the liability stating that the deceased life assured had withheld correct information regarding his health at the time of effecting the assurance. Aggrieved by this decision, the claimant Smt. Kunda Gangadhar Deshpande made a representation to the Zonal Manager of Western Zone of LIC but her representation was upheld. Aggrieved by their decision, Smt. Kunda Gangadhar Deshpande therefore, approached the Insurance Ombudsman with a prayer to intervene in the matter for settlement of her claim. After perusal of the records parties to the dispute were called for hearing. It was established beyond doubt that the deceased life assured suppressed material information and gave wrong statements regarding his health at the time of proposal and thereby denied an opportunity to LIC to take appropriate decision to underwrite the risk. The contention of the Complainant that Life assured died due to cancer and not diabetes on which ground claim was repudiated by LIC does not deserve acceptability because when the very basis of contract suffers from willful and fraudulent suppression of material facts relating to one's health, then the contract becomes unenforceable and becomes void since inception. Therefore, the nexus between the cause of death and non-disclosure of disease suffered by the Life Assured need not be established. Thus LIC cannot be faulted for repudiating the claim for the sum assured for deliberate incorrect statement and withholding material information at the time of effecting assurance. There is no valid reason to interfere with the decision of LIC.

Mumbai Ombudsman Centre
Case No. LI - 287 of 2004-05
Smt. Sunita Dayanand Bhikaji Pise
Vs
Life Insurance Corporation of India

Award Dated 31.03.2006

Shri Dayanand Bhikaji Pise took a life insurance policy no. 946273009 from Life Insurance Corporation of India, Gadhinglaj Branch of Kolhapur Division with effect from 28.03.2003 through his proposal dated 31.03.2003 for Rs. 50,000/- under Plan and

Term 75-20. Shri Dayanand B. Pise died on 22.12.2003 due to Tuberculosis. When the claim was preferred by his wife Smt. Sunita Dayand Pise, it was repudiated by Kolhapur Divisional Office by letter dated 31.08.2004 on the ground that Shri Dayanand Bhikaji Pise, the deceased life assured, had made deliberate mis-statements and withheld material information regarding his health at the time of effecting the assurance.

In the Medical Attendant's Certificate - Claim Form B dated 08.05.2004, Dr. Fernandes, Medical Officer, Rural Hospital, Ajara has mentioned that the primary cause of death was Tuberculosis and secondary cause was Asphyxia, vomiting and paralysis. He has also stated that the symptoms of illness such as cough, weakness, left sided weakness were noticed and the deceased life assured first consulted him for the last illness on 27.02.2003. The other illness co-existed as stated by the doctor was Left sides hemiparesis. He has also stated in the above certificate that he was deceased patient's usual Medical attendant for last four years and treated him for occasional cough, cold & fever. Further in the Claim Form B - 1 dated 08.05.04 the same Medical Officer has mentioned that the patient received treatment on OPD basis in Rural Hospital Ajara from 27.02.2003 onwards for pulmonary tuberculosis, left sided hemiparalysis and general weakness. It is evident from the Claim Form - B issued by Dr. Fernandes, Medical Officer, Hospital treatment card of Rural Hosptial Ajara supported by Laboratory result dated 27.02.03 that the deceased life assured was sufering from Tuberculosis and undergoing treatment from the Hospital on OPD basis from from 27.02.03 onwards, which was before the commencement of risk under the policy. The life assured had also availed commuted leave (sick leave) just prior to submitting proposal for the above policy. He did not disclose these facts, instead gave deliberate, incorrrect statement in the proposal for assurance dated 31.03.2003. Had he disclosed these facts, LIC would have considered the prpsal with different criteria on the basis of special medical reports, which would have been called. This clearly indicates that the deceased life assured with a malfide intention suppressed his medical history in his proposal for assurance thereby denying LIC an opportunity to take proper underwriting decision.

In the light of convincing evidence produced by LIC in this case to prove that the assured suffered from Pulmonary Tuberculosis before commencement of the risk, LIC's decision to repudiate the claim on the ground of deliberately and fraudulently withholding the material information cannot be faulted. There is no valid ground to interfere with the decision of LIC to repudiate the claim for the sum assured under policy.

**Mumbai Ombudsman Centre
Case No. LI - 013 of 2005-06
Smt. Kasturi Satish Chachwale
Vs**

Life Insurance Corporation of India

Award Dated 31.03.2006

Smt. Savitribai Mallappa Chachwale had taken a Life Insurance policy from Life Insurance Corporation of India, Sangli Branch II C of Satara Divisional Office through proposal dated 20.01.2001. Smt. Savitri M. Chachwale committed suicide by hanging herself on 10.01.2004. When the claim for the policy money was preferred by the nominee, Smt. Kasturi S. Chachwale daughter-in-law of Smt. Savitribai Chachwale, Life Insurance Corporation of India repudiated the claim. The ground for repudiation of the claim by LIC was suppression of material fact regarding the health of Smt. Savitribai

Chachwale, at the time of effecting the insurance with them. The records have been perused and the parties to the dispute were called for hearing. On carefully examining the case papers of Anand Nursing Home, it is noticed that the deceased life assured consulted the doctor in that hospital on 8 occasions between 17.11.1998 and 5.7.2002 and that the deceased life assured was suffering from Spastic Colitis prior to the date of proposal. The contention of Shri Sunil S. Chachwale, son of the deceased life assured Smt. Savitri Mallappa Chachwale, that his mother was maintaining good health when she proposed for insurance except for occasional illness due to cold, is not correct as there are evidences that Smt. Chachwale had consulted Dr. D. S. Takale, M. D. of Anand Nursing Home, Miraj and had taken medical treatment from him in the year 1998, 2001, 2002 for spastic colitis. The deceased life assured did not disclose this information which was material for considering her proposal by the Insurer and suppressed the same deliberately. Had she disclosed this fact at proposal stage, LIC would have called for relevant special reports and taken appropriate underwriting decision. As the proposal was under non-medical scheme, no medical examination of the life proposed was conducted and LIC relied on the statements made by the proponent in the proposal and declaration of good health dated 20.1.2001. However, it became evident later from the documents that Smt. Chachwale was suffering from spastic colitis and as per the statement given by her son his mother committed suicide due to asthma problem which could be the result of some prolonged illness.

In the facts and circumstances the rejection of death claim by LIC of India for deliberate suppression of material regarding her health by the life assured is sustainable.

Mumbai Ombudsman Centre
Case No. LI - 043 of 2005-06
Smt. Prabhavati Popat Gujar
Vs
Life Insurance Corporation of India

Award Dated 31.03.2006

Shri Popat Narayan Gujar took Life Insurance Policy No. 942327143 for a sum assured Rs. 1,00,000/- under Table and Term 124-15 through his proposal dated 15.03.2001. The policy was issued by Vaduj Branch 94 W of Satara Divisional Office. The policy commenced on 15.03.2001 and premium was paid on half yearly basis. The policy lapsed due to non-payment of premium due on March, 2002 and was revived on 14.10.2002 for the full sum assured on the strength of a Declaration of Good Health made by the deceased life assured. Shri Popat Narayan Gujar died on 11.05.2004 due to Rt. Nasopharyngeal Carcinoma with Secondaries in Neck. After his death, the nominee Smt. Prabhavati Popat Gujar submitted her claim for the policy moneys. When the nominee preferred her claim on the basis that they have indisputable evidence to show that the assured had suffered from Squamous Cell Carcinoma - Nasopharynx for which he took medical treatment prior to the date of proposal and also prior to the date of revival. He did not however, disclose these facts in his proposal and declaration for revival. LIC took the view that he made deliberate misstatement and withheld material information regarding his health at the time of proposal as also at the time of revival of policy and hence in terms of the Declaration of good health signed by him, the revival of the policy was declared null and void and all moneys paid towards revival of the policy and subsequent thereto belong to LIC of India.

It is evident from the certificate dated 08.08.2004 of Dr. Vikas S. Kulkarni which is corroborated by Histopathology report dated 18.09.2000 from Siddhivinayak Ganpati

Cancer Hospital and Biopsy Report dated 19.09.2000 from Dr. A. G. Gujar that the deceased life assured was suffering from Nasopharyngeal Carcinoma with secondaries in neck and taking treatment for the same prior to the date of proposal on 15.03.2001 and from the recurrence of the same before the revival of the policy on 14.10.2002. He did not disclose this material fact in the proposal for assurance dated 15.03.2001 and in the Declaration of Good Health dated 10.10.2002 and to the Medical Examiner of LIC. From the evidence on record it is proved beyond doubt that the insured suppressed the fact which was material for proper assessment of the risk by the Insurer. Had he disclosed the ailment, LIC would have called for relevant medical reports and taken appropriate underwriting decision. This clearly indicates that the deceased life assured with malafide intention suppressed his medical history in his proposal for assurance thereby denying LIC an opportunity to take proper underwriting decision. In this case, the life assured knew at the time of making the proposal and revival of the policy that he was suffering from Nasopharyngeal Carcinoma with secondaries in Neck and suppressed the same. In view of this, LIC cannot be faulted for repudiating the claim for sum assured in terms of the policy contract and declaration contained in the Proposal Form and Declaration of Good Health submitted for revival of the policy. Thus this Forum finds no valid ground to interfere with the decision of LIC to repudiate the claim for the sum assured under the policy.

**Mumbai Ombudsman Centre
Case No. LI - 093 of 2005-06
Smt. Aparna Ashok Chalke**

Vs

Life Insurance Corporation of India

Award Dated 31.03.2006

Shri Ashok Bhikaji Chalke took a Life Insurance policy from Life Insurance Corporation of India, Ratnagiri Branch Office of Kolhapur Divisional Office through his proposal dated 07.01.2004. Shri Ashok Bhikaji unfortunately expired on 20.05.2004 due to Acute renal failure with Hypertension and Anemia.

When Smt. Aparna Ashok Chalke, wife and nominee under the policy preferred a claim under the above said policy to Life Insurance Corporation of India, LIC of India, Kolhapur DO repudiated the liability stating that the deceased life assured had withheld correct information regarding his health at the time of effecting the assurance. Not satisfied with this decision, the claimant, Smt. Aparna Chalke made a representation to the Zonal Manager of Western Zone but her representation was also upheld. Aggrieved by their decision, Smt. Aparna Ashok Chalke therefore, approached this Forum for justice. After perusal of the records parties to the dispute were called for hearing. The evidence on record both oral and documentary have been carefully examined and it is evident that the deceased life assured was suffering from severe Hypertension and anaemia with Chronic Renal Failure and was under his treatment for the same at the time of proposing for assurance. It also clearly points to the fact that the disease was in its advanced stage at the time of proposal. Chronic renal failure is a progressive permanent loss of renal functions over months to years and does not happen all of a sudden and the onset of the same must be before the date of proposal because the symptoms were observed by the patient one year before his death which was before the policy was taken. The Life Assured did not disclose these facts in the proposal instead made deliberate incorrect statement. Had he disclosed this correct information at the time of proposal, LIC would have called for relevant special reports and taken appropriate decision in acceptance of the proposal In view of this legal position, LIC cannot be faulted for repudiating the claim of Smt. Aparna Ashok Chalke. In the

circumstances, this Forum has no justifiable reason to interfere with the decision of LIC to repudiate the claim.

Mumbai Ombudsman Centre
Case No. LI - 182 of 2005-06
Smt. Sarita T. Londhe
Vs
Life Insurance Corporation of India

Award Dated 31.03.2006

Shri Tukaram Gunaji Londhe had taken a Life Insurance Policy on 22.12.2003 under non-medical scheme and the commencement of the policy was 28.12.2003. Unfortunately Shri Tukaram Gunaji Londhe expired on 29.12.2004 due to Cardiac Arrest. When the claim for the policy money was preferred by Smt. Sarita Londhe, wife and nominee under the policy to Life Insurance Corporation of India, LIC of India, Kolhapur DO repudiated the liability by their letter dt. 7.4.05 stating that the deceased life assured withheld correct information regarding his health at the time of effecting the assurance. Not satisfied with this decision, the claimant, Smt. Sarita Londhe made a representation to the Zonal Manager of Western Zone of LIC of India, but the Zonal Office Claims Review Committee also upheld the decision taken by the Divisional Office. Aggrieved by their decision, Smt. Saritha T. Londhe therefore, approached this Forum for justice. Records were perused and parties to the dispute were called for hearing. The evidence on record both oral and document has been carefully scrutinized.

It is established that the Life Assured suppressed the material information and replied negatively to the specific question regarding his health in the proposal form and the statement of health dated 22.12.2003 with malafide intention. Thus the rejection of death claim by LIC of India for deliberate misstatement and withholding material information regarding health of the life assured at the time of proposing for life assurance is held sustainable. Hence this Forum finds no valid reason to interfere with the decision of LIC of India to repudiate the claim for the sum assured under the policy.

Mumbai Ombudsman Centre
Case No. LI - 172 of 2005-06
Smt. Sangita Shivaji Bharane
Vs
Life Insurance Corporation of India

Award Dated 31.03.2006

Shri Shivaji Raosaheb Bharane too a Ashadeep II policy with profits (with Accident Benfit) No. 941384705 on his life for a sum assured of Rs. 50,000/- for a term of 25 years under Salary Saving Scheme through his proposal dated 10.10.2003. The date of commencement of the policy was 15.10.2003. Unfortunately, Shri Shivaji Bharane died on 25.08.2004. The primary cause of death was Epilepsy, Tubercular Meningitis with shock, Chronic colitis was secondary cause. When his wife, nominee under the policy, Smt. Sangita Bharane submitted the claim for policy moneys, LIC repudiated the claim vide letter dated 01.02.2005 stating that the deceased life assured withheld correct information about his health and habit at the time of effecting the assurance. LIC stated that the aforesaid answers were false as they held indisputable proof to show that the life assured was having habit of tobacco chewing he was suffering from viral Hepatits and taking treatment for the same and availed sick leave prior to the date of

proposal. However, he did not disclose these facts in the proposal instead gave false answers therein as stated above.

From the Certificate produced by LIC from different doctors, it is revealed that the deceased life assured was continuously on treatment under different doctors for variety of illness like fever, bleeding piles, diarrhoea haemorrhage per anus, restlessness, headache, Vomiting, chronic epigastric pain etc. Dr. Pondkule K. D. in his certificate dated 14.01.2005 stated that he had advised Shri Bharane to undergo HIV test which was ignored by him. All these facts leads to the conclusion that the life assured had noticed the symptoms of the illness and was not keeping good health at the time of proposing for assurance. This has been corroborated by the claim Inquiry Officer, Shri Suresh Gaikwad's report which is based on the information gathered by him from the relatives, neighbours and doctors.

Contract of insurance is a contract of utmost good faith and the parties to the contract are bound by law to disclose every fact of materiality while entering into a contract. As death had occurred within a year of taking the policy, the insurer has taken shelter under Section 45 of the Insurance Act, 1938 which is in their favour to repudiate the claim on the ground of making incorrect statements and withholding correct information regarding health and habit of the assured, the decision of LIC is held sustainable. This Forum, therefore, does not find any valid ground to interfere with the decision taken by LIC.

Mumbai Ombudsman Centre
Case No. LI - 62 of 2005-06
Shri Munjir Ismail Mhate
Vs
Life Insurance Corporation of India

Award Dated 31.03.2006

Smt. Kuresha Munjir Mhate took policy no. 946660555 from Life Insurance Corporation of India, Branch 949 of Kolhapur Divisional Office for Rs. 3,00,000/- with effect from 27.06.2003 under plan and term 14-15 (15), through her proposal dated 27.06.2003. She died on 26.05.2004 and cause of her death was Pulmonary embolism. LIC of India repudiated the liability under the above policy by their letter dated 20.12.2004 stating that the deceased life assured had withheld correct information regarding her occupation at the time of effecting the assurance and hence, in terms of the policy contract and declaration contained in the proposal forms and personal statements, they were not liable for any payment under the policy.

It is evident from the letter dated 05.10.2004 from New English School that the deceased life assured was not employed with them when she proposed for assurance. Even her service with Hasansheth Dawood Mullah Madhyamik Vidyalay at the time of proposal is in doubt in view of the claim Investigation Officer's Report and the fact that no service or salary records were maintained by the school. The proposal under disputed policy was accepted by LIC under Non-Medical (Special) Scheme since the life assured had mentioned that she was having earned income by virtue of employment in an institution eligible for insurance cover under Non-Medical (Special) Scheme and length of service as one year. Had she given the correct information in the proposal dated 27.06.2003, LIC would not have granted her policy under Non-medical (Special) Scheme. Even an ordinary policy would not have been granted treating her as Category III female on the basis of her agricultural income, since in such cases insurance is granted subject to and not exceeding husband's insurance in force and

her husband was not holding any insurance policy on his life. All these prove the malafide intention of the insured to take out life insurance policy by making false statements. Moreover, the deceased life assured was an educated person The proposer who affixes his/her signature on the proposal form which contains a statement which is not true or the person claiming benefit under the policy cannot escape from the consequences arising therefrom pleading that he/she chose to sign the proposal without reading it.

In this case it is established that the material facts were not disclosed by the deceased life assured, instead she gave incorrect statements in the proposal form dated 27.06.2003 to mislead the insurer The repudiation was within two years of the effective date of the policy and hence provisions of Section 45 of Insurance Act, 1938 are in favour of LIC. In view of this legal position, LIC of India cannot be faulted for repudiating the claim of Shri Munjir Ismail Mhate for the sum assured on the ground of making incorrect statement regarding occupation.