

LIFE INSURANCE—MATURITY CLAIMS---1-10-2013 TO 31.3.2014

CHANDIGARH

CASE NO.LIC/545/Rohtak/Ambala/24/14

Shri D K Bhatnagar Mehta Vs Life Insurance Corporation of India

Order dated 22.01.2014

Maturity Payment

Facts: Shri D K Bhatnagar had filed a complaint about a nonpayment of a maturity claim of 3 policies bearing numbers 170163389, 170397993 and 171854920 despite a repeated follow up action.

Findings: The insurer in its reply clarified that all the three policies belong to salary saving scheme. Due to premium gaps and non-receipt of requisite documents maturity claim payment was not released.

Decision: It is a case of gross deficiency in service on the part of insurer. Moreover his request for transfer of policies and change of mode was not considered. Keeping in view an award is passed to release the maturity proceeds considering policies in force after effecting deduction of unpaid premiums without charging any late payment interest and pay the maturity claim accordingly.

CHENNAI

AWARD No. IO(CHN) L-001/2013-14 Dated 05/06/2013

ComplaintNo. IO(CHN) /24.002.2566 /2012-13

Sri.S.K.Venkatachalam Vs. SBI Life Insurance Company Ltd

The complainant, Sri S.K.Venkatachalam, had taken a SBI Life –Unit Plus II Pension policy bearing number 28004473009 with annual Premium of Rs.50,000/- for a policy term of 5 years with the date of commencement as 27/04/2007. The date of vesting of annuity of the policy is 27/04/2012. The complainant claimed refund of full fund value available as on the date of vesting under the policy from the Insurer vide his letter dated 04/05/2012. On 24/05/2012 the Insurer has replied that the policy has already vested and that, as per policy terms and conditions, a full withdrawal may not be granted. This was reiterated by the Insurer vide their letter dated 12/06/2012.

A personal hearing of both the parties to the dispute was conducted on 28/05/2013. The complainant contended that he has received the pension option letter dated 13/04/2012 from the Insurer only on 02/05/2012 which is after the vesting date. He has also submitted the proof for the delayed receipt. The Insurer admitted that in the present case, the said option letter was received by the policyholder only after the vesting date.

It is essential that the Insurance Company must intimate the policyholders in advance, say at least 3 months before the date of maturity, furnishing the fund value under the policy and asking them to exercise their option of purchasing the annuity either from them or any other Indian Insurance Company. It is also expected of them to enlighten the policyholders about the various types of annuities, the commutation and annuity amount they are likely to get if the annuity is purchased from their company.

In view of the fact that the said intimation was not sent to the policyholder well in advance, say, at least three months in advance, the complainant was deprived of the benefit of taking an informed decision in this regard. The Insurer was directed to settle the Fund value as on the date of vesting of the policy in full and final settlement under the above policy.

The complaint was ALLOWED.

CHENNAI

SYNOPSIS

AWARD No: IO (CHN) L-011 / 2013-14 Dated 27/06/2013

Complaint No. IO (CHN)/24.013.2992/2012-13

Smt. Shantha Mahadevan Vs. Aviva Life Insurance Company India Limited.

The complainant, Smt. Shanta Mahadevan, had taken a Pension Plus- Unitised With Profit policy bearing number PPI 1101552 with annual Premium of Rs.1,00,000/- for a policy term of 5 years with the date of commencement 07/07/2004 from Aviva Life Insurance Company India Limited. The date of maturity of the policy is 07/07/2009. Maturity claim was settled on 11/10/2012. The complainant, Smt. Shanta Mahadevan, the life assured under policy no. PPI 1101552 claimed penal interest for the delay in settlement of maturity claim under the policy. She says that first maturity claim intimation under the above policy was received by her on 24/09/2012 and finally claim was settled on 11/10/2012 only, date of maturity being 07/07/2009. She has claimed interest for the delay in settlement of maturity claim .

A personal hearing was held on 28/05/2013. The representative of the Insurer was not present. The complainant's representative was present. The Insurer has not submitted the self-contained note. The representative of the complainant submitted that the policy holder's phone no. and mobile no. are very well available in the proposal form itself and the Insurer could have contacted her (as they have done on 24/09/2012) on the maturity date itself . Instead, they have chosen to intimate the maturity of the policy on 24/09/2012 (ie) after 3 years from the date of maturity. After submission of all requirements, the Insurer has transferred an amount of R.153051/- to her savings bank account through NEFT on 09/10/2012 (one third of the fund value of Rs.459200/-) towards payment of commuted value. Balance of Rs. 306149/- was paid by way of cheque no.388641 dated 09/10/2012 drawn in favour of LIC of India to enable the policy- holder to purchase an annuity plan. (as per the option exercised by the policy- holder) The Insurer has also stressed in the said letter that the above cheque is to be used to buy an annuity plan only.

Though the policyholders are expected to know the date of maturity and understand the policy conditions and are expected to play their part of obligations under the contracts, action on maturity claims is normally initiated by the Insurer himself well in advance before the date of maturity to facilitate settlement of the claim on the due date. The Insurer is expected to make the payment on the maturity date. In particular under Unit-Linked Insurance plans, the Insurance Company must intimate the policyholders in advance, say at least 3 months before the date of maturity, furnishing the fund value under the policy and asking them to exercise their option of purchasing the annuity either from them or any other Indian Insurance Company. The Insurer's contention (as informed by the Insurer vide their letter dated 20/12/2012 addressed to the policy holder) that there was no lapse on their part since several communications regarding maturity of the policy were sent to her to the correspondence address as updated in their records and the same were not returned undelivered to them is not tenable. The Insurer has not submitted any documentary proof in support of having sent the maturity claim intimation prior to 24/09/2012 under the above policy. There is a procedural lapse on the part of the Insurance Company in not intimating the complainant about the

maturity of the policy in advance which has resulted into inordinate delay in settlement of maturity claim under the above policy. The Insurer was directed to pay interest on Rs. 459200/- (total Fund value available on the date of vesting/ date of maturity) for the period reckoned from the date of maturity/ date of vesting (07/07/2009)to the date of settlement of maturity claim (11/10/2012) at the rate prescribed under the guidelines laid down for settlement of claims in IRDA Protection of Policyholders’ Interests Regulations 2002 for the reasons mentioned above.

The complaint was ALLOWED

SYNOPSIS

AWARD No: IO (CHN) L-091 / 2013-14 dated 21/01/2014

Complaint No. IO (CHN) /24.002. 2716 /2013-14

Sri. Anand Mohan Prasad Vs. SBI Life Insurance Company Limited

The complainant, Sri. Anand Mohan Prasad, had taken a SBI Life –Unit Plus II Pension policy(Unit Linked Product) bearing number 28018927001 with a single premium of Rs.4,00,000/- for a policy term of 5 years with the date of commencement as 26/2/2008 and another Life –Unit Plus II Pension policy (Unit Linked Product)bearing number 28023389210 with a single premium of Rs.6,00,000/- for a policy term of 5 years with date of commencement as 15/04/2008 . The date of vesting of annuity is 26/02/2013 and 15/04/2013 under policy numbers 28018927001 and 28023389210 respectively. The complainant, Sri. Anand Mohan Prasad, claimed refund of full fund value available as on the date of vesting under both the policies from the Insurer vide his letter dated 07/08/2013. On 12/08/2013, the Insurer has replied that (a) the policy-holder had opted for Unit Plus II Pension policy which is a pension plan (b) it has no option for full refund after the maturity of the policy.

A personal hearing of both the parties was held on 09/01/2014. During the hearing, both the parties to the dispute presented their versions.

In terms & conditions of the policy, para under the heading “Benefits payable on maturity”, it is mentioned that the Maturity benefit is equal to the Fund Value, based on the NAV prevailing on the vesting date.

As per the information given by the representative of the Insurer, in response to queries from the forum during the hearing, the option to be exercised by the policyholder shall be sent to them 3 months before vesting date. The Insurer has furnished the following dispatch details for the pension/annuity option sheets sent to the policy-holder by speed post to the mailing address mentioned in the proposal forms:-

Policy no.	Life assured	Date of pension	Speed Post No.	Despatch date	Date of vesting

		option letter			
28018927001	Anand Mohan Prasad	01/11/2012	EM 698382033IN	23/11/2012	26/02/2013
28023389210	Anand Mohan Prasad	04/01/2013	EM 733515396IN	24/01/2013	15/04/2013

The Insurer has also submitted a copy of their letters dated 1/11/2012 and 04/01/2013 said to have been sent to the policy-holder on his mailing address as stated in the proposal forms.

The Insurer has not submitted any proof like speed post receipt, a copy of their dispatch register (wherein the policy number & dispatch details were noted) ... in support of their contention that the said letters were sent by speed post. . In the absence of any clinching evidences / conclusive proofs for having sent the said communications on 23/11/2012 & 24/01/2013 to the policy-holder before the date of vesting/maturity, one can presume that the Insurer has not sent the said intimations to the policyholder well in advance, say, at least three months in advance. The Insurer had not given any opportunity to the complainant before the vesting date about the annuity rates or other options available to him and the procedures. There is a procedural lapse on the part of the Insurance Company in not intimating the complainant of the various provisions and fund value available before the date of vesting of annuity under the above policies. The Insurer was directed to settle the Fund value available as on the date of vesting of the policies in full and final settlement under both the policies.

The complaint was **ALLOWED**.
