

Maturity Claim

Ahmedabad Ombudsman Centre

Case No. 24-001-0221

Mr. D T Raval

Vs

Life Insurance Corporation of India

Award Dated : 28.01.2008

Partial settlement of Maturity Claim. An amount of Rs. 22314/- was deducted while settling the Maturity Claim under the above policy towards difference of premium. The Policy in question is a Progressive Protection Policy where the premiums increase every 5 years. Due to a clerical error, the premium at enhanced rates remained to be recovered. The apparent mistake on the part of the clerical staff of the Insurer does not enable the parties in question to get benefit out of the said apparent mistakes. As such, the decision of the Respondent to recover the amount from Maturity Claim was upheld.

Ahmedabad Ombudsman Centre

Case No. 21-001-0317

Mr. M G Nair

Vs

Life Insurance Corporation of India

Award Dated : 27.03.2008

The Assured's policy was foreclosed due to non-payment of policy loan interest. However the Respondent accepted the amounts to revive his policy. The Assured kept premiums regularly thereafter. On maturity, the Assured was informed that since the policy had been foreclosed, he is entitled to a refund of premiums with interest. The Assured desired to have the full maturity value after deducting charges for reinstatement of the policy. Accordingly, the Respondent was directed to give both the calculations so that the Assured can exercise the option.

Bhopal Ombudsman Centre

Case No.: LI-135-24/06-07/IND

Shri M.M.Quereshi

Vs

Life Insurance Corporation of India

Award Dated : 09.10.2007

Shri M.M.Quereshi, resident of Indore (M.P.) [hereinafter called Complainant] took a life insurance Policy no 28682349 for sum assured of Rs. 5000/- from LIC of India, Divisional Office: Indore, City Branch Office No-3, Indore [herinafter called Respondent]. The policy was issued under salary saving scheme with paying authority state Bank of Indore and deducted premium at every place of his posting were being remitted regularly. The complainant stated that the maturity date of policy was 28-07-2004 and he has submitted all documents duly completed at the City Branch Office No.3, Indore but even after lapse of three years he could not get the maturity claim

from the Respondent till the date of complaint. Aggrieved from the delay of the Respondent in making the maturity claim payment, the complainant has lodged a complaint with this Office seeking directions to Respondent to settle the maturity claim payment along with interest for delay.

Observations of Ombudsman :

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

There is no dispute that the policy no. 28682349 was issued to the Complainant by the Respondent and maturity claim was due on 28-07-2004.

During the course of hearing, the complainant contended that he has not received the maturity claim till the date of complaint in spite of submitting all the required documents well in time. The Complainant further informed that now the Respondent has paid the maturity claim 15 days back.

During hearing, The Respondent vide its self-contained note received on 03-10-2007 replied that they have settled the maturity claim along with interest for delay in settlement. The Respondent replied that policy record was lying at Shivpuri Branch under Gwalior Division which was sent by them to CBO-3, Indore but the same was not received at CBO-3, Indore. Now, the Maturity claim payment has been made vide cheque 581979 dated 13-09-2007 for Rs. 10378=00 including penal interest of Rs 2031=00.

In view of the above, it is clear that the complaint has been redressed by the Respondent. Thus, the complaint is filed without any relief.

Bhubneshwar Ombudsman Centre

Case No. 24-001-0469

Sri K.Ram Prasad Rao

Vs

Life Insurance Corporation of India

Award Dated : 09.10.2007

The Complainant Sri K.Ram Prasad Rao had taken two policies under OGSSS Scheme from LIC of India bearing nos. G10755024 and G10755025. The premiums were deducted from his salary till the date of maturity. The Insurer settled the maturity claim under Policy no. G10755024. Since no action was taken by the Insurer to settle the maturity claim under Policy no. G10755025, the Complainant moved this forum for redressal.

The Complaint was taken up for hearing in the presence of both parties. The Insurer stated that maturity claim could not be settled due to non availability of policy details.

It is held that the stand taken by the Insurer is most unreasonable and policy holder suffered due to their negligence in taking all possible steps to settle the claim. Hence Hon'ble Ombudsman directed the Insurer to settle the maturity claim with 9% interest per annum on maturity value from the date of maturity till date of payment.

Bhubneshwar Ombudsman Centre

Case No. 24-001-0429

Sri Lalit Kumar Mishra

Vs

Life Insurance Corporation of India

Award Dated : 10.10.2007

The Complainant, Sri Lalit Kumar Mishra took a policy from LIC of India bearing no. 590167462 for sum assured of Rs.50000/- under salary saving scheme which was matured on 20.12.2005. The Insurer settled the maturity claim for Rs.97550/- on 16.6.2006 with out the payment of delayed interest. Being aggrieved the Complainant moved this forum for redressal.

The case was heard on 25.9.2007 in the presence of both parties. The Complainant argued that since the policy was under salary saving scheme, the premium from 8/2002 to 11/2005 was remitted to Bhubaneswar Branch-I and that was transferred to Uditnagar Branch vide cheque no. 201537 dtd. 20.2.2006. But the claim was settled by Uditnagar Branch on 16.6.2006 for Rs.97550/- with out delayed interest from 26.2.2006 to 16.6.2006.

Countered by the Insurer that the intimation of maturity was issued to the Complainant on 12.10.2005, 20.12.2005 and 16.1.2006 which were not responded by him. But after receipt of gap premiums for the period from 8/2002 to 11/2005, the claim was settled on 16.6.2006. From letter dtd. 16.6.2006, it is found that the policy bond and discharged voucher were received by the Insurer on 14.3.2006 and the payment has been made after the matter was brought to this forum.

The delay in payment of maturity claim is caused due to negligence of the Insurer. Hon'ble Ombudsman allowed the complaint and directed the Insurer to pay interest @ 9% p.a from 26.2.2006 to 16.6.2006.

Bhubneshwar Ombudsman Centre

Case No. 24-001-0495

Sri Dharmananda Panda

Vs

Life Insurance Corporation of India

Award Dated : 18.10.2007

The Complainant, Sri Dharmananda Panda took a policy from LIC of India bearing policy no. 10943462 commencing w.e.f 27.9.1974 under Table & Term 28-25. The policy matured for payment on 27.9.1999. The Insurer did not settle the maturity claim and hence the complaint.

The complaint was heard on 25.9.2007 in the presence of both the parties. The complainant expressed his displeasure for the indifferent attitude of the Insurer, who did not pay the maturity claim for no fault of his own. Countered by the Insurer that due to non availability of policy records, the payment was delayed.

As the reason for delay in settlement was not a valid ground ,the complaint was allowed and directed the Insurer to settle the maturity claim immediately with interest @ 9% per annum from the date of maturity till the date of payment.

Bhubneshwar Ombudsman Centre

Case No. 21-001-0226

Sri Manguli Sahoo

Vs

Life Insurance Corporation of India

Award Dated : 16.01.2008

The deceased life assured Balaram Sahu had a policy bearing no. 585158124 for sum assured of Rs.50000/- under Table & Term 14-16 commencing from 15.6.2004. He died on 22.8.2004 due to chest pain. The Complainant, the son of the deceased life assured

lodged the death claim with the Insurer which was repudiated on the ground of suppression of material facts as regards to health.

The complaint was taken up for hearing on 19.12.2007. The Complainant contended that his father did not suffer from Asthma and the Insurer has fabricated the documents in order to support their decision of repudiation. The Insurer argued that the deceased policyholder was suffering from Asthma and was taking Ayurvedic medicine from on Laxman Mishra of Puri which was suppressed at the time of taking policy. So the repudiation was justified.

But no medical evidence was produce by the Insurer in support of the pre existing disease of the life assured except the copy of statement of villagers. More over the other documents submitted by the Insurer did not prove that the deceased life assured was suffering from Asthma. There is no expert opinion that the cause of death had direct nexus with Asthma. The complaint is allowed and directed the Insurer to pay the maturity value.

Chandigarh Ombudsman Centre
Case No. : LIC/309/Ludhiana/Unit-III,Ludhiana/24/08
Davinder Kumar Jain
Vs
Life Insurance Corporation of India

Award Dated : 19.11.07

FACTS : The complainant, Sh. Davinder Kumar Jain purchased a policy which matured on March, 1999. Since, the original policy bond was misplaced, he completed all the formalities for the claim on 24.07.2007. The insurer informed him that his policy had already been surrendered to loan on 22.02.1995 but when he enquired about the details of the loan, no satisfactory reply was given by the insurer.

FINDINGS : The insurer clarified the position by stating that the policy was under Anticipated Endowment Assurance Plan for 25 years and the premiums were paid for 17 years only instead of 25 years. The policy lapsed w.e.f. 28.03.1991 due to non-payment of further premia. The complainant raised loan twice i.e. Rs. 1,840/- and 11,060/- totaling to Rs.12,900/-. Further, Survival Benefit of Rs.6,000/- due under the policy on 28.03.1989 was adjusted towards loan interest of Rs.680/- and partial repayment of loan to the balance loan upto 28.03.1990. Later the complainant stopped payment of premium w.e.f. 28.03.1991 and also stopped payment of interest on loan w.e.f. 28.03.1990. The policy was surrendered to loan and loan interest on 23.02.1995 as per rules of the Corporation. As the policy was with the insurer as security against loan, so the statement of the complainant about the loss of policy is wrong. The photo-stat copy of the loan ledger clearly reveals that the foreclosure action has been taken on 23.02.1995.

DECISION : Held that the action taken by the insurer was in order. Moreover the case was badly time barred as the complaint has been made after twelve years from the date of fore closure of the policy. No further action is called for.

Delhi Ombudsman Centre
Case No. LI/DL-I/250/07
Shri V.K.Malhotra
Vs

Life Insurance Corporation of India

Award Dated : 13.11.2007

The complaint was heard on 07.11.2007. The complainant, Shri V.K.Malhotra, was present. LIC of India was represented by Shri R.K.Srivastava, Manager(L&HPF), Delhi.

Shri V.K.Malhotra has lodged a complaint with this Forum on 14.04.2007 that he had taken a Bima Nivesh policy No.113123938 from LIC of India. He had deposited Rs.472860/- for 5 years which comes to Rs.764500/-as per table No.132 (Bima Nivesh). But he was surprised to see that LIC of India had sent him cheque for Rs.751828.34 P. which is less than the actual amount. Besides this, the cheque was received by him on 15.04.2006 in the evening which could only be presented on 17.04.2006. They delayed the payment by 9 days. LIC should have sent him a post dated cheque on 09.04.2006, he has requested the Forum that he should be paid the penal interest for delayed payment. Further, he should also be paid the difference of Rs.12671.66 P. (Maturity amount – Paid amount) along with interest.

LIC of India, vide their letter dated 09.10.2007, informed the Forum that Shri V.K.Malhotra deposited the papers in their Shahdara Branch on 23.03.2006 and as per IRDA Regulation, the life assured is to get payment within one month from the date of deposit of papers. As such, no penal interest is payable.

The policy was to mature on 09.04.2006 and the payment was made on 09.04.2006 which he received on 15.04.2006. As such, no penal interest is payable. Further, the life assured has submitted a chart provided to him by his agent and has been demanding a sum of Rs.12671.66 P. whereas they have paid as per the terms and conditions of the policy.

At the time of hearing, Shri V.K.Malhotra requested the Forum that he should be paid the difference of Rs.12671.66 P. as per the chart submitted by him. On enquiry by the Forum that this chart does not bear any authenticity since it has not been issued by LIC of India. Shri Malhotra informed the Forum that it was provided by the LIC agent and therefore, LIC is liable to pay according to the chart. Further, he contested that he should be paid penal interest for delayed payment of maturity amount.

LIC of India informed the Forum that they had already paid a sum of Rs.1337/- as penal interest on delayed payment of maturity claim for 8 days. As far as the demand of Shri Malhotra for the difference of maturity amount and the quoted amount in the chart, LIC of India is governed by the terms and conditions of the policy and they have rightly paid the maturity claim.

After hearing both the parties and on examination of the documents submitted, it is observed that LIC of India has paid interest for the delayed payment of maturity amount. Further, Shri Malhotra is demanding a sum of Rs.12671.66 P. being the difference in the maturity amount paid by LIC of India and as per the table submitted by Shri Malhotra issued to him by the agent. The Forum has drawn the attention of Shri Malhotra towards the Bima Nivesh Bond which was issued to him and as per the special provision of the policy which mentions that

- (1) A guaranteed addition at compound rates of Rs.85 per thousand for the first five years and Rs.90 per thousand thereafter will be added to the policy at the end of each policy anniversary and will be payable when the sum assured becomes payable.
- (2) On the life assured surviving the stipulated date of maturity, this policy may be eligible for payment of a Loyalty Addition at such rate and on such terms as may be declared by the Corporation. Since Shri V.K.Malhotra has been paid as stated above and as per the terms and conditions of the policy, the chart provided by him

does not hold good. Therefore, the complaint of Shri V.K.Malhotra stands dismissed.

**Guwahati Ombudsman Centre
Case No. 23/01/003/L/07-08/GHY
Mr. Arindam Dutta**

vs

Life Insurance Corporation of India

Award Dated : 30.11.07

Facts leading to grievance of Complainant

Mr. Arindam Dutta lodged the above complaint for not making payment of pension under policy no. 481504657 as per terms of the policy.

The facts involved in the complaint is that Mr. Arindam Dutta obtained policy no.481504657 under type "Jeevan Suraksha" with the date of commencement on 15.02.1997 and the date of annuity was from 15.03.07. The amount of monthly pension (annuity) under the policy was fixed at Rs.919/- in the policy document. However, the insurer/OP offered an amount of Rs.802/- as the annuity amount monthly instead of Rs.919/- as mentioned in the policy document. Being aggrieved, the insurer/OP was approached for payment of the annuity as per terms of the policy but the insurer/OP did not accede to his requests.

Counter-statements from Opp.party/Insurer

The insurer/OP vide letter dtd. 2.5.07, 3.8.07 by Maligaon Branch Office and vide letter dtd. 29.5.07 and 27.7.07 by Manager (CR. JS CELL), KMDO-I, stated that from the inception under "Jeevan Suraksha" policies, LIC is quoting pension annuity amount in the policy document as per formula applicable to option D. In this case, also, the annuity amount was mentioned on the basis of option 'D' but the annuitant had opted for option 'F' subsequently and his annuity amount has been modified to Rs.802/- under option 'F' and NCO amount (purchase price of pension fund) has also been increased to Rs.92,678/- instead of Rs.92,250/- as printed in the policy bond. Option 'F' means pension for life time with return of purchase price/pension fund of Rs.92,678/- to the nominee after the death of the annuitant. The contention of the insurer is that after the complainant opted for option 'F', the amount was reduced as per rules of the Corporation with guarantee of returning the purchase price to the nominee after the death of policyholder. The Maligaon Branch office of the OP has also informed vide letter dtd. 3.8.07 that pension was due from 15.03.07 and fraction of pension from 15.03.07 to 31.03.07 has been paid along with the full pension from 1.4.07.

Decisions & Reasons

It is an undisputed fact that the "Jeevan Suraksha" policy bearing no.481504657 contained the amount of monthly pension of Rs. 919/- payable to Mr. Arindam Dutta on and from 15.3.07. From the note issued by Manager (CR:JS)/KMDO-I, it appears that it is the established policy of the Life Insurance Corporation to issue "Jeevan Suraksha Policy" quoting pension/annuity amount on the policy bond as per option 'D' without commutation. The option 'D' means "annuity is guaranteed for 15 years and life thereafter i.e., annuitant will be receiving annuity till he survives but if the death occurs before 15 years, his/her spouse/nominee/legal heir will receive the same amount of annuity till the expiry of the 15 years. Nothing will be payable to them if the death occurs after 15 years". It is thus the policy condition provides that in case of option "D", no purchase price of pension fund is payable to the nominee/spouse after the death of the annuitant. From this, it appears that without obtaining option, the LIC is

quoting the annuity amount on the policy bond treating as if option "D" has been exercised by the policyholder. After issuing the aforesaid policy and at the appropriate time, when Mr Arindam Dutta had opted for option "F" without commutation, his annuity was reduced to Rs.802/- per month. The option "F" means pension for life time with return on purchase price/pension fund of Rs.92,678/- to the nominee/legal heir after the death of the annuitant. The policy document was issued to the complainant as back as in the year 1997. The policyholder Arindam Dutta appears to have exercised option "F" on 19.10.06 after the last payment of premium and before the date on which the annuity/pension becomes payable on 15.03.07. The complainant had completed the formalities in respect of exercising this option just before the annuity amount becomes payable and accordingly, the amount of pension has been modified to Rs.802/- from that of the amount of Rs.919/- as shown in the policy. Thus, the above changes occurred due to the option exercised by the complainant and the insurer appears to have acted on his prayers as per Corporation's rules. The reduction of the amount of annuity/pension is the outcome of exercising option with return of capital after his death by the complainant and in case he would not have exercised option "F" he would have continued to get Rs.919/- as annuity/pension for 15 years as guaranteed and life thereafter without the benefit of getting back the purchase price by his nominee after his death.

In view of the aforesaid facts and circumstances, I find nothing to interfere with it. The complaint is accordingly treated as closed.

Kochi Ombudsman Centre
Case No. : IO/KCH/LI/20-001-339/2007-08
Sri.V.Janardhanan
Vs
Life Insurance Corporation of India

Award Dated : 15.01.2008

The complaint falls under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998. While the complainant was working as Postal Assistant at Kanhangad Post Office a policy was taken for a sum assured of Rs.5000/- and term 20 years. The premiums were deducted from his salary for certain period and then discontinued after some time. The policy matured in 1997. But the maturity value was not settled so far and hence the complaint.

It was submitted by the insurer that the policy was under salary saving scheme the premia are desired to be deducted from salary and remit to the insurer regularly. However, the insurer has not received any premium other than the first two premium either by deduction from salary or by direct remittance. Hence nothing is payable under the policy. As per the practice adopted all the records were destroyed as policy has lapsed without acquiring any paid up value, It was also submitted that the policy was an anticipated endowment assurance policy where survival benefit 20% of SA is payable at the end of 10 years and 15 years. As no premium was received survival benefit also was not paid. Had the premium been paid for 10 years, the complainant would have approached the insurer for payment of survival benefit. The insured had not made any such request. Insurer has produced a letter written by Kasargod Br to the Kannur Branch Office informing that survival benefit has fallen due from 28.9.87, but they have not received any premium. They have furnished premium position of other policies under the same paying authority where premia are received. Hence it can be presumed that the premium under the policy was not received even in 1987. As premia were not received the records might have destroyed as per standing instructions. The complainant also is not sure up to which period premium were deducted from his

salary. From the above it can very well be presumed that the contention of insurer is correct and hence the complaint is dismissed.

**Kolkata Ombudsman Centre
Case No. 211/21/001/L/07/07-08
Shri Susanta Chakraborty**

Vs

Life Insurance Corporation of India

Award Dated : 16.10.07

Facts & Submissions :

This petition was filed by the complainant against less payment of maturity claim.

The complainant purchased a policy no. 034092305, which matured on 14.03.07. He executed the discharge voucher showing claim amount of Rs. 148200/- for Basic Sum Assured (BSA) of Rs. 50000/-. However, the actual payment made was Rs. 69,350/- only against BSA of Rs. 25000/-. He stated that the sum assured in the policy bond was unilaterally changed by the insurer from Rs. 50000/- to Rs. 25000/-. He also stated that his policy was earlier assigned to HDFC against monetary consideration of Rs. 50000/- and subsequently reassigned to himself after repayment of the loan, but LIC did not raise the question of wrong SA at that time.

In the self-contained note, LIC stated that the life assured submitted a proposal on 24.03.1982 for sum assured of Rs. 25000/- under Plan/Term 14-25. The policy bond was issued accordingly. However, the policy master after computerization wrongly showed the sum assured as Rs. 50000/-. The error was detected at the time of claim payment and therefore, they made correction in the payment voucher and the claim paid by them was correct.

HEARING:

In response to a notice of hearing, both the parties attended. The complainant was shown the policy bond, which indicated the sum assured as Rs. 25000/-. He was also informed that the premium amount paid by him would indicate that the sum assured could only be Rs. 25000/- and not Rs. 50000/-. However, he showed renewal premium notice, in which the sum assured was mentioned as Rs. 50000/-. He was told that there was a mistake in uploading the data in the records when the department was computerized. It was only a mistake and the policy was for Rs. 25000/- sum assured only. He was also shown the proposal form in which the sum assured was mentioned as Rs. 25000/-. The complainant stated that if the details were shown to him when he visited the offices of LIC, he would not have made this complaint before this forum. The insurance authorities accepted their mistake in the database.

DECISION:

Under these circumstances, it was held that the decision of the insurance company was correct and the complainant did not get any relief. However, the LIC authorities were requested to write an apologetic letter to the complainant for causing unnecessary harassment.

**Kolkata Ombudsman Centre
Case No. 435/24/001/L/10/07-08
Shri Sidhinath Prasad Bhagat**

Vs

Life Insurance Corporation of India

Award Dated : 20.02.2008

Facts & Submissions :

This petition was filed by the complainant against non-payment of maturity claim.

The complainant worked in Bihar State Electricity Board and purchased a policy no. S-030578680 with DOC 28.03.1974 under Plan/Term 14-25 for sum assured of Rs. 10000/- under Salary Savings Scheme (SSS). The policy was purchased from Bokaro Branch I, then under Jamshedpur Divisional Office. The policy got matured on 28.03.1999. The complainant stated that he did not receive the maturity claim in spite of taking up the matter with the insurer.

HEARING:

The representative of the LIC stated that a letter has been sent by Hazaribag Divisional Office asking the complainant to file the original policy bond and discharge voucher duly completed so that they can settle the claim early.

At the time of hearing, the complainant stated that he has been corresponding with the LIC from 2001 and there was no reply at all from the LIC authorities. Similarly, he tried to correspond in 2005 and later in 2007 for which he never got any reply. According to him, they have taken up the matter only after he filed the complaint with the Hon'ble Ombudsman. He further stated that during one of his visits to get the maturity amount, he met with an accident, which turned out to be serious and during the accident, he lost all the papers in the baggage and, therefore, he does not have the original policy bond.

The representative of the LIC stated that he would talk to the Branch official and see that the proforma of indemnity bond is given to the complainant so that the claim could be processed as early as possible. The complainant requested that he may be paid compensation and interest for so many years as the amount had become due on 20.03.1999.

DECISION:

The complainant was requested to immediately file an indemnity bond with a surety so that the LIC authorities would take up the matter of payment of maturity amount. LIC were directed to pay the maturity amount along with penal interest @ 2% above the prevailing bank rates. They were also directed to pay a special ex-gratia payment for not attending to the travails of the complainant and for lack of customer service an amount of Rs. 10000/- (Rupees ten thousand) only as a special case over the amount mentioned above.

**Kolkatta Ombudsman Centre
Case No. 542/24/001/L/12/07-08
Shri Sagar Prasad Singh**

Vs

Life Insurance Corporation of India

Award Dated : 14.03.2008

Facts & Submissions :

This petition was filed by the complainant against non-payment of maturity claim.

The complainant purchased a policy no. 060215211 with DOC 28.03.1981 under Plan/Term 76-25 for sum assured of Rs. 10000/- under Salary Savings Scheme (SSS). The policy matured on 28.03.2006. He sent the policy bond and discharge voucher to the Divisional Office instead of the servicing Branch and subsequently the Divisional Office forwarded the documents to the Branch Office, but the claim remained pending.

LICI vide their letter dated 07.03.08 informed that their Patna Branch – IV have settled the maturity claim vide cheque no. 398827 dated 06.03.08 for Rs. 18950/- and the same has been despatched vide RL No. 3866 dated 07.03.08.

HEARING:

In response to a notice of hearing on 13.03.08, both the parties attended. The complainant stated that he has received the cheque after two years but without any interest. He also prayed for damages as he had incurred lot of expenditure by way of traveling.

DECISION:

The complainant was informed that the damages could not be granted, as the same is not within the purview of Ombudsman under RPG Rules 1998. However, the interest prayed for could be granted. Accordingly, the insurance company were directed to pay the penal interest @ 2% above the prevailing bank rate for the delay in settling the claim.