

PROCEEDINGS BEFORE THE INSURANCE OMBUDSMAN, STATE OF KARNATAKA

(UNDER RULE NO: 16/17 of THE INSURANCE OMBUDSMAN RULES, 2017)

OMBUDSMAN – NEERJA SHAH

Case of: Mr K N RAVI KUMAR V/s TATA AIA LIFE INSURANCE COMPANY LIMITED

Complaint No: BNG-L-046-1718-0042

Award No: IO/BNG/A/LI/0013/2018-2019

1.	Name & Address of the Complainant	Mr K N Ravi Kumar F-103, Vishwas Daffodils Near Vishwa Bharathi School Jalahalli Post BENGALURU - 560013 Karnataka State
2.	Policy Nos: Type of Policy Commencement of Policy/ Policy Period/PPT	C311708444 Maha life Gold 11.08.2006/70 years (PPT 15yrs)
3.	Name of the Insured Name of the Policyholder	Mr K N Ravi kumar
4.	Name of the Respondent Insurer	TATA AIA Life Insurance Company Limited
5.	Date of Repudiation/ Rejection	Nil
6.	Reason for repudiation/ Rejection	Annual Cash dividends are not guaranteed
7.	Date of receipt of Annexure VI A	16.05.2017
8.	Nature of complaint	Dispute in annual cash dividend
9.	Amount of claim	₹.9,900/- + interest
10.	Date of Partial Settlement	Nil
11.	Amount of relief sought	₹.9,900/- + interest
12.	Complaint registered under Rule No	13 (1) (e) of Insurance Ombudsman Rules, 2017
13.	Date of hearing/place	11.05.2018/Bengaluru
14.	Representation at the hearing	
	a) For the Complainant	Self
	b) For the Respondent Insurer	P.B. Ganapathy – Manager (Legal)
15.	Complaint how disposed	Allowed
16.	Date of Award/Order	22.05.2018

17. Brief Facts of the Case:

The complaint arose out of dispute in payment of non-guaranteed cash dividend for 10th policy anniversary as per policy conditions. On representation, the Respondent Insurer (RI) rejected the same, as it was non-guaranteed as per policy provisions and the dividend was paid as declared by the Company. The Complainant represented to the Grievance Cell who rejected his claim. Aggrieved, he approached this Forum for redressal of his grievance.

18. Cause of Complaint: -

a) Complainant's argument:

The Complainant submitted that he availed the above mentioned policy from the RI with a provision to receive non-guaranteed annual cash dividend after completion of 5 years from the date of inception of the policy. Accordingly, he received cash dividend as declared by the company for 6-9 policy anniversary dates from 11.08.2012 to 11.08.2015 at the rate of ₹.32.50, ₹. 33.00, ₹. 34.70 and ₹. 31.50 per 1000 basic sum assured respectively. The necessary letters received from the R/I were submitted.

The Complainant submitted that he received cash dividend for 10th policy anniversary date 11.08.2016 at the rate of ₹. 33.00 per 1000 basic sum assured, instead of @66% as shown in benefit illustration given in the contract. But the R/I rejected his demand vide their letter dated 20.01.2017, stating that the non-guaranteed cash dividend shown in benefit illustration was a projected one with two different rates of interest with lowest 6% and highest 10% and as such the cash dividend paid at the rate of ₹.33.00 (₹.9,900/- for sum assured of ₹.3,00,000/-) was in accordance with the projections in the illustration.

In spite of his representation to the GRO of the RI, his request was not considered and hence, he has approached this Forum for resolution..

b. Respondent Insurer's argument:

The Respondent Insurer in their SCN dated 02.06.2017, whilst confirming the issue of the said policy for Sum Assured ₹.3,00,000/-, denied all the allegations made by the Complainant. The RI submitted that the annual cash dividend shown in benefit illustration for policy anniversaries 10-19 was a projected one with lower scenario at 6% interest i.e. ₹.14/- per 1000 basic sum assured and higher scenario at 10% interest i.e. ₹.62/- per 1000 basic sum assured, which works out to dividend of ₹.4,200/- to ₹.18,600/- for sum assured of ₹.3,00,000/- The RI submitted that the LA has signed the SIS (Sample Benefit Illustration Sheet). In page no 2 clause no.4 of the SIS it is mentioned that ***“these assumed rates of return are not guaranteed and they are not the upper and lower limits of what you might get back as the value of the policies depended on a number of factors including future wherein it is mentioned as ANNUAL CASH DIVIDEND PER 1000 BSA WHERE IN INVESTMENT PERFORMANCE”***. Further, they also stated that as per the second table for the policy anniversary the lower scenario and higher scenario are respectively provided.

However, they have paid cash dividend of ₹.9,900/- for 10th policy anniversary date 11.08.2016 on 12.08.2016, based on the performance of the company, which was in between these two scenarios

and fell in line with the projections in the illustration which is more than the lower scenario. Further the rates used have been set by the Life Insurance Council. Therefore, the R/I refused to pay any additional amount towards cash dividend under the policy, vide their letter dated 20.01.2017. They further submitted that exorbitant returns of 33% and 66% from the 10th years is assumed by the Complainant and he is not part of P.I.P.(Policy Information Page). The Complainant had not raised this issue pertaining to the terms and conditions of the policy during the free look period. Under the circumstances, the complaint is untenable and is prayed for dismissal.

19. Reason for Registration of complaint: -

The complaint fell within the scope of Insurance Ombudsman Rules, 2017 and so, it was registered.

20. The following documents were placed for perusal: -

- a. Complaint along with enclosures,
- b. SCN of the Respondent Insurer along with enclosures and
- c. Consent of the Complainant in Annexure VI-A and Respondent Insurer in VII-A.

21. Result of personal hearing with both the parties (Observations & Conclusions):

The issue under consideration is whether the Complainant is eligible for the payment of dividend as per the benefit illustration and also according to the policy terms and conditions.

During the personal hearing, both the parties submitted their earlier submissions.

Upon the close scrutiny of the documents and records and submissions made during the personal hearing, the Forum found that the S.B.I.(Sample Benefit Illustration sheet) is appended to policy document and is a part and parcel of the contract entered into by the RI and the complainant. Therefore the S.B.I. cannot be taken as a mere illustration, but the dividend has to be given as committed by the RI in the said illustration. Accordingly, the RI declared the dividend for 6-9 (as applicable to group 1) policy anniversary dates from 11.08.2012 to 11.08.2015 at the rate of ₹.32.50, ₹. 33.00, ₹. 34.70 & 31.50 per 1000 basic sum assured respectively.

As per the S.B.I. during the year 2016, the policy completed 10 years duration, and hence the Complainant moved to group 2 and he is eligible for twice the amount of dividend as declared to group 1.

The RI's argument that the Complainant should have raised the issue of dividend within the 'Free Look Period' is unacceptable for the reason that the payment of dividend in the present case arises only after the 5th year of the policy and there was no way that the complainant would have raised this issue within the Free Look Period of 15 days.

AWARD

Taking into account the facts & circumstances of the case and the submissions made by both the parties during the course of the Personal Hearing, the RI is directed to give the benefit of payment of twice the dividend as applicable to group 1 as shown in S.B.I.(Sample Benefit Illustration) which is forming part of the policy.

Hence the complaint is **Allowed**.

22. Compliance of Award:

The attention of the Complainant and the Respondent Insurer is hereby invited to Rule 17(6) of the Insurance Ombudsman Rules, 2017, where under the Respondent Insurer shall comply with the award within 30 days of the receipt of the Award and shall intimate compliance of the same to the Ombudsman.

Dated at **Bengaluru** on the 22nd day of **May 2018**.

(NEERJA SHAH)
INSURANCE OMBUDSMAN
FOR THE STATE OF KARNATAKA