

Maturity Claim

**Chandigarh Ombudsman Centre
Case No. LIC / 420 / Chandigarh / Rajpura / 24 / 05
Shri Santokh Singh
Vs**

Life Insurance Corporation of India

Award Dated 12.4.2005

FACTS : Santokh Singh purchased a policy bearing no. 160339089 under table 94-14 on payment of single premium of Rs. 30,732 from B.O., Rajpura. The payment of monthly annuity was due w.e.f 28.3.04. The complainant kept on making inquiries since April 2004 from the BO as well as DO, but he did not get any satisfactory response. After waiting for 11 months, he filed a complaint urging intervention.

FINDINGS : The Sr. Divisional Manager, Chandigarh to whom the complaint was referred informed that after the matter was taken up with the IPP Cell ZO, New Delhi, policy master was created and cheques were under print, and shall be dispatched to the complainant.

DECISION : Held that interest @7% for the period of delay be paid. Besides, responsibility for lapses should also be fixed to avoid their recurrence.

**Delhi Ombudsman Centre
Case No. LI / AJ / 59
Smt. Urmila Bai Meena
Vs**

Life Insurance Corporation of India

Award Dated 31.5.2005

FACTS OF THE CASE

The complaint of Smt. Urmila Bai Meena is that LIC has not paid to her instalment of survival benefit of Rs 5,000/- which fell due on 28.7.2004 under Policy No. 180337649, taken by her.

Observations of Hon'ble Insurance Ombudsman

One intervention by the Forum, Ajmer Division of LIC has since paid the intalment of survival benefit of Rs. 5,000/- to the complainant on 25.5.2005 through cheque No. 17217. But it is found that there has been delay on the part of LIC in making the payment to the complainant. LIC is, therefore, liable to pay penal interest, on account of the delay.

In the result, Hon'ble Insurance Ombudsman ordered that Life Insurance Corporation of India shall pay to Smt. Urmila Bai Meena, the complainant, penal interest on the survival benefit of Rs. 5,000 @ 8 % per annum, on account of the delay, from the due date to the date of actual payment.

**Delhi Ombudsman Centre
Case No. LI / AJ / 378 & 418
Shri Kailash Chand Jain**

Vs
Life Insurance Corporation of India

Award Dated 16.5.2005

FACTS OF THE CASE

The complaint of Shri Kailash Chand Jain is that Policy No. 25183100 matured on 28.1.1991 but LIC has not paid to him the maturity value.

Ajmer Division of LIC, vide their letter dated 4.5.2005, has informed the Forum that it is a time barred case. However, as a special case they have since paid to the complainant a sum of Rs. 2,933 on 28.2.2005 vide cheque No. 102387. But penal interest, on account of the delay, has not been paid to the complainant.

Observations of Hon'ble Insurance Ombudsman

After perusal of the facts of the case and after going through the papers submitted by the complainant to the Forum, Hon'ble Insurance Ombudsman is of the opinion that the reasons stated by LIC in their letter dated 4.5.2005, for not paying penal interest to the complainant, are not convincing. The policy of Shri Kailash Chand Jain matured on 28.1.1991. LIC has paid the maturity value only on 28.2.2005. LIC is clearly liable to pay penal interest to the complainant, on account of the delay.

In the result, Hon'ble Insurance Ombudsman directed that the Life Insurance Corporation of India shall pay to Shri Kailash Chand Jain, the complainant, penal interest on the maturity value, Rs. 2,933/- @ 8 % per annum, on account of the delay for the period from 28.1.1991 to 28.2.2005.

Delhi Ombudsman Centre
Case No. LI / DI / 1 / 228
Shri Gautam Singh

Vs
Life Insurance Corporation of India

Award Dated 16.5.2005

FACTS OF THE CASE

The main grievance of the complainant is that LIC has badly delayed payment of the instalments of survival benefit to him under policy No. 110633907 purchased by him in May, 1989. The first instalment of survival benefit fell due on 28.5.1994. It was paid to him only in the year 2000. The second instalment of survival benefit fell due on 28.5.1999. It was paid to him only in the year 2002 and that too after the intervention of the Office of Insurance Ombudsman. The third instalment of survival benefit fell due on 28.5.2004. However, the cheque towards payment of the third instalment was sent to him only in January, 2005. Curiously, the cheque towards penal interest on account of the delay was sent to him much earlier, in October, 2004.

Observations of Hon'ble Insurance Ombudsman

The facts of the case show that the concerned branch office of LIC has acted in a very erratic manner in this case. The complainant also stated before Hon'ble Insurance Ombudsman that the officials of the concerned branch office behaved rudely towards him and would not even listen to his complaint. He further stated that just because he had approached the Office of Insurance Ombudsman on an earlier occasion, he was being harassed by the concerned branch office. They were deliberately targeting him.

It seems to Hon'ble Insurance Ombudsman that there is considerable force in the allegations made by the complainant against the concerned branch office. The matter needs to be inquired into and responsibility fixed for the delay in payment of the instalments of survival benefit in this case.

The complainant has not encashed the cheques sent to him in respect of the third instalment of survival benefit. He has rightly not encashed the cheques because his complaint was pending before Hon'ble Insurance Ombudsman and he did not want to do anything before he took a decision in this case. The two cheques have now become invalid. It will be necessary now to issue fresh cheques.

Hon'ble Insurance Ombudsman hereby Ordered that -

- 1) Life Insurance Corporation of India shall send a fresh cheque to the complainant for the third instalment of survival benefit which fell due on 28.5.2004;
- 2) Penal interest @ 8 % per annum shall be paid to the complainant on account of the delay for the period from 28.5.2004 to the date of the fresh cheque;
- 3) The original policy bond which the complainant says he has lodged with the branch office shall be returned to him at once; and
- 4) LIC shall institute an enquiry against the concerned branch office to ascertain the reasons for the inordinate delay in payment of the instalments of survival benefit in this case; responsibility for the delay shall be fixed and appropriate action taken against the erring officials.

Kochi Ombudsman Centre
Case No. IO / KCH / LI / 21.001.065 / 2005 - 06
Shri K. A. Vasu
Vs
Life Insurance Corporation of India

Award Dated 10.8.2005

FACTS OF THE CASE

The complaint under Rule 12 (1)(b) read with Rule 13 of the RPG Rules, 1998 arose out of rejection of a maturity claim under Pol. No. 771613908 held by the complainant with the insurer. The complainant was an employee of Cochin Shipyard and the premia were being recovered out of his salary and remitted to the insurer. The policy had commenced on 26.5.1999 and the term was 6 years. But due to Diabetes / amputation of fingers on the toes etc., the complainant had taken VRS in 2003 and the premia for the policy were recovered only upto 9/2001. Since the policy had not run for a minimum period of 3 years from the date of commencement, the insurer could not pay even the paid up value there under. It was under these circumstances that the complainant approached this Forum with a request to refund at least the amount paid by him. Although the insurer was fully justified in rejecting the claim as per the policy conditions, in view of the extremely agonizing poor conditions of the complainant, a sympathetic consideration was necessary in the case and hence a sum of Rs. 10,000/- was allowed to the complainant as ex-gratia granted in a rare and peculiar situation of human suffering and agony.

Mumbai Ombudsman Centre
Case No. IO / MUM / A / 193 / 2005 - 06
Shri Dattatraya Bhayyaji Pundalik

Vs
Life Insurance Corporation of India

Award Dated 28.9.2005

Shri Dattatraya Bhayyaji Pundalik took a Progressive Protection Policy with profits under policy no. 74222047 for Rs. 50,000/- under Table and Term 79 - 20 through proposal dated 24.2.1985 with effect from 24.11.1984 from Nagpur D. O. of Life Insurance Corporation of India. Shri Pundalik was informed by Life Insurance Corporation of India that due to oversight premiums were wrongly calculated while preparing the policy and a recovery of Rs. 43,535/- was made from the maturing value of the policy. Aggrieved by the decision of LIC Shri Pundalik complained to the Insurance Ombudsman by letter dated 29.12.2004 that a recovery of Rs. 43,535/- from maturity value of the policy by LIC of India is no correct.

The Insured took policy under Progressive Protection Plan which is designed in such a manner that the Basic Sum Assured increases by half of the Sum Assured at the end of five years and again by half of the initial Sum Assured at the end of ten years with appropriate premium applicable to the then prevailing age. On a close scrutiny of the policy documents it is observed that premium of Rs. 3,257.30 and Rs. 3,932.50 were shown payable respectively during the period after five years from the date of commencement of the policy and during the remaining term. Accordingly, the insured continued to pay the premium. Strictly speaking payment as per the policy document. The mistake was committed by LIC at underwriting stage. The same was not even noticed and rectified at the time of revival of the policy in September, 1993. The policyholder was informed in the last year of the policy, it was due to mature without any forewarning to the Insured.

As the policy document is an evidence of contract between the issuer and the policyholder, both the parties are bound by the terms and conditions stipulated in the policy. The premium is the consideration money paid by the Insured to obtain the contracted policy with those terms. The Insurance Company only calculates the premium and places their demand. The policyholder had paid the premiums as demanded and mentioned in the schedule. LIC is therefore, legally bound to pay double the sum assured on maturity of the policy. They are not justified in deducting Rs. 43,535/- from the maturity claim on the plea that there was a mistake in appropriately calculating the premium at administrative level and ask the Life Assured to pay for their mistakes from his money. Strictly speaking if the Auditors would not have pointed out, the mistake would have continued and full payment as per terms of the policy would have been made. Taking this view, LIC should fix the responsibility on the erring officials but settle the claim in full by releasing the amount deducted by them.