

Maturity Claim

Delhi Ombudsman Centre

Case No. LI / AJ / 421

Shri Daya Nand Ola

Vs

Life Insurance Corporation of India

Award Dated 03.02.2006

The complainant, Shri Daya Nand Ola, failed to turn up. LIC of India was represented by Sh. M. Y. Yusuf Khan, Manager (Claims), Ajmer.

The complainant, Shri Ola, filed a complaint on 10th March, 2005 complaining that LIC of India, Ajmer Division has not been paying the maturity claim of his three policies Nos. 26030503, 48983432 and 26030032 matured in the year 2000, 1994 and 2000 respectively.

After going through all the documents, it was observed that LIC has been corresponding with Shri Ola at the address mentioned in the policy bond whereas Shri Ola has moved to different places from time to time and the endowment benefits accruing on the above policies have been sent on the Official Gram Panchayat address where he was posted. The representative of the LIC of India further informed that the amounts are transferred to Written Back Account after two years of the maturity of all the policies.

After careful consideration of the facts of the case. Hon'ble Insurance Ombudsman understood that there has been a deficiency in service by LIC of India. However, the Life Assured cannot be completely absolved of his responsibilities for not contacting / corresponding with LIC of India for his maturity proceeds under the above policies which is further proved by the complainant not attending the hearing today.

Keeping this in view, Hon'ble Insurance Ombudsman passed the Award that Life Insurance Corporation of India should pay interest to Shri Daya Nand Ola, the Life Assurances under the above policies, at the rate of 8 % per annum from the date of maturity of the above policies till 5th May, 2005.

The Award shall be implemented immediately.

Guwahati Ombudsman Centre

Case No. 24.01.039 / L / 05 - 06 / GHY

Shri Sugan Chand Singhi

Vs

Life Insurance Corporation of India

Award Dated 16.02.2006

Facts (Statements and counter statements of the parties)

Complaint filed for delay in settlement of maturity claim under policy No. 9950818 (CDA Plan). Last two yearly premiums were not paid under the policy. Finally paid up value with bonus etc. along with penal interest @ 8 % p.a. paid but not accepted by the claimant for non-receipt of full maturity value in spite of last two yearly premiums not

paid. The claimant also wanted relief against cost, deficiency of service, mental agony, harassment etc.

Issue Involved

Whether the claimant is entitled to maturity value or paid up value & claim settled by LIC is justified on other counts ?

Decision & Reasons

The claimant is not entitled to full maturity value as the policy lapsed due to non-payment of last two yearly premiums. The claimant's liability to pay premium cannot be denied whether he received premium payment intimation or not. The claimant is entitled for bonus on the policy from the date of his attaining majority & bonus calculation also found to be correct. Penal interest allowed by LIC is also found sufficient but due to non acceptance of the payment by the claimant, the money remains with the insurer & hence penal interest has been allowed from the date of submission of satisfactory requirement till the date of final payment.

The trouble started due to loss of policy docket from the custody of the insurer & hence Rs. 10,000/- awarded against financial losses, mental agony, legal charges, correspondence expenses etc. of about 14 months.

Order / Award

Hence payment under the policy awarded as per discussions above mentioned.

Guwahati Ombudsman Centre
Case No. 24.01.070 / L / 05 - 06 / GHY
Shri Ashok Kr Jain
Vs
Life Insurance Corporation of India

Award Dated 08.03.2006

Grievance

The complainant states that out of 3 policies purchased by him one matured and the maturity value paid on 28.02.2003 while 2 other policies subsequently matured, the LIC only offered the balance of the amounts of maturity values adjusting the earlier over payment due to mistake. The insured/complainant contended that he cannot be made responsible for any mistake on the part of the LIC and individual policy is to be settled separately as individual contract and adjustment was not permissible etc.

Reply by LIC

It was submitted that earlier policy was issued as per terms of the proposal of complainant preferring 'table and term' 19/18 but due to typographical mistake the policy document was issued as per 'table and term' 14/18 thereby collecting less premium and the mistake was detected later on which revealed that there was over payment of Rs. 58,600/-. That notice was issued demanding return of the excess payment but the insured/complainant did not comply and accordingly, the adjustment had to be made from subsequent maturity values etc.

Decision

After going through the contentions of the parties and on perusal of the relevant documents we find that only dispute is with regard to the permissibility of adjustment of a sum of Rs. 58,600/- with the maturity values of the subsequent two policies

purchased by the same policyholder. It appears that facts generally are not being disputed and in particular, the complainant does not dispute that the premium calculations etc. for 'table and term' 19/18 and that 14/18 being different to each other. In this complaint he has clearly stated that if there was any mistake in inserting the 'table and term' in the respective policy documents and, such mistake was committed by the employees of LIC / insurer, then the responsibility should be fixed with those employees and the loss may be recovered from those persons. That he reasonably presumed that the policy particulars have been correctly recorded and the appropriate premium was collected from him. Naturally one will do so. But in the instant case, it has been categorically mentioned by the insurer that there was a mistake which was detected much later and after the payment of the maturity amount of the previous policy was made on 28.02.2003. The contentions of the insurer is that it proceeded to adjust the excess payment with the maturity values of the two subsequent policies which matured on 10.07.05 & 05.10.05. Incidentally, it may be observed that the action contemplated is within the period of limitation of 3 years prescribed by Limitation Act for recovery of any sum due to a plaintiff. Succintly speaking, the insured / complainant in this case wants to argue -

- (a) that there cannot be any question of adjustment of excess payment of an earlier claim in settlement of other claims as each of the insurance contract is independent of the other and cannot be tagged with each other.
- (b) That such / adjustment sought for by the LIC from the maturity value of subsequent policies is not acceptable to him.