

Miscellaneous

Ahmedabad Ombudsman Centre

Case No. 21.001.0031

Mr. Chinubhai R. Shah

Vs.

Life Insurance Corporation of India

Award Dated 04.10.2004

Torrent Grout of Companies established a Group Superannuation Fund to provide retirement benefits to Employees in the event of retirement or death and for that Torrent Export Ltd Superannuation Trust was created. Complainant was a member in that Trust. He retired from the Services of the Company on 31.03.2000. While calculating his benefits, the accumulation of fund credited upto 31.3.2000 amounting to Rs. 10,44,597/- was considered instead of calculating the closing balance of Rs. 12,60,507/- as on 31.03.2002. The Interest rate taken into account for working out the benefit was that prevalent in the year 2000 which was lower than the relevant year 2001.2002. The financial losses allegedly inflicted upon him was the reason for his complaint with this office. Hearing not held. Documents perused. It is observed that the Complainant has issued a notice through his Advocate to LIC and to the Trust which shows that the complaint is not only directed to LIC but also to the Trust. This superannuation scheme is governed by Scheme Rules and Master Policy issued to the Trustees by LIC and that such scheme tends to be tailor made with provisions as to how it is to be interpreted and each party has their respective roles to play and obligations to discharge in conformity with the Rule specific to the Scheme. The issue to be decided is one of privity of contract and which one of the Constituents has privity with whom. By all such reasons the subject complaint is one that raises complicated question of fact and Law which require summoning of witnesses, examination of witnesses, strict verification of documents, interpretation of Scheme Rules etc in accordance with procedural formalities as per Law. Since this office is not geared to that level to handle the instant case with all its actual and potential ramifications, it is decided not to proceed with the complaint, but an order to the effect that the Complainant is at liberty to move appropriate Forum for resolution of his grievance is passed.

Ahmedabad Ombudsman Centre

Case No. LIC / 2 / 153

Mr. B. K. Shukla

Vs.

Life Insurance Corporation of India

Award Dated 04.11.2004

Complainant took an Annuity Policy under Plan -161. He approached the Respondent to change the monthly mode to yearly mode, which was refused by the Respondent on the reason that change of mode is not allowed once the Pension Annuity is vested which will entitle the refund of balance premium due to change of mode, which is not allowed. Complainant submitted that the Agent wrongly filled-up the mode of payment in the Form. Further, he is 72 years old cancer patient just cured and going to Bank to deposit the cheque every month is very difficult for him. When asked to the Respondent during the

Hearing that whether they have any legal bar or increase in Risk or financial loss in changing the Mode, the Respondent stated that except conformity to internal administrative procedure, no impact will be there. It is also observed that the Complainant approached the Respondent for changing the Mode as soon as received the first Monthly Annuity Cheque which shows the genuineness of his contention. Directed the Respondent to implement the change of mode of pension from monthly to yearly as well as to undertake the consequent jobs of adjustments in Pension Account.

Ahmedabad Ombudsman Centre
Case No. 21.001.0225
Mr, Rambadan Mishra
Vs.
Life Insurance Corporation of India

Award Dated 05.11.2004

M/s. Alembic Ltd held a Superannuation Scheme with LIC for its Employees and the Complainant was a member in it. The Trustee of the Scheme sent an advice to the Respondent to issue Pension Cheques to the Complainant. According to the Complainant, the Pension due date should be 1.8.2003, and the Rate of Annuity is to be calculated @ 7.5% prevailed instead of 4.6% as informed by the Respondent. Due to the downward revision or Rate his Pension amount reduced to Rs. 2308 from Rs. 3700/-. He also submitted that the said financial loss has been caused due to the delay on the part of the Trustees in submission of the papers to the Respondent. He pleaded for a direction upon the Respondent to allow Annuity Rate applicable on the date of superannuation. Documents and submissions perused. It is observed that the instant complaint involves the Complainant, Trustee and LIC and may included the Employer also and that the complaint to the decided involves complicated issues (generic and non-generic) such as Scheme Rules, privity of contract, parties role led to the dispute etc which considered is beyond the ambit of this Forum. Therefore, an Order is passed giving liberty to the Complainant to move to any other appropriate Forum.

Ahmedabad Ombudsman Centre
Case No. 21.001.0184
Mr. Manibhai M. Khandwala
Vs.
Life Insurance Corporation of India

Award Dated 21.12.2004

Complainant is the Holder of Varishtha Bima Yojana Policy. He complained to this Office that his first and second half yearly Pensions were not paid in time which resulted in loss of interest and he claimed for the same. Hearing held for Respondent for getting clarifications on certain points. Documents and submissions perused. It is observed that the Complainant opted for his Pension to be credit in his Bank A/c. through Electronic Clearing System and Code Number was provided by the Bankers. It is observed that Complainant indicted wrong Code number in the Proposal Form and hence, the payment made by the Respondent by Cheque was not cleared. It is further observed that the second half-yearly pension Cheque had already received by the Complainant. Held that the delay was due to incorrect Code Number provided by the Complainant in the Proposal Form. Hence, no financial Award is given.

Ahmedabad Ombudsman Centre
Case No. 21.001.0202
Smt. Kavita Agarwal
Vs.
Life Insurance Corporation of India

Award Dated 10.1.2005

Husband of the Complainant held a LIC Policy under Table 122.E After his death, wife lodged Claim for Annuity. Respondent paid Monthly Annuity of Rs. 2403/- upto November 2002 and from December 2002 it reduced to Rs. 1469/- and subsequent started recovery of excess payment made to the Complainant. Complainant contended that the Annuity should be calculated on S.A. plus Guaranteed Additions as per the rate when the Policy if effected since the Policy document did not indicate the annuity to be purchased will be as per prevailing rate at the time of death of the DLA. Documents and submissions perused. It is observed that in case of death before vesting the rate applicable is as per Table 146 and not as per Table 144 as calculated by the Branch since the death had taken place on 3.7.2002. Further observed that the Factor given by Table 146 when applied to the age of the Complainant on the amount of S.A plus Guaranteed additions, the monthly pension works out to 1469/-. No error observed in calculation of pension. Recovery of excess pension made is also in terms of Policy Conditions. Hence, no financial relief granted to the Complainant.

Ahmedabad Ombudsman Centre**Case No. LIC / 2 / 161****Smt. Hemlata Dalal****Vs.****Life Insurance Corporation of India****Award Dated 18.1.2005**

Complainant Lodged Claim under Annuity Policy after the death of her Husband on 2.1.2002. Respondent issued cheque only for purchase price of Annuity. Complainant demanded proportionate pension, interest on delayed payment and compensation towards mental harassment caused due to sending pension cheques in the name of DLA after his death. Complainant did not appear for Hearing. Respondent argued that the mode of payment opted being yearly, the instalment payable becomes due only after completion of 1 year. As the death occurred before 1 year proportionate payment of pension cannot be paid as per provisions of the policy. Respondent further submitted that they have settled the Claim within 30 days of final requirement required. Documents and submissions perused. It is observed that since the death occurred before one year, and the mode of payment opted being yearly, the Complainant is not entitled to claim proportionate pension. However, since there had been a delay of 1 month and 26 days in issuing the purchase price cheque, Respondent is liable to pay simple interest @8% p.a. on Rs. 50000/-.

Chennai Ombudsman Centre**Case No. L / 21.03.2471****Smt. T. Saroja****Vs.****Life Insurance Corporation of India****Award Dated 4.2.2005**

The complaint from Smt. T. Saroja was regarding denial of accident benefit under Policy nos. 761720075 and 761976637 each for a sum of Rs. 50,000/- on the life of her son Late N.T. Elangesh by LIC Coimbatore Divisional Office due to non-production of Police records and Post-Mortem report to conclude Accident. LIC had already settled the basic sum assured under the policies.

A personal hearing was held. The complainant contended that her son's death due to snake bite was not reported to police since it was general practice not to report such cases to Police and therefore no Post-Mortem was conducted. She pointed out that she had already produced the Doctor's certificate and certificate from Village Administrative Officer, certifying the cause of death as snake bite. The representative of the Insurer stated that

the Doctor's certificate was silent about the site of snake bite and bite marks. The Doctor had reportedly attended on the patient only after his death and hence the Doctor was not competent to certify the cause of death. There was therefore no proof to show that the life assured died of snake bite, falling within the purview of death due to accident. About Investigating official's report opining the cause of death as snakebite, the insurer contended that the same served the purpose of ruling out any pre-revival illhealth of the life assured for purposes of settlement of basic sum assured and it was for the claimant to produce records establishing the death due to "Accident," which she failed to. The records of the case were perused. Though it was normal practice on the part of Insurers to insist upon police records and post-mortem report to decide on payment of accident benefit, nevertheless, it was plausible that in rural areas such deaths could go unreported to Police under certain circumstances. The medical certificate from the Doctor (who also happened to be a LIC's authorised medical examiner also), the village officer's certificate and LIC's own investigating official's report had all pointed to death due to snake bite, an accident. Moreover, death did not take place due to Suicide, intentional self-injury, etc. attracting policy exclusion conditions. Hence the Insurer's decision to deny claim for Accident Benefit was found unjustified.

The Insurer was ordered to pay Rs. 1 lakh towards the Accident Benefits under the policies. The claim was allowed.

Delhi Ombudsman Centre

Case No. LI / DL - III / 153

Shri S. K. Dutta

Vs.

Life Insurance Corporation of India

Award Dated 28.12.2004

The facts of the case may be stated briefly. In June, 1987, the complainant took a policy under Salary Savings Scheme (Policy No. S - 110506429) for sum assured of Rs. 1,00,000. The policy was taken from Unit No. 11 - C, New Delhi. The policy commenced on 24.06.1987. In October, 1989, the complainant applied for a housing loan of Rs. 1,00,000 from LIC Housing Finance Limited. For obtaining the loan, he had to assign his policy in favour of LIC HFL. The loan liability was fully discharged by him in October, 1993. Consequently the policy was reassigned in his favor and all the documents were returned to him in original. At that time, he was informed that LIC's own policy case file had not been transferred to LIC HFL and in all probability, it was still lying in Unit No. 11 - C.

After October, 1993, the complainant did not know where to deposit his premium in order to keep his policy on foot. He went to Unit No. 11 - C. There he was told that his policy case file was not traceable. He then went to Unit No. 11 - A. They also dodged him. Then he went to Unit No. 116. They too had no clue as to where the case file was lying. None of them would accept the premium. He went on corresponding with these branches but without any success. In September, 2000, he was informed by Divisional Office - II, New Delhi that he should write to Branch No. 11 - A and Branch No. 11 - C "for search of records".

Observation of Hon'ble Insurance Ombudsman :

LIC has streamlined systems and procedures. However, once in a while a case like this occurs which is a serious deficiency in service. A complaint like this ought not to arise if for doing normal business a customer has to approach a Forum like this then it shows a very sorry state of affairs. It is evident from the history of this case that the complainant has been entirely in the lurch by LIC.

After October, 1993, the complainant has not paid any premium because no office of LIC was ready to accept his premium. However, it is confirmed that monthly premium has been received by LIC upto and including October, 1993.

At the time of the hearing held on 3rd December, 2004, it was pointed out to the complainant that it would be to his advantage to revive the policy. The policy is due to

mature on 24.06.2007. This date is still far off The complainant stated at the time of the hearing that he wanted to revive the policy and keep it going till the date of maturity.

In the, Hon'ble Insurance Ombudsman passed the following Award :

- (1) Policy No. S - 110506429 taken by the complainant shall be revived at once; the Manager (PS / SSS / CRM) shall decide in which Branch the policy shall be revived;
- (2) The policy shall be revived on the basis of a personal statement of good health by the complainant;
- (3) The policy shall be revived without charging any interest on the arrears of premium; the delay in this case is clearly due to LIC's own indifference and unfriendly attitude; and
- (4) For the purpose of revival, the complainant shall pay to LIC the arrears of premium which are due from November, 1993 onwards.

The Award shall be implemented immediately.

Hyderabad Ombudsman Centre
Case No. L - 21.001.0237 / 2004 - 05
Shri. G. V. Subramanyam
Vs.
Life Insurance Corporation of India

Award Dated 10.11.2004

Fact of the case : One Shri G. V. Subrahmanyam, S/o Shri G. Nagasubbaiah, doing business and a resident of Cuddapah took an Asha Deep life insurance from Cuddapah Branch of LIC, under Cuddapah Division. As per the terms and conditions governing this policy, it covered Sickness Benefits for four major diseases Cancer, Paralytic Stroke, Renal Failure and Coronary Artery Diseases, where By-pass surgery has been actually done. The life assured underwent **left atrial myxoma excision** (surgery) on 04.12.2003 at Wockhardt Hospital & Heart Institute, Bangalore. The life assured submitted all the necessary documents which confirmed the surgery under went by him to LIC and claimed the sickness benefits payable under the policy. But LIC repudiated / rejected the sickness benefits claimed by the life assured, as the said operation was not covered under the Asha Deep Sickness Benefits. According to LIC, only Coronary Artery Bypass Grafting Surgery must have been proven to be necessary by means of coronary angiogram was covered under the policy. In the instate case, coronary angiogram was not done.

Decision : I heard the contentions of both sides and also perused all the documents, placed before me.

- a) The life assured took an Asha Deep-II Policy for a Sum Assured of Rs. 50,000/- in 11/1997. The said Asha Deep -II policy with profits covered sickness for four major disease viz. (1) Cancer (2) Paralysis (3) Renal Failure and (4) Coronary Artery By-pass Surgery;
- b) The life assured went to Wockhardt Hospital & Heart institute, Bangalore and under went "**Left Atrial Myxoma Excision Surgery**". The life assured obtained all the necessary hospital reports and submitted them to LIC for their considerations;
- c) In this connection, it is profitable to mention here the relevant policy conditions dealing with consideration of sickness benefits under the policy. Policy Condition 11 (b):- "**the benefit shall be playable on the occurrence of the following contingency - (a) The life assured undergoes Open Heart By-pass Surgery performed on significantly narrowed / occluded coronary arteries to restore adequate blood supply to heart and the surgery must have been proven to be necessary by means of coronary angioplasty. All other operation (eg. angioplasty and thrombolysis by coronary artery catheterization) are specifically excluded**";

- d) Further, according to the policy conditions, **only Coronary Artery By-pass Grafting is covered under the policy** and the life assured had also not undergone coronary angiogram, thereby requiring him to undergo open heart bypass surgery;
- e) According to the hospital records of Wockhardt Hospital & Heart Institute Bangalore, the life assured had operation on 04.12.2003. It was reported in the records that the insured had **L.A. Myxoma Excision**. The diagnosis arrived by the hospital authorities was “**left atrial myxoma - LA Myxoma done**”;
- f) According to the Mosby's Medical Dictionary 2003 (Page No.102), the implication of atrial myxoma are “a benign, pedunculated gelatinous tumor that originates in the interatrial septum of the heart. It may cause palpitations, disseminated neuritis, nausea, weight loss, fatigue, dyspnea, fever and occasionally, sudden loss of consciousness because of obstruction of the flow of blood through the heart”;
- g) The life assured at the time of submitting the proposal for Asha Deep-II Policy had also executed an addendum to the proposal, wherein, under Part-A, the definitions of the diseases covered under the policy and their exclusions were clearly mentioned;
- h) The construction of the Insurance Policy including its terms and conditions will form the basis of Contract of insurance;
- i) In view of the above facts and the policy conditions, the repudiation/ rejection of the sickness benefits claim by the insurer is correct and proper and does not call for any interference at my hands.

The complaint is, therefore, not allowed.

**Hyderabad Ombudsman Centre
Case No. L / 21.001.315 / 2004 - 2005**

Shri. N. S. Ramesha

Vs.

Life Insurance Corporation of India

Award Dated 04.02.2005

Fact of the case : One Shri N.S. Ramesha, S/o Shri Siddaiah, working as Veterinary Assistant and a resident of Bhadravathy in Karnataka took an Asha Deep – II life Insurance policy from Shimoga-I Branch of LIC, under Udupi Division. As per the terms and conditions governing this policy, it covered Sickness Benefits for four major diseases-Cancer, Paralytic Stroke, Renal Failure and Coronary Artery Diseases, where By-pass surgery has been actually done. The life assured underwent surgery on 28.03.2003 for mitral and aortic valve replacement at Jayadeva Institute of Cardiology, Bangalore. It was reported in the discharge summary of the hospital that the life assured had Median Stenotomy-Aorta caval cannulation. The life assured submitted all the necessary documents which confirmed the surgery underwent by him to LIC and claimed the sickness benefits payable under the policy. But LIC repudiated / rejected the sickness benefits claimed by the life assured as the said operation was not covered under the Asha Deep Sickness Benefits. According to LIC, only Coronary Artery Bypass Grafting Surgery was covered under the policy.

DECISION : I heard the contentions of the both sides and also perused all the documents, placed before me.

- a) The life assured took an Asha Deep-II Policy for a Sum Assured of Rs. 1,00,000 in 02 / 2002. The said Asha Deep-II with profits covered sickness benefits for four major disease viz. (1) Cancer (2) Paralysis (3) Renal Failure and (4) Coronary artery By-pass Surgery;
- b) According to letter dated 25.04.2003 of the life assured address to LIC. Bhadravathy Branch, he informed them as per the advice of the doctors he underwent open heart surgery and claimed sickness benefits payable under the policy, as per the terms and conditions of the policy ;
- c) The life assured went to Jayadeva Institute of Cardiology, Bangalore and underwent “DVR Operation on 28.03.2003”. It was reported by the hospital authorities in their

records that "Operation on 28.03.2003-Procedure-DVR-Median Stenotomy -Dt Heparinised-Aorta Caval Cannulation done-Went on CPB - Cardiologia given and heart arrested Aorta opened and Aorta valve excand sized & LA opened, mitral valve exised and MVR done e 27 m Mira Edward Valve One more cardioplgia given and Aortic Valve replaced e 23m valve and Aorta & LA closed e 4.0 proleno came off bypass with ionotrope support";

- d) The life assured obtained all the necessary hospital reports and submitted them to LIC for their consideration;
- e) In this connection, it is profitable to mention here the relevant policy conditions dealing with consideration of sickness benefits under the policy. Policy Condition 11 (b) : "the benefit shall be payable on the occurrence of the following contingency - (a) The life assured undergoes Open Heart By-pass Surgery performed on significantly narrowed/occluded coronary arteries to restore adequate blood supply to heart and the surgery must have been proven to be necessary by means of coronary angioplasty. All other operations (eg. Angioplasty and thrombolysis by coronary artery catheterization) are specifically excluded";
- f) Further, according to the policy conditions only Coronary Artery By-pass Grafting is covered the under the policy;
- g) The life assured at the time of submitting the proposal for Asha Deep-II Policy had also executed an addendum to the proposal, wherein, under Part-A, the definitions of the diseases covered under the policy and their exclusions were clearly mentioned. The life assured was a literate person and working as Veterinary Assistant since 10 years in Karnataka Government. Hence, he must be aware of the terms and conditions of the policy governing sickness benefits under the policy;
- h) The construction of the Insurance Policy including its terms and conditions will form the basis of Contract of Insurance ;
- i) In view of the above facts and policy conditions, the repudiation/ rejection of the sickness benefits claim by the insurer is correct and proper and does not call for any interference at my hand.

The complaint is, therefore, not allowed.

Hyderabad Ombudsman Centre
Case No. L / 21.001.0120 / 2004 - 05
Shri. Ch. Chandrasekhara Reddy
Vs.
Life Insurance Corporation of India

Award Dated 29.11.2004

Fact of the case : Shri Chennuru Chandrasekhara Reddy, S/o Shri Radhakrishna Reddy, doing hotel business and a resident of Naidupet in Nellore District took a New Janaraksha Policy from Naidupet Branch of LIC under Nellore Division. The life assured was doing hotel business. He executed the said proposal for insurance on 23.08.2001 and underwent medical examination on 23.08.2001. According to the hospital records obtained by the insurer from Bollineni Super Speciality Hospital, Nellore, the life assured was admitted there on 24.08.2001 with complaints of consumption of formal dehyde and was reported to be a diabetic since 5 years. Later, he was discharged from the hospital on 27.08.2001. But the life assured, did not disclose these material facts to the insurer while executing the proposal on 23.08.2001 or subsequently before issue of the first premium receipt or acceptance of the risk.

The insurer, therefore, in terms of the policy contract and the declaration contained in the form of proposal, declared the policy as 'void' and informed the insured that he had forfeited the moneys paid to them, as per the terms of the declaration executed by the life assured.

Decision : I heard the contention of both sides and also carefully perused all the documents placed before me.

- i) The life assured Shri Ch. Chandrasekhar Reddy, doing business took a New Janaraksha Policy for a sum assured of Rs. 1000000. The insured executed the necessary proposal on 23.08.2001. He also underwent medical examination on 23.08.2001. The said proposal was submitted to LIC on 28.08.2001 and case was registered by LIC on 28.08.2001;
- ii) The insurer processed the proposal papers and after satisfying themselves about the insurability of the insured, the insurer accepted to issue the policy and accordingly informed the life assured. The life assured thereafter, paid the balance of premium amount;
- iii) The insurer received a complaint wherein it was alleged the the life assured was admitted in a hospital. Therefore, the insurer arranged for investigation/enquiry and their enquiries revealed that the life assured was admitted in Bollineni Super Speciality Hospital, Nellore on 24.08.2001 with complaints of **“accidentally-consumption of formaldehyde 50 ml at yeruvu agricultural site”**. According to the hospital records, the life assured was reported to be a known case of diabetes Mellitus. It was alleged by the insurer that the life assured has not disclosed the history of diabetes in the proposal and also did not inform the fact of his admission in the hospital, as per the declaration executed by him.
- iv) It would be relevant to refer to the declaration executed by the life assured. The declaration reads as “And I further agree that if after the date of submission of the proposal but before the issue of the first premium receipt (i) any change in my occupation or any adverse circumstances connected with my financial position or the general health of myself or that of any members of my family occurs, I shall forthwith intimate the same to the Corporation in writing to reconsider the terms of acceptance of assurance Any omission on my part to do so shall render the assurance invalid and all monies which shall have been paid respect thereof forfeited to the Corporation”;
- v) In the instant case, the proposal was executed by the life assured on 23.08.2001. It was submitted to the insurer on 28.08.2001. Before submission to the insurer, the life assured was admitted for consumption of poison accidentally and was discharged from the hospital on 27.08.2001. According to the hospital records, the life assured was stable when he was discharged from the hospital. According to the declaration, the life assured has to inform the insurer if there was any change in his health after submission of the proposal to them But the life assured was not admitted to any hospital after submission of the proposal to them. Before submission, he had fully recovered from the accidental consumption of poison. It is debatable whether the complaint can be faulted for not disclosing his DM. The discharge summary of Bollineni Hospital clearly mentions “A known case of DM”. On the contrary, the “Blood Sugar Tolerance Report” of Dr. E. Sudhakara Reddy, issued on the stationery of LIC says “Normal B.S.T.”. This is a controversial report as the date 28th August was corrected to 23rd August. It may, however, be seen that the LIC issues policies to Diabetic people by perhaps, loading the premium;
- vi) The life assured was reported to have been advised by officials of LIC of submit fresh proposal once again and also advised him to undergo medical tests including special medical tests. On the basis of their advice, the life assured fulfilled all the formalities with the hope of getting insurance coverage again. But this was not done by the LIC for reasons well known to them. In fact, the representative of the insurer, during the course of hearing submitted that they were prepared to issue policy to life assured afresh but were not prepared to appropriate the premium forfeited by the insured earlier. According to the underwriting norms of LIC, had the life assured disclosed the fact of diabetes to the LIC, they would not have totally denied policy. Perhaps, it may require loading of premium. The life assured was even prepared to pay the entire arrears of premium with interest for getting the policy reinstated like a revival of lapsed policy. According to the

representative of the insurer, even this request of the policyholder could not be considered by them;

vii) In view of the facts, I do not find any justification on the part of the LIC to deny the entire premium amount paid by the life assured. In the circumstances of the case on hand, I direct the LIC to reconsider the case in its totality for reinstating the policy loading the premium suitably, as a revival, by taking up the matter with their Corporate Office at Mumbai. Alternatively, refund the premium paid, as requested by the life assured subject to recovery of all the initial expenses, as per their rules and regulations in force.

In the result, the complainant is allowed subject to (vii) above.

Kochi Ombudsman Centre
Case No. IO / KCH / LI / EKM / 21.001.28 / 2004 - 05
Shri K. P. Venugopalan
Vs
Life Insurance Corporation of India

Award dated 03.03.05

The Complaint under Rule 12(1) (b) read with Rule 13 of the RPG Rules 1998 relates to delay in rendering effective service to the policy holder by the respondent insurer. The complainant was a Bank Manager being transferred to different places from time to time and on his retirement he had asked the insurer's office at Thoppumpady (Kochi) to permit him to remit the arrears of premia to avoid lapsation as also to make arrangements for repayment of loans that he had raised. However, the insurer had declined to receive the money for want of files. Later when the policies could not be revived, the complainant had opted for surrender of the policies. Despite several assurances to look into his grievances, the insurer had not done anything positive in the matter. However, in course of time, the surrender value under all policies was settled by the insurer except under one policy which had not acquired any paid-up/surrender value, and therefore at the time of adjudication of the matter, no more amount was due to the party from the insurer. However, the complainant pleaded that the insurer's officials did not deal with his representations properly which caused a lot of mental agony and hardship to him in the process. Since there was no money due to the complainant as of now, there was no award as such, although the insurer was asked/advised to look into the matter and avoid such unpleasant situations in future.

Kochi Ombudsman Centre
Case No. IO / KCH / LI / TVM / 21.001.031 / 2004 - 05
Shri. D. Sasidharan
Vs
Life Insurance Corporation of India

Award dated 17.03.05

The complaint under Rule No. 12 (1)(b) read with Rule 13 of the RPG Rules, 1998 is in relation to rejection of a claim under the Jeevan Asha Policy of LIC. The life assured had undergone coronary BalloonAngioplasty on 14.5.2004. Since the Balloon Angioplasty was not covered under the policy, the insurer refused to entertain the claim and waive further premiums. Only "initial insertion of permanent pacemaker" and "major surgery on the Aorta" were covered under the policy for reimbursement of 50% of the sum assured and waiver of further premiums. The policy holder had undergone only an Angioplasty procedure and hence the claim was rightly rejected by the insurer. The complaint was therefore dismissed.

Mumbai Ombudsman Centre
Case No. LI / 073 of 2004 - 2005

Shri Shankar Sudam Dhodke
Vs
Life Insurance Corporation of India

Award dated 01.11.04

Shri. Shankar Sudam Dhodke took an insurance policy on 2.3.2001 from LIC of India, Thane DO. The life assured was working as a Supervisor and on 3.1.2002 he met with an accident and his both hands were amputated. He lodged claim for Disability Benefit and the same was repudiated on 31.3.2003 on the ground that the Policy was in lapsed condition at the time of accident. Not satisfied with the decision, he made a representation to the Zonal Office of LIC and ZO decided to uphold the repudiation decision of DO which was conveyed to the life assured vide DO's letter dated 23.12.2003. Hence, the life assured approached Insurance Ombudsman his kind intervention in the matter. The Doctors of KEM Hospital and Central Hospital have mentioned that the right hand above elbow were amputated and the percentage of Disability is 100%.

It is observed from LIC records that the life assured was in the habit of paying premium regularly but there used to be some delay for few days. His own version was that the Agent used to collect every month the premium and his delay in asking/collecting the premium would also force some delay on his actual payment. The Policy is having monthly premium payment mode which adds further strain on the Policy holder to pay regularly the premium with maximum 15 days grace period. The life assured was uneducated and just a labourer with a meagre income and whilst LIC propagates large number of small business coming from common people, daily wage earners etc they also depend on the ability of their field force to be socially relevant to ensure such policy holders safety and security. It is seen that the premium due on 2nd December 2001 was received on 8th January 2002 and the disability occurred on 3rd January, 2002. The issue is that the accident which happened is recorded in all documents including Police Report. In a long term contract as Life Insurance is, regular payment of premium is a necessity to keep the policy in force and that way there is interruption... In all fairness, therefore, this would raise a strong demand of consideration on ex-gratia basis. It could be a one time settlement not with payment of instalments. In the facts and circumstances of the case, LIC is directed to admit the disability claim on ex-gratia basis and make one time payment of Rs. 50,000/- being the basic sum assured. The Policy shall cease to operate with all other terms and conditions and no other benefits would be applicable. There is no order for any relief.

Mumbai Ombudsman Centre
Case No. LI / 172 of 2004 - 2005
Shri C. Y. Chavan

Vs
Life Insurance Corporation of India

Award dated 08.12.04

Shri Prithviraj Chandrakant Chavan took an insurance policy on 28.08.02 from LIC of India, Kolhapur DO and he met with an accident on 25.10.2003 in USA. The claim for EPDB was submitted by the life assured's father Lt Col. C. Y. Chavan (Retd) to LIC of India, Kolhapur DO and they have repudiated the same on the ground that the Policy was in a lapsed condition as on the date of accident and the disability is neither total nor permanent and informed the life assured on 31.03.2004. Not satisfied with this, the claimant made a representation to the Zonal Office of the LIC and ZO upheld the decision taken by the DO

and the same was conveyed to the claimant. In view of this the claimant approached Insurance Ombudsman seeking his intervention in the matter of settlement of his claim.

The records of the available case papers were scrutinized. According to the claim Form No. 5280 dated 03.10.04 for disability completed by Doctor of Scolt & White Hospital, Texas, USA it has been mentioned that the life assured met with an accident on 25.10.03 with severe head injury and his right leg and left foot were fractured. The Doctor had also mentioned that the percentage of disability was 80% and complete recovery may take 8 months or more depending on orthopedic healing. On further analysis it is observed that premium due 28.08.2003 was paid on 29.10.2003 i.e., after days of grace of one month and after accident took place on 25.10.2003. In the Discharge Card a detailed mention of the Life Assured's health status was made. The evaluation by the Hospital showed remarkable progress by the patient compared to similar cases of accidents. As per the contract of insurance, the insured is bound to pay the premium on 28th of August every year. The complainant's contention about non receipt of premium notice is acceptable as it is not obligatory on the part of insurance company to remind the insured by way of sending premium notices. Delayed payment upto 6 months can be taken by the company with interest and therefore, there would not be an issue as to how LIC has accepted the premium after the accident took place on 25th October, 2003. The fact to the matter is that even on the date of accident the policy was in lapsed condition and it was revived thereafter on the day the payment was made. Based on the above, the disability of Shri Prithviraj Chandrakant Chavan is neither total nor permanent but as per terms it must be total and permanent to constitute a valid claim under the Policy. Since the policy was not being in force at the time of the accident the same is not sustainable.

Mumbai Ombudsman Centre
Case No. LI - 179 of 2004 - 05
Shri R. Nagraj
Vs.
Life Insurance Corporation of India

Award Dated 28.1.2005

Shri R. Nagraj took an insurance policy on 27.07.96 from LIC of India SSS Division and he had under gone Coronary Artery Bypass Surgery on 4.1.2002 at Hinduja hospital by Dr. N. V. Mandke, Cardiac Surgeon and he preferred a claim which was repudiated by Salary Saving Scheme Division of LIC vide their letter dated 10.05.2003 treating Policy as null and void ab initio, stating that the life assured had been suffering from Diabetes since 15 years and hence, withheld material information regarding his health prior to the time of effecting the insurance with them. Aggrieved by the decision of LIC, the Insured made a representation to the Zonal Office of LIC and the Zonal Office decided to uphold the repudiation action by DO and the same was conveyed to the Insured. Hence, the Insured approached Insurance Ombudsman requesting his intervention in the matter.

The critical analysis of the claim in conjunction with the hospital records reveal that the LIC just relied on the hospital case papers where diabetes had been recorded as of 15 years duration. Neither the hospital authorities nor LIC has given any past record of treatment of diabetes taken by the life assured. The life assured was reportedly admitted to a hospital for treatment of infective jaundice in 1987. The life assured was subjected to medical examination before acceptance of the risk and the ECG proved normal for which under writing was smooth at OR only. The Life Assured was insurance minded as with the progress in his career he has taken life insurance policies in 1991,1993 and 1994. In 1996 he took Asha Deep policy. In view of the life assured's contracting Ischemic Heart Disease and having CABG, the other vital organs could function below par to become a vulnerable risk for "Ashadeep" critical illness policy to continue for which LIC had withdraw from the

contract. In the interest of natural justice some consideration for the premiums paid by Shri Nagraj and retained by LIC should be apportioned to pass on some benefit to him. The decision of LIC to withdraw from the contract under Asha Deep II Policy issued to Shri R. Nagraj is sustained with the following modification in its implementation. LIC is directed to pay 75% of the premium paid by the Insured Shri R. Nagraj back to him under the policy leaving 25% on their account to represent business and administrative costs etc.