

(2005) 09 NCDRC CK 0081

NATIONAL CONSUMER DISPUTES REDRESSAL COMMISSION

Case No: None

Life Insurance Corporation of
India

APPELLANT

Vs

LUXMI GULATI

RESPONDENT

Date of Decision: Sept. 9, 2005

Citation: 2005 3 CPR 461 : 2006 1 CPJ 131

Hon'ble Judges: R.S.Mongia , C.P.Budhiraja , Jasbir Kapoor J.

Final Decision: Appeal dismissed

Judgement

1. THIS is an appeal against the order of the District Consumer Disputes Redressal Forum, Faridkot (hereinafter called the "District Forum") dated 20.7.2005 by which the complaint of the complainant was allowed in the following terms:

" In view of the aforesaid facts and circumstances, the complaint of the complainant has merit and the same is accepted and the opposite parties are directed to pay Rs. 10,000 on account of accident benefit of policy No. 131680551 dated 28.9.2002 to Laxmi Gulati, nominee of the deceased, within 30 days from the date of receipt of copy of order. The opposite parties/LIC shall also pay Rs. 10,000 as compensation to the complainant for causing her mental tension and harassment and Rs. 2200 as litigation expenses. Copies of the order be sent to both the parties free of cost. Thereafter file be consigned to the record room."

2. BRIEF facts giving rise to this appeal may be noticed: Rakesh Kumar Gulati, husband of the complainant, had purchased 15 years Jeevan Surbhi Policy with profits and accidental benefits vide policy No. 131680551 dated 28.9.2002 from the present appellant, i.e., Life Insurance Corporation of India. He had been paying and

depositing the premium regularly. The complainant, wife of Rakesh Kumar Gulati, was recorded as the nominee in the said policy. The premium was to be paid quarterly commencing with effect from 28.9.2002. Somehow the complainant's husband could not deposit premium due on 28.6.2003. However, on 13.9.2003 the premium of last quarter (i.e., payable on 28.6.2003) as well as for the current quarter due on 28.9.2003 was duly deposited with the Insurance Company with interest, etc. and the same was accepted by the Company. According to the complainant, the policy obtained by her husband had never lapsed and remained in force for all times. Unfortunately, on 1.9.2003, her husband Rakesh Kumar Gulati met with an accident and later on succumbed to injuries in D.M.C., Ludhiana on 1.11.2003. Since the complainant was recorded as the nominee, she lodged claim with the Insurance Company, after completing all the formalities, but the opposite parties, i.e., Insurance Company, did not pay her claim on account of accidental death of her husband. As per the terms and conditions of the policy, the complainant was entitled to double benefit because the death had occurred due to accident. In other words, she was claiming Rs. 2,00,000. However, the opposite parties had paid a sum of Rs. 1,01,260 only as if normal death had taken place. The rest of the claim was repudiated. This led the complainant to file the complaint before the District Forum where she claimed the balance of Rs. 1,00,000 towards the insurance claim because the death of the life assured had occurred due to accident. She also claimed Rs. 50,000 for mental tension and harassment besides Rs. 1,000 as litigation expenses. The complaint had been opposed by the Life Insurance Corporation. After appreciating the facts and evidence on the record, the complaint was allowed as aforesaid. Hence the present appeal.

Learned Counsel for the appellant argued that it is provided in the preamble that the policy of assurance will be subject to the conditions and privileges printed on the back thereof. Condition No. 3 is in the following terms:

"3. Revival of Discontinued Policies : If the policy has lapsed, it may be revived during the lifetime of the Life Assured, but within a period of 5 years from the date of the first unpaid premium and before the date of maturity, on submission of proof of continued insurability to the satisfaction of the Corporation and the payment of all the arrears of premium together with interest at such rate as may be fixed by the Corporation from time-to-time compounding half yearly. The Corporation reserves the right to accept or decline the revival of discontinued policy. The revival of discontinued policy shall take effect only after the same is approved by the Corporation and is specifically communicated to the Proposer/Life Assured."

Learned Counsel for the appellant, on the basis of the aforesaid condition, argued that the revival of the discontinued policy was to take effect only after the same was approved by the Corporation and specifically communicated to the life assured. In the present case, the Corporation has not approved the revival of policy nor the decision communicated to the assured. The policy did not stand revived and,

therefore, the Life Insurance Corporation rightly repudiated the claim regarding the accidental death.

3. WE find no force in this argument. The fact that the appellant had accepted the premium and not refunded the same will show that the appellant-Corporation had accepted the revival of the policy in question specially when the Life Insurance Corporation had accepted the claim by paying the amount due for normal death of the assured. It will be seen that if the policy had elapsed due to non-payment of premium of June, 2003 and then no explanation is forthcoming as to why the appellant had accepted the premiums of both June, 2003 and September, 2003. The premium of June, 2003 had been accepted with interest/late fee, which shows that the policy was in force during the lifetime of Rakesh Kumar Gulati.

Apart from this fact, there is another very important fact which may be noticed. The Insurance Company had given single benefit as if the death had not occurred due to accident and paid Rs. 1,01,260 on account of the death of Rakesh Kumar Gulati. If the policy did not stand revived, we fail to understand how under the same policy the claim on account of death of Rakesh Kumar Gulati had been given to the complainant to the tune of Rs. 1,01,260. If the policy has lapsed, surely, the claimant was not entitled even to Rs. 1,01,260 as the policy stood lapsed. We cannot countenance a situation that for one purpose the policy stood revived and for the other purpose it did not. It will be a contradiction in terms. If the policy stood revived for the purpose of normal death it also stood revived if the death had occurred due to accident.

4. FACED with this situation, learned Counsel for the appellant argued that when the premium was sent by the deceased on 13.9.2003, the deceased had not disclosed that he had met with an accident on 1.9.2003. It may be observed here that nothing has been brought to our notice that while sending the premium on 13.9.2003 there was any requirement that the assured had to inform regarding the accident. Moreover, no letter or anything else was written to the assured to inform the Insurance Company if during the interregnum period there was any accident or the like. We also cannot imagine that when the premium was sent on 13.9.2003, which covered the premium due on June 28, 2003, along with interest, etc., the assured

could have imagined or known that he would not survive. He died on 1.11.2003, i.e., almost two months after the date of the accident. That being so, we do not find any force in this argument as well. We find no fault with the approach of the District Forum when it allowed the complaint as aforesaid.

We find no merit in this appeal, which is hereby dismissed in limine. Appeal dismissed.