

Maturity Claim

Ahmedabad Ombudsman Centre

Case No. 21-001-0339

Mr. A P Patel

Vs

Life Insurance Corporation of India

Award Dated : 16.4.2007

Partial settlement of Maturity Claim. An amount of Rs. 2320/- was deducted while settling the Maturity Claim under the above policy towards difference of premium calculated at the commencement of the Policy. It was observed that the Assured was aged 37 years 6 months and 14 days while taking the Policy. The reference age for calculation of Premium works out to 38 years while the premium taken from the Assured was for 37 years. This led to a difference of Rs.58/- per half-year for 40 such instalments totalling to Rs. 2320/-. The Complainant's contention was to waive the shortfall. It is an established principle that for a mistake apparent on the face of the Policy Document, no party in the Contract should be a gainer. As such, the decision of the Respondent to recover the difference of premium was upheld.

Bhubaneswar Ombudsman Centre

Case No. 24-001-0386

Sri Balwant Singh

Vs

Life Insurance Corporation of India

Award dated : 15.06.2007

The Complainant Sri Balwant Singh had obtained a Jeevan Dhara policy bearing no. 580046017 commencing from 28.12.87 under Table & Term 96-16. It was a salary saving scheme policy and the premium was remitted by his employer regularly till March'2001. After retirement he wanted to deposit the premium directly. But LIC Berhampur Branch-II did not accept the premium since the policy records were not available with them. The policy was matured on 28.12.2003. The Insurer informed that arrangement was made to issue reduced pension to him by their Zonal Office, which was not received by him.

Being aggrieved he lodged the complaint before Hon'ble Ombudsman for release of full pension as mentioned in the policy.

The complaint was taken up for hearing on 24.5.2007 in presence of both the parties & perused the records in their presence.

Hon'ble Ombudsman opined that the pension fixed by the Insurer is in accordance to rules. He further stated neither full premium has been paid nor any draft or cheque has been sent for deposit. The complaint stands dismissed. The Insurer is directed to pay arrear pension within one month with interest @ 8% p.a. from the date when the pension was due.

Bhubaneswar Ombudsman Centre
Case No. 21-001-0207
Sri Surasen Jena
Vs
Life Insurance Corporation of India

Award Dated 10.07.2007

The Complainant Sri Surasen Jena took a Bima Nivesh Policy bearing No. 584072562 under Table & Term 132-05 commencing from 28.11.2000 by paying single premium amounting Rs. 402006/- for Sum Assured of Rs. 425000/-. On maturity the Insurer paid RS.639054/- as maturity value with out loyalty addition. The life assured requested the Insurer to pay loyalty addition, which was rejected.

Being aggrieved the life assured lodged the complaint in this forum. The complaint was heard on 21.6.2007. The Complainant has demanded payment of loyalty addition as per clause(2) of special provisions incorporated in the policy bond. The Insurer contended that since it has not declared any loyalty addition under this plan & term, the question of payment of loyalty addition does not arise.

Hon'ble Ombudsman opined that since the loyalty addition has not been declared by the Insurer as per their letter ref : Actl/Valn/2037/4 dtd.8.11.2005,the Complainant is not eligible for payment of loyalty addition. Hence the complaint was dismissed.

Bhubaneswar Ombudsman Centre
Case No. 21-001-0200
Sri Damodar Behera
Vs
Life Insurance Corporation of India

Award Dated 8.08.2007

The Complaint, Sri Damodar Behera took a Progressive Protection Policy bearing No. 76317130 under Table & Term 79-20 commencing from 28.12.1985 for Sum Assured of Rs.15000/- . The policy was issued under salary saving scheme. The rate of premium was fixed @ Rs.45.20 per month till Nov'90 then @ Rs.76.30 till Nov'95 & there after @Rs.123.40 till Dec'05. But from Dec'95 till maturity the monthly premium was deducted @ Rs.76.30 instead of RS.123.40. At the time of payment of maturity claim the Insurer deducted the differential premium with interest amounting Rs. 8596/- from the maturity value.

The Complainant had challenged the Insurer for deduction of interest and moved this forum for redressal. The Complaint was heard on 21.6.2007 . The Complainant contended that no intimation was sent to him by the Insurer when they found less payment of premium. Countered by the Insurer that the notice is obligatory and the Life Assured was aware of premium rates at the time of taking policy.

Hon'ble Ombudsman opined that the Complainant, his Authority and the Insurer have acted negligently. The Complainant has received the maturity value and the Insurer settled the claim with out receipt of requisite premium. So the deduction of interest by the Insurer is not unjustified.

Hence the Complaint is dismissed.

Chandigarh Ombudsman Centre
Case No. : LIC/115/Amritsar/Unit-I, Amritsar/24/08

Dr. Dharam Paul
Vs
Life Insurance Corporation of India

Award Dated : 22.06.2007

Facts : Dr. Dharam Paul purchased two policies bearing numbers 23118827 & 23123206 in 1967. He had received the maturity claim under one of his policies and had not received maturity claim under the other policy. He had requested the Branch Manager of Branch Office Unit-I, Amritsar for payment of the maturity claim under the second policy but he had neither been paid the maturity claim nor his queries had been replied. He urged intervention of this forum in getting the maturity claim paid alongwith interest @ 24% for the period of delay in payment of the claim, at the earliest.

Findings : Hearing was held on 22.06.2007 at Amritsar. The complainant explained his case by stating that he had taken two policies with insurer bearing nos. 23118827 & 23123206 in 1967. He had received Maturity claim in respect of policy no.23123206. However, there was no communication in respect of the other policy.

Insurer clarified the position by stating that the policy was lying in a lapsed condition since no premium was received after June, 98. Since it was under SSS mode of payment. The amount calculated upto 88 was credited to old outstanding unclaimed written back account. On query whether any payment was made after 88, the complainant produced receipts showing that the mode of payment had been changed from SSS to Yearly mode of payment and the amount had been paid upto the premium due in Aug 1997.

After hearing both parties and going through records, it was found that there had been some communication gap in respect of this policy. Updation was not properly done to update the Policy master accordingly. On a query whether policy bond was available with the complainant stated that same was surrendered in 1991 at the time of conversion of mode of payment.

Decision : Held that the amount of premium upto 1997 should be calculated. Maturity value should be re-calculated upto Aug 1997 and the same should be paid to the complainant by insurer along with interest @ 8% from 11 Sept 2002 to the date of payment. The premium after conversion should be recalculated since it was whole life convertible policy, the short fall in premium paid by policyholder, if any, should be deducted from the above. Insurer will not insist on submission of policy bond. However, an indemnity bond will be given in lieu there of by the complainant along with discharge form. The payment should be made within 15 days by the insurer after submission of the requirements by the complainant.

Delhi Ombudsman Centre
Case No. LI-DL-I/364/04
Sh. Baleshwar
Vs
Life Insurance Corporation of India

Award Dated : 27.04.2007

My office has received a complaint on 13.01.2005 from Sh. Baleshwar against the Life Insurance Corporation of India, Delhi, Divisional Office-I regarding maturity claim under Policy No. 07463818.

The consent form and formats were sent to the complainant on 08.02.2005 but neither the consent form nor the formats are submitted by the complainant till date. Hearing

was also fixed on 24.03.2006, 05.05.2006, 29.11.2006 & 27.12.2006 but the complainant did not attend any proceedings on these dates.

Under the circumstances, complaint is dismissed due to non compliance of the formalities by the complainant.

There is no further relief to be granted to the complainant.

Delhi Ombudsman Centre
Case No. : LI-JP/161/06
Shri Bhagwat Prasad Garg
Vs
Life Insurance Corporation of India

Award Dated : 24.07.2007

Shri. Bhagwat Prasad Garg has made a complaint to this Forum on 16.01.2007 against Life Insurance Corporation of India Divisional Office Jaipur, that he has not got penal interest on late payment of Maturity claim under Policy No. 190207188.

On intervention, of my office Life Insurance Corporation of India, Divisional Office – Jaipur has informed this forum that they had sent the cheque No. 269941 amount of Rs. 33650/- dated 27.05.2005 for maturity claim. Now the Insurance Company has informed this forum vide their letter dated 29.06.2007 that they have sent the cheque No. 0412194 dated 25.06.2007 for Rs. 336/- against interest by registered post No.7285 on 27.06.2007.

Under these circumstances, there is no further relief to be given to the complainant.

Complaint is disposed of finally.

Guwahati Ombudsman Centre
Case No. : 24/01/156/L/06-07/GHY
Jiban Ch. Lahkar
Vs
Life Insurance Corporation of India

Award Dated : 04.06.2007

Facts

The grievance of the complainant, Shri Jiban Ch Lahkar is that his maturity claim in connection with the policy in question (the policy matured on 17.02.2006 as per his statement) has not been settled by the GBO-II, Silpukhuri Branch of LIC in spite of repeated approaches on and from 23.03.2006.

However, in spite of correspondences being made and telephonic talks held, the concerned Branch is not taking appropriate steps for the settlement of claim. We have received only a letter addressed to the concerned Branch, with a copy to us, requesting the Branch by the Manager (CRM) for taking appropriate action in this context.

Decisions & Reasons

It is unfortunate that the LIC Branch concerned is not taking appropriate steps by submitting self-contained note with details of information regarding the policy in question. However, the LIC appears to be not disputing the claim and coming with only a plea that there is no dispute that claim is genuine but because of some technical reasons like non-availability of 'Master' the branch concerned could not settle the claim. This sort of excuses are unwarranted and a delay for more than one year is never desired on such pleas (for the settlement of an otherwise genuine claim). We understand that it is the Branch concerned which is to take all possible measures in

case of such complaints so that an insured person does not suffer in getting his genuine claim. It was held by NCDRC in Universal Paper Mills Ltd vs. Oriental Insurance Co. Ltd. & Others that 'delay in the settlement of insurance claim not only frustrates the very purpose of insurance but also results in the insured losing confidence in the insurance companies'.

Award

Within 20 days on receipt of the copy of this order and letter of acceptance of this award from complainant all possible steps to be taken by the LIC branch concerned in order to settle the claim and intimate compliance thereof. It is made clear that the complainant/insured be paid penal interest also from the date of maturity till the final payment is made @ 6% per annum the simple interest. In case of non-compliance as directed complainant may claim 12% interest instead.

Guwahati Ombudsman Centre
Case No. : 24/01/139/L/06-07/GHY
Shri Prakash Damodar Gadre
Vs
Life Insurance Corporation of India

Award Dated : 31.07.2007

Grievance

The grievance of complainant is against non-settlement /non-payment of maturity claim till date in connection with single premium of Rs.30,000/- paid on 18/03/90 for policy number in question which was due to mature on 28.03.2005. The relief sought is matured amount with 18% penal interest plus Rs.15,000/- for financial injury etc. etc.

Reply

There is, however, no self-contained note but some letters of correspondences received from the Insurer/LICI. We have gone through the materials before us. As per informations collected through correspondences no policy master was available with the Insurer and it is stated that the particulars of this complaint were also not considered when during the transition period of computerization from manual to computerized system of working.

On intervention of this Institution it is understood that policy master is created and Branch has already transferred the same to EZO, Kolkata and pension cheques are likely to be issued within short time. It is submitted from GBO-I BO that the matter was delayed as suspicion existed regarding cheque dishonour for which documents could not be issued on time.

Decisions & Reasons

Undisputedly, after procuring the First Premium Receipt (FPR) on 31.03.90 pursuant to proposal dated 08.03.90, there was absolutely no initiative taken by the complainant/life assured to know the fate of the deposit and to procure the policy. In normal course, a person depositing such an amount will definitely be enthusiastic to enquire about the result and make attempt to procure the policy documents. The life assured expressed his concern of not receiving the policy only vide letter dated 26th August, '05 addressed to Sr.BM –Claims, LICI, (GBO-481), Pan Bazar, referring to FPR dated 28.03.1990 i.e., after about 5 months from the date of maturity. Thereafter, perhaps, Shrinivas Sharma, the agent of the complainant wrote a letter to the concerned authority of LICI on 12th July, 2006 expressing his grievances regarding non-settlement of the claim after maturity. Let us take a pause here for reflection on the activity of the valued Agent of the Insurance Company. Was it not his duty to

collect the policy document from the Insurer for his client for the best satisfaction of his client ? Perhaps, there will be no answer to this query from the concerned Agent. The present complaint is lodged thereafter on 28.12.2006 (received here on 2.1.2007).

Under the situation as aforesaid, sole liability of the default cannot be thrust on the LICl alone. True, there may be a mistake on the part of the LICl in not issuing the policy on time if the FPR in question was genuine and there was no dispute about receiving the payment of the sum by the LICl. But it appears that the life assured/complainant also remained absolutely silent till date of maturity and for as long as 5 months after the date of maturity.

Therefore, in our considered view this is not a case where we can direct payment of penal interest etc., to the life assured.

Be that as it may, if the receipt of the premium is not denied by the LICl it had the duty to issue the policy on time and also to pay/offer the maturity amount soon after when the policy matured. So, the LICl also cannot disown its responsibility to the insured and accordingly is duty bound to make payments as per the established norms and procedure of the Corporation.

We are of the opinion that we are not going to impose any burden on LICl regarding penal interest etc., and it is left with the insurer to take any decision it may please under the peculiar facts and circumstances of the claim case.

Order / Award

It is hereby directed that LICl may make payment of any amount due to the complainant along with any other reliefs to which he may be entitled and intimate compliance thereof.

Guwahati Ombudsman Centre
Case No. : 24/01/157/L/06-07/GHY
Shri Nanda Deb Sarmah
Vs
Life Insurance Corporation of India

Award Dated : 01.06.2007

Facts

The allegation is that due to reasons best known to the concerned Branch of the LICl, the insured/complainant has not received the maturity amount of the connected policy.

In a callous way the insurance company is trying to blame one or the other person for non-delivery/mis-delivery of the maturity amount. Unfortunately, the insurance company is not coming to respond in a proper way vis-à-vis allegation.

Without going into details reasons or explanations, it cannot be disputed that it is the duty of the insurer, here LICl, to ensure payment of the amount due to the insured on time and that duty cannot be overlooked on any other tenable or untenable reasons. We are of the opinion that a separate course of action may be initiated by the LICl to take remedial measures or appropriate legal action for non-delivery/mis-delivery of the amount released but in no case the present complainant may be forced to suffer. Recently it has been observed by NCDRC in Universal Paper Mills Ltd. vrs. Oriental Insurance Co. Ltd. and others; 2007 CTJ 483 (CP) (NCDRC) that 'Delay in the settlement of insurance claim not only frustrates the very purpose of insurance but also results in the insured losing confidence in the insurance companies.'

Order

It is hereby directed that within from the 15 days of the receipt of this communication the LIC will make payment of the maturity amount due to the complainant and intimate compliance thereof. Any further delay will entitle the insured to claim penal interest.

Guwahati Ombudsman Centre
Case No. : 24/01/122/L/06-07/GHY
Sri Haripada Dutta
Vs
Life Insurance Corporation of India

Award Dated : 26.02.2007

Grievance

This is a complaint against LIC for non-payment of maturity claim of Rs.10,000/- under 'SSS' policy, (DOC : 15.03.91, monthly premium being Rs.61.30, table & term : 14-15) due on 15.03.06 as per the policy terms and conditions. The complainant, however, admits that his employer deducted the premium @ Rs.61/- per month (instead of Rs.61.30) against wrong policy no.480309280 instead of the correct policy no.480309289.

Reply

The stand taken by LIC is that there is only a deposit of Rs. 1,281/- against the policy no.480309280 w.e.f. 07/2004 to 03/2006 and no deposits were found against policy no.480309289.

Decisions & Reasons

As per the documents submitted by LIC it is seen that against the policy no. 480309289 the deposit has been shown upto 4th April, 1999 and thereafter the policy has been shown as in lapsed condition. But in another photo-copy of 'SSS Adj. Errors /Deposits' submitted from LIC also reflects policy no.480309280. So, there was confusion and the same has still remained not removed by the LIC. The LIC has not submitted any self-contained note to give any clear picture of the claim position, but from the documents submitted and inter-Branche correspondences made, it appears that the receipt of the premiums from the insured/complainant from DOC i.e., 15.03.91, till April 2006 @ Rs,61/- is an admitted fact. The complainant has enclosed also copies of the 'pay sheets' and 'demand invoice of the employer' wherein the deduction has been shown and remittance has been recorded from DOC till April, 2006 i.e., with excess deposits of premiums for the month of March & April, 2006. Thus, from the given facts we can easily come to a conclusion that because of the negligence of LIC the status position of the policy in question was not rectified in spite of correspondences made by the complainant and his employer for which the maturity payment could not be effected at appropriate time and it is due to non-action on the part of the LIC which kept the matter pending without any desire to settle the claim.

However, it appears that there was deduction of premium @ Rs. 61/- instead of Rs.61.30 (as reflected from the copy of the policy) and thus, the monthly premium was deposited in a reduced rate by 30 paise which was not detected earlier nor any attempt was made for correction of the same by the insurer. This matter may be solved by adjustment of the same as per the LIC rules and norms for less payment of premium.

In view of the discussions aforesaid, it is hereby directed that LIC will make the payment to the insured/complainant at once without any further delay along with penal interest @ 6% P.A. from the date it became due till final payment for delay in payment, after making the adjustment as described beforehand.

Kolkata Ombudsman Centre
Case No. 530/24/001/L/10/06-07
Smt. Subhra Talukdar
Vs

Life Insurance Corporation of India

Order Dated : 09.05.07

Facts & Submissions :

This petition was filed by the complainant for non-settlement of maturity claim (annuity) by LIC.

The complainant purchased a Jeevan Dhara Policy with DOC 28.03.1990. Date of vesting was 28.03.2006. As she did not receive any annuity after vesting in spite of her request, she filed this petition before this forum for relief.

The insurance company submitted a self-contained note and stated that they made enquiries and found that the policy was surrendered on 18.09.1992 for a surrender value of Rs. 30,919/-. The surrender of the policy was confirmed on the basis of entry no. 319 dated 18.09.1992 in Page No. 70 of the Surrender Register. LIC also stated that their servicing branch requested the complainant for furnishing the policy document, bank account, etc, but the complainant did not produce the policy bond mentioning that she was a Neurotic patient suffering from partial loss of memory and, therefore, was unable to trace the original policy bond. According to the insurance authorities, as the surrender value of the policy had already been paid, question of maturity claim or annuity does not arise.

Hearing :

The representative of the insurance company showed the register in which the surrender value payment was recorded. The husband of the complainant stated that the policy bond was not available. He was shown the register in which the surrender value payment on 18.09.1992 was noted. He requested that he should be given the details of the cheque no. and date of payment so that he can verify the same with his bank account. The representative of the insurance company stated that 15 years after payment since destruction of old records was done as per rules, it would be absolutely difficult to produce the cheque no. and bank details. The complainant's husband questioned if the surrender value was paid in 1992, why a letter was issued to the policyholder with regard to existence of the policy on 24.07.01. The representative of the insurance company stated that there was a mistake in issuing of such letter since surrender payment was done before computerization in LIC and at the time of decentralization of annuity policies to respective branches, surrender status of this policy was not shown in policy master inadvertently.

Decision :

A mistake committed by LIC authorities could not be used as an evidence for their advantage by any policyholder. Therefore, the letter dated 24.07.2001 should not, ipso facto, mean that the policy mentioned above was alive. Accordingly, the evidence that the policy had been surrendered and surrender value was paid on 18.09.1992 as indicated in a statutory register maintained by LIC authorities is good evidence to show such payment. Hence, the question of payment of maturity claim (annuity) in 2006 did not arise. However, the insurance authorities were directed to find the date of issue of the cheque from the reconciliation statement and inform the complainant the date of payment of cheque and whether the same had been debited to the account of LIC or not.

Kolkata Ombudsman Centre
Case No. 608/24/001/L/11/06-07
Shri Madhav Prasad Goenka
Vs

Life Insurance Corporation of India

Order Dated : 28.05.07

Facts & Submissions :

The petition was filed by the complainant against non-payment of maturity claim to the life assured although the policy was taken under MWP Act.

The complainant purchased a policy no. 026429986 with DOC 08.05.1961. This was a limited payment whole life plan, premium payable for 31 years and maturity claim payable after completion of 80 years of age of the life assured. Maturity claim was payable on 08.05.2005. The life assured wrote a letter to the insurance company demanding payment of maturity claim to himself though the policy was taken under MWP Act 1874 making his wife Smt. Ginni Devi Goenka, then aged 33 years, as the beneficiary. The logic of the life assured was since he was alive on the date of maturity, the maturity claim should be paid to him.

According to the insurance company, Shri Madhav Prasad Goenka, life assured, had taken a policy under MWP Act for the benefit of his wife Smt. Ginni Devi Goenka. Under the Act, Central Bank of India had been appointed as special Trustee for the benefit of the beneficiary. Since the beneficiary had died, Shri Madhav Prasad Goenka informed the insurance company and nominated Shri Sashi Prasad Goenka, his son, to be the recipient of the proceeds in case the life assured died before maturity of the policy. This was endorsed on the policy certificate without registration by the insurer. According to the insurance company, unless the policy is converted into ordinary policy, assured sum cannot be paid to the life assured. Therefore, according to them, a revocation deed has to be executed between the life assured and the Central Bank of India so that the trustees are released from keeping all amount in trust for the benefit of the beneficiary. Since these things have not taken place, LIC sent the discharge voucher to the Central Bank of India. Though originally the voucher was returned by the Trustee, LIC sent the same once again on 30.08.07 and requested them to start procedure under MWP Act.

Hearing :

The representative of the complainant Shri Sanjay Saraf attended with authorization letter from the complainant. The representative of the insurance company also attended. Shri Sanjay Saraf was told that LIC had already sent the discharge voucher to the Central Bank of India and as the policy was taken under MWP Act and the Central Bank of India was made Special Trustee for the moneys payable by LIC, the matter stands between the Central Bank of India and the complainant. He was told since the beneficiary is no more, the life assured can get back ownership of the policy amount by executing a revocation deed by taking away the rights of the Central Bank of India, being the trustee under the MWP Act. After the revocation deed, the matter will once again be alive between LIC and the life assured. LIC will be able to pay the sum assured to the life assured as it is directly between the LIC and the complainant. The representative of the complainant requested that the representative of the LIC may please help them to sort out the matter with the Central Bank of India. The representative of the LIC has agreed to help them out by personally coming along with the representative of the complainant to the Central Bank of India.

Decision :

The representative of the LICl was requested to help them in resolving the matter between Central Bank of India and the complainant. Since LICl had already sent the discharge voucher to the Central Bank of India, the grievance had been redressed and there was no cause of action lying between the insurance company and the complainant. The matter was between the Bank and the complainant and it was felt that no further intervention is called for by this office.

Kolkata Ombudsman Centre
Case No. 679/21/001/L/01/06-07
Shri Samar Kumar Basu
Vs

Life Insurance Corporation of India

Order Dated : 06.06.07

Facts & Submissions :

This petition was filed by the complainant against less payment of maturity claim.

The complainant was an ex-employee of United Bank of India and purchased a policy no. S-046572135 from CAB, Asansol with risk date 28.03.1982 for sum assured of Rs. 15,000/- and premium Rs. 66.50 p.m. The premiums were being remitted regularly until the life assured was transferred to Kolkata in December 1996 and sought voluntary retirement on 30.08.2001. Premiums deducted from his salary during his posting in Kolkata were remitted to SSS Department, Kolkata. The policy got matured on 28.03.2002. However, the life assured received maturity claim from CAB, Asansol vide their cheque forwarding letter dated 13.05.2003 for a sum assured of Rs. 20,248/-. This was the maturity claim taking FUP as 11/95, after deduction of Rs. 1582/-, cause of deduction not mentioned. The complainant felt that he received much less amount and requested for additional payment, which was not forthcoming from the LICl office, Asansol. Being aggrieved, he has approached this forum for relief.

Hearing :

A hearing was fixed where both the parties attended. According to the representative of insurance company, there was some problem with regard to getting the details from LICl, Kolkata and immediately on receiving the same, they would be able to finalize the remaining part of the payment. However, he stated that the FUP was taken as 11/95, though according to the complainant, the payment must have been made up to December'96. Therefore, he was asked to produce a certificate that the premiums have been deducted from the salary from 11/95 to 11/96 and that the same have been paid to LICl. He promised to obtain a certificate from the employer, where he was posted and he would submit the same within fifteen days.

The representative of the LICl stated that on receipt of such certificate and after sorting out the problem with Kolkata office, they would be able to pay the remaining portion of the claim before 31st July'07.

Decision :

The complainant was requested to submit the above employer's certificate as early as possible to LICl, Asansol and LICl were directed to compute the amount payable with interest @ 2% above the prevailing bank rate and pay the amount to the claimant before 31st July'07.

Kolkata Ombudsman Centre
Case No. 793/21/001/L/02/06-07
Sk. Abdul Khaleque

Vs
Life Insurance Corporation of India

Order Dated : 15.06.07

Facts & Submissions :

This petition was filed by the complainant against non-receipt of Loyalty Addition with maturity claim proceeds.

The complainant purchased a policy no. 413057607 with date of commencement 23.07.2001 and mode of payment was single premium. The policy matured on 23.07.2006 and the complainant felt that the maturity amount fell short by Rs. 5000/-, being the Loyalty Addition (LA). His appeal for payment of LA was not allowed by the insurer. Therefore, he filed this petition for relief. He also gave his unconditional and irrevocable consent for the Insurance Ombudsman to act as a mediator between himself and the insurance company for the resolution of the complaint.

LICI clarified to the life assured vide their letter dated 12.09.06 that they were unable to make further payment since no LA was declared under Plan 132 for the year 2006.

Hearing :

A hearing was fixed where both the parties attended. The policy document was shown to the complainant in which it has been mentioned that the insured is eligible for LA if and when declared by the corporation. Since there is no declaration, he was told that no LA is payable. According to him, he has received a leaflet from the agent, in which LA (Rs.5000/-) was shown as payable. He was informed that a statutory document like policy bond determines the payment of LA and according to the policy bond, if and only when the company declares the LA for a particular plan, then only the same is payable. He was satisfied with the explanation given by the insurance authorities.

Decision :

As no LA was declared under Plan 132 for the year 2006 and the policy was taken under plan 132, we are unable to accede to the request of the complainant that LA may be paid. The complainant has been explained why LA is not payable. He was also informed that the Ombudsman gets jurisdiction only if the LA is not paid after the same is declared by the LICI. Under these circumstances, action taken by LICI authorities was confirmed and the complainant did not get any relief.

Kolkata Ombudsman Centre
Case No. 877/24/001/L/03/06-07
Shri Dharendra Nath Dutta

Vs
Life Insurance Corporation of India

Order Dated : 16.07.07

Facts & Submissions :

This petition was filed by the complainant against delay in settlement of maturity claim.

The complainant, an ex-employee of State Bank of India (SBI), purchased a policy under Salary Savings Scheme (SSS) with date of risk 28.12.1967. He authorized his employer to deduct monthly premium from his salary and remit the same to LICI. As he did not receive the maturity claim due on 28.12.1992, he continuously followed up with LICI since 1993. Since the claim remained unsettled, this petition has been filed seeking relief.

The insurance company sent a self-contained note in which they stated that they do not have the policy master or policy docket. However, they stated that they will give due

weightage to the complaint, if the complainant could produce the policy document and submit detailed remittance particulars from his employer.

Hearing :

In response to a notice of hearing both the parties attended. The complainant produced two letters given by his employer, which indicated full payment of premia under the SSS. The letters were addressed by SBI to Manager (SSS), Asansol Divisional Office dated 19.01.1996 and 02.07.1997. In spite of these letters, no action was taken by LIC. The certificate indicated that the specific premium was regularly remitted up to November 1992 (last premium due) without any gap. The representative of the insurance company stated that they would do the needful immediately on obtaining the photocopies of the documents that were produced at the time of hearing and do the needful before 31.07.2007.

Decision :

As the representative of the insurance company promised to pay the amount with penal interest before 31.07.2007, the insurance company were directed to do the needful before 31.07.2007 and send a compliance of the same to the Office of Insurance Ombudsman. In any case, there should not be any delay beyond seven days from the date of receipt of consent letter from the complainant.

Kolkata Ombudsman Centre
Case No. 041/24/001/L/04/07-08
Shri Shiv Prasad Rai
Vs
Life Insurance Corporation of India

Order Dated : 22.08.07

Facts & Submissions :

This petition was filed by the complainant against delay in settlement of maturity claim. The complainant reportedly purchased a policy no. 510042614 for sum assured of Rs. 34,000/- under Salary Savings Scheme (SSS). The policy matured on 20.03.2007, but the maturity claim has not been paid to him by LIC.

LIC, Kankarbagh Branch under Patna Divisional Office sent a letter dated 10.07.07 stating that the complainant earlier worked for FCI as a daily labourer and then he left his job. His younger brother was engaged there in lieu of the complainant under the same name. Date of the complainant leaving the job and the name of the brother were not given. The younger brother took over the policy and paid premium through SSS in the name of the complainant. Accordingly, the maturity claim was paid to the younger brother on the strength of identity card and salary slip, duly attested by the employer, and on submission of original policy bond.

Further Feature :

The complaint was lodged by Shri Sheo Prasad (spelled Shiv Prasad Rai as per Voter Identity Card/copy of Policy bond) as there was delay in maturity claim payment. He submitted with "P" forms a copy of his letter dated 23.03.07 (after the date of maturity) to the insurer stating that one Kalika Rai, his younger brother, who joined FCI in Shiv Prasad Rai's name, took the maturity claim cheque in the name of Shiv Prasad Rai, by submitting discharge voucher with LTI, the original policy bond along with duly attested I Card and salary slip to the insurance company. The complainant submitted an affidavit dated 07.02.07 under his L.T.I. stating that he lost his policy bond no. 510042614 to obtain a duplicate policy.

Hearing :

A notice of hearing was issued. The representative of the insurance company attended while the complainant did not attend. The representative of the insurance company stated that after being duly satisfied with the authentication of the person by the employer and on receipt of original policy bond and other documents, the maturity claim amount has been paid to the person known as Shiv Prasad Rai. According to them, they have paid the maturity claim on submission of policy bond, etc. Therefore, there was no liability that still exists.

Decision :

As the complainant did not attend, we propose to deal with the matter on ex-parte basis. This forum is not intended to identify the person who has to receive the maturity amount. The LIC authorities have done their job after verification and made payment of maturity claim on submission of original policy bond and other requirements. If there is an impersonation with regard to claim, this forum does not take into cognizance such a complaint and the petitioner has to seek relief in some other forum. Under these circumstances, the complaint is dismissed.

**Kolkata Ombudsman Centre
Case No. 125/24/001/L/05/07-08**

Shri Banamali Hazra

Vs

Life Insurance Corporation of India

Order Dated : 27.09.07

Facts & Submissions :

This petition was filed by the complainant against delay in settlement of maturity claim. The complainant stated that he purchased a policy no. 34254602 for sum assured of Rs. 10000/- with DOC 28.02.1983. The policy matured on 28.02.2003. He contacted the servicing Branch for payment of maturity claim, but was informed that the policy has not acquired paid up value. However, the policy status showed premium paid up to 28.02.1989 i.e., premium paid for 6 complete years. Since the maturity claim remained unsettled for the last 4 ½ years with no response from the insurer, the complainant has approached this forum for relief.

Hearing :

In response to a notice of hearing, both the parties attended. The representatives of the insurance company submitted a self-contained note, which indicated that no premium particulars are available and they are unable to find out the last FUP date, as the policy master was defective. As the premium payment was stopped long before the computerization, the policy record is incomplete, also there was no ledger posting indicating payment of premium. The insurer requested the policyholder to submit the last premium receipt (LPR), which was not forthcoming. The representative of the insurance company admitted that as per Status Report, the policy was incepted in 1983 and FUP was 05/1989. The complainant was asked whether he could furnish any one of the premium payment receipts. He stated that all premium receipts were lost due to his shifting of residence.

Decision :

This is a case where the insurance company was not able to process the claim due to non-availability of information. Similarly, the complainant was unable to produce the premium payment evidence. Under these circumstances, from the status report

submitted, it was found that the date of commencement of the policy was 28.02.1983 and the FUP was May 1989 and the vested bonus is about Rs. 3100/-. We, therefore, giving the benefit of doubt in favour of the assured, directed the insurance company to make an ex-gratia payment of the paid up value plus vested bonus keeping in view the hardship and financial difficulties indicated by the complainant.