Miscellaneous

Ahmedabad Ombudsman Centre
Case No. 11-004-342/343/344
Mr. AP Chauhan
Mr. KR Mahor
Mr. KN Kalal
Vs
Life Insurance Corporation of India

Award Dated : 20.4.2007

Non-issue of Policy Documents. The Respondent could definitely prove that the original Policy Bond was despatched through Speed Post. It was also confirmed that the respective policyholders had deposited the Policy Preparation charges with the Respondent. Duplicate Policy could not be issued because the Complainant had not complied with other formalities. During the course of Hearing, the procedure to fill the forms were explained and thus the hitch in the process of issue of the Duplicate Policy was sorted out by the Complainant and the case disposed off.

Ahmedabad Ombudsman Centre
Case No. 21-001-0325
Mr. H N Buddhdev
Vs
Life Insurance Corporation of India

Award Dated : 30.4.2007

The annuity policy on the life of the Complainant vested for payment of annuity. A letter was sent to the Annuitant asking him to exercise his option of the type of annuity, he desires to take. There were discrepancies in the amount of Notional Cash Option and the Annuity in the letter. During the course of Hearing, it was informed that a fresh letter was sent to the Annuitant, which also had discrepancies. The Respondent admitted the lapse. However, the Complainant refused to attend such a presentation and declared to have lost confidence in the Insurer. He demanded that the Respondent ought to be punished in a befitting manner. He asserted that reprimand was not enough and the absence of exemplary penalty on the Respondent shall mean justice denied by this Forum. It was explained that this Forum is limited to the mediational role. However, since he had apparently lost all trust and faith in the Insurer, mediational interventions had to be called off, although service deficiencies on the part of the Respondent got established. As such, the Hearing had to be concluded by advising the Complainant to take up his grievance to such a Forum/Court as may be considered appropriate by him for the type of Relief that he demands.

Ahmedabad Ombudsman Centre
Case No. 21-001-0237
Mr. R H Jadeja
Vs
Life Insurance Corporation of India

Award Dated : 11.5.2007

Partial settlement of Claim under Life Policy. The Claim for Basic Sum Assured and Accident benefit had been settled by recovering the premiums for three quarterly dues in the last Policy Year. The Policy Condition under Bima Gold Plan did not disclose any provision for such a deduction. As such, the Respondent was directed to pay the premiums so recovered in full and final disposal of the Complaint.

Ahmedabad Ombudsman Centre
Case No. 21-001-0381
Mrs. H R Chavda
Vs
Life Insurance Corporation of India

Award Dated : 21.5.2007

Repudiation of DAB Claim under Life Policy: During the course of Hearing, the Complainant explained that the Insured fell down from the staircase and died. There was no single evidence to prove that an accident had occurred. The incident was not reported to the Police authorities nor was PM done. The Policy conditions require that the Accident should be proved to the satisfaction of the Insurer for the purpose of entitlement of Accident Benefit. In the absence of any acceptable evidence, the decision of the Respondent to repudiate the subject Claim for DAB was upheld.

Ahmedabad Ombudsman Centre
Case No. 21-001-0375-378
Mr. P C Shah
Vs
Life Insurance Corporation of India

Award Dated: 31.7.2007

The Claim under the Life Insurance Policy was repudiated by the Respondent. On re-examination of the same, they confirmed that they are satisfied that the repudiation was for valid and legal reasons. However, they agreed to settle the claim on an ex-gratia basis provided the Claimants agree to receive the said amount in full and final settlement of all the claims under the Policy. The Communication concluded by advising the Complainant to send a Discharge Form duly executed. From the records, it was observed that the Discharge Voucher was executed by the Complainant in full and final settlement of all Claims. Thus, there being neither any ambiguity in the offer nor any ambiguity in acceptance, it is considered to be a seal of final settlement of all claims concerning the Policy. As such, the decision of the Respondent not to entertain the request for payment of Interest on such delayed payment was upheld.

Bhopal Ombudsman Centre
Case No.: LI-122-23/06-07/IND
Shri Shriram Malhotra
Vs
Life Insurance Corporation of India

Award Dated : 08.08.2007

Under Redressal of Public Grievances Rules, 1998

Shri Shriram Malhotra, Resident of Vednagar, Ujjain M.P. [hereinafter called Complainant] is a policy holder of policy No.372644061 taken from LIC of India, Divisional Office: Indore, Branch Office- 2, Ujjain [hereinafter called Respondent]. The Policy was issued on life of the Complainant under plan “Jeevan Asha- II” Table/Term: 131-15 for Sum Assured of Rs. 100000/- The Complainant stated that he has taken the

policy on 15-10-2003 and the bypass surgery of heart was done on 24-06-2005 at Escort Hospital, New Delhi. Accordingly he has claimed for 50% of sum assured as per the terms & conditions of the policy but the Respondent has declined his claim stating that his claim is not payable as CABG is excluded as per policy provision.

Hence the complaint is dismissed without any relief.

Bhopal Ombudsman Centre
Case No.: LI-131-23/06-07/BPL
Shri Shriram Chandravanshi
Vs
Life Insurance Corporation of India

Award Dated : 24.8.2007

Under Redressal of Public Grievances Rules, 1998

Shri Shriram Chandravanshi, Resident of Gram - Lambakheda, Bairesiya Road, Bhopal M.P. [hereinafter called Complainant] is a policy holder of policy No.350250432 taken from LIC of India, Divisional Office: Bhopal, Branch Office- 3, Bhopal [hereinafter called Respondent]. The Policy was issued on life of the Complainant under plan “Jeevan Shri” Table/Term: 112-25(16) for Sum Assured of Rs. 500000/- The Complainant stated that he has taken the policy on 28-07-2001 and the premium was paid by him for 10 quarterly up to 24-01-2004 total amounting Rs 75774/- (inclusive of late fees on premium dues). The Complainant further added that he has also taken policy loan of Rs. 26000/- on 24-01-2004 from BO-3, Bhopal to continue the policy but even after taking policy loan he was not in position to continue the policy and applied for refund of premiums paid under the policy on 08-07-2005 at BO-3, Bhopal. But the Respondent has not taken any care in refunding the premium amounts

The Respondent has paid the surrender value payment vide cheque no. 951909 dated 06-07-2007 for Rs. 6044/- and the same handed over to the policy holder. Respondent is directed to settle the surrender value payment as per calculation of surrender value as on 08-07-2005 within 15 days of receipt of this order failing which the Respondent shall be liable to pay further interest at the rate of 9% per annum from the date of this Order till the date of actual payment.

Bhopal Ombudsman Centre
Case No.: LI-125-22/06-07/BPL
Shakuntala Jodhani
Vs
Life Insurance Corporation of India

Award Dated : 27.9.2007

Under Redressal of Public Grievances Rules, 1998.

Shakuntala Jodhani, resident of Bhopal (hereinafter called Complainant) has taken a life insurance policy No. 351843290 under “Jeevan Sneh” plan Table/Term 125-20 for sum assured of Rs. 100000/- with mode of payment yearly @ Rs. 7083/-on 15-02-2002 from LIC of India, DO: Bhopal, Branch Office No- 1, Bhopal (hereinafter called Respondent). The Complainant stated that the yearly premium due on 15-02-2007 was paid by him vide cheque No.289119 dated 14-02-2007 for Rs. 7083/-. The complainant has informed that the Respondent has wrongly claimed the amount of premium from his banker twice and has taken cheque dishonour action returning of his cheque of premium and canceling the original receipt issued for due 02/07 with request to pay the

premium in cash along with late fees and bank charges for cheque dishonour. The Complainant added that he has issued the cheque for Rs. 7083/- which was the amount of yearly premium of policy i.e. Rs.7083/-and there was no mistake on cheque in writing the amount in word and figure also. But the Respondent has not taken any care to listen in his case and they refused to entertain him asking him to give amount in cash and get new receipt issued. Aggrieved from the act of Respondent, the Complainant has lodged a complaint with this Office seeking directions to Respondent to get premium cheque collected from his which is still valid and let the same receipt continue to avoid further embarrassment as there is fault on the part of the Respondent and their Bankers.

The Respondent vide his letter dated 26-06-2007 informed that the policy holder has deposited cheque no. 289119 dated 14-02-2007 towards premium due 02/2007 under the policy at Branch Office No-1, Bhopal. The amount mentioned in words on the cheque was "Seven thousand and eighty three only" and mentioned in figure was not very much clear. The cheque when represented to the Bank was returned by them unaccepted on the ground "claim amount is 7088/- while cheque amount is 7083/-". As the cheque was not returned due to "Insufficient Fund", it was again represented by their Branch No- 1, Bhopal, but the same was again returned by the Bank. As the Bankers did not accept the cheque even after representing the same twice, cheque dishonour action was taken by their Branch No- 1, Bhopal and the cheque was returned to the policy holder intimating the same.

In reply to the question "Have you any document to show that the wrong amount was claimed by the Respondent's banker" the Complainant answer was negative and requested some time to produce the same. As such, 30 days time from the date of this hearing was allowed to submit the above documents to both the parties.

Hence, it is clear from the records that there is no fault on the part of the Respondent as well as on the part of Complainant. It appears that there may be a fault in between the banker's of both the parties.

It is observed that the amount of cheque is not withdrawn from the bank account of the Complainant and the same is not received by the Respondent also.

In view of the above circumstances, the Complainant is directed to make the payment of yearly premium due for 02/2007 as per rules and if Complainant wants he can go to the Banking Ombudsman in the matter.

Bhubaneswar Ombudsman Centre
Case No. 21 –001-0178
Sri Sarojkanta Sarangi
Vs
Life Insurance Corporation of India

Award dated : 4.06.2007

The Complainant, Sri S.K.Sarangi had obtained two Bima Nivesh policies bearing Nos. 591069247 & 591069003 on 28.2.2000 & 15.2.2000 respectively. On maturity, the Insurer paid Rs. 37591/- on each policy instead of Rs. 41215/-, which was mentioned in their brochure. He requested the Insurer to pay the loyalty addition i.e balance of Rs. 7230/-on each policy. His request was not accepted by the Insurer.

Being aggrieved the Complainant lodged the complaint in this forum.

The complaint was taken up for hearing on 24.5.2007. After perusal of documents and going through the conditions Hon'ble Ombudsman opined that the loyalty addition can be paid only if it is declared by the Insurer. Since the Insurer has not declared any

loyalty addition, the question of payment does not arise. The request of the Complainant was dismissed.

Bhubaneswar Ombudsman Centre
Case No. 22 –011-0159
DR. Sanjoy Ghouri
Vs
ING Vysya Life Insurance Co.Ltd.

Award dated : 5.06.2007

The Complainant, Dr. Sanjoy Ghorui had obtained a policy namely 'Reassuring Life Endowment with Reversionary Bonus' from ING Vysya Life Insurance Co. Ltd. on 12.6.2006. The Sum Assured was to the tune of Rs. 95590/- & mode of payment was annual @ Rs. 6000/-. He received the policy on 17.6.2006. There after he sent a request letter to the Insurer to cancel the policy and refund the premium paid on the ground of high premium low sum assured. His request did not find favour of the Insurer, since there has been no change of terms and conditions of the policy and made reference to Sec.6(2) of IRDA Regulation,2002.

Being aggrieved he lodged the complaint in this forum. The complaint was taken up for hearing on 22.5.2007. Hon'ble Ombudsman opined that there has been no violation of terms & conditions after issuing of policy by the Insurer and the reasons on which the Complainant wants to cancel the policy did not confirm to sec. 6(2) of IRDA Regulation 2002. The complaint was dismissed.

Bhubaneswar Ombudsman Centre
Case No. 22-001-0128
Sri Narendra Narayan Pattnaik
Vs
Life Insurance Corporation of India

Award dated 11.06.2007

The Complainant Sri N.N.Pattnaik had obtained two policies on 1.2.99 bearing nos.591224521 & 591224517 for Sum Assured of Rs.150000/- each. The premium was paid up to March'2001 & November'2000 against policy no. 591224517 & 591224521 respectively. No further premium was paid thereafter by the life assured due to fatal accident & prolonged treatment. Then he made a request to the Insurer for refund of premiums deposited by him which comes to Rs.65828/-. His request was turned down by the Insurer on the ground that both the policies did not acquire paid up value.

The insured lodged the complaint in this forum for redressal of his grievance. Hon'ble Ombudsman heard both the parties on 24.5.2007 and opined that , since the premium has not been paid for three years the refund of premium does not arise as per terms/condition no. 4 envisaged in the policy document.

The request of the Complainant was dismissed.

Bhubaneswar Ombudsman Centre
Case No. 22-004-0162
Dr. Baishnab Charan Mohapatra
Vs
ICICI Prudential Life Insurance Co.Ltd.

Award Dated : 19.06.2007

The Complainant Dr. B.C.Mohapatra took a 'ICICI Pru Life Time Plan 'policy bearing no. 02498037 on 3.3.2006 from ICICI Prudential Life Insurance Co.Ltd. on the life of his grand daughter Miss Sanjana Mohapatra by paying an annual premium of Rs.100000/-. The policy was received by him on 8.3.2006. As the Insurer deducted Rs.18000/- towards allocation charges, he requested the Insurer on 28.9.2006 for cancellation of policy and refund of Rs.100000/- towards the premium deposited.

The Insurer did not agree to cancel the policy as the request was after six months after the free look period was over. Being dissatisfied with decision of the Insurer , he moved this forum for redressal.

The case was heard by Hon'ble Ombudsman and perused all the available documents. The Complainant stated that the Insurer has arbitrarily deducted allocation charge from the premium paid which is illegal.

Where as the Insurer contended that nothing was concealed(terms & conditions of the policy) at the time of signing the proposal by the complainant and hence his request was turned down.

Hon'ble Ombudsman held that the Complainant should have raised the said objection during free look period i.e. within 15 days from the date of receipt of policy. As the same has not been done, the policy can not be cancelled and dismissed the complaint.

Bhubaneswar Ombudsman Centre
Case No. 21-001-0197
Sri Prasant Barik
Vs
Life Insurance Corporation of India

Award Dated : 6.07.2007

The Complainant, Sri Prasant Barik took a Money Back Policy bearing No. 591898938 under Table & Term 75-20 for Sum Assured of Rs.40000/- commencing from 19.12.2003. He met with an accident .As a result of which he lost his right hand after amputation of the hand below the shoulder. He claimed the disability benefit under the policy with the Insurer. The Insurer rejected the claim

Being aggrieved the complainant moved this forum for redressal. The complaint was heard on 21.6.2007. The Complainant contended that as he has lost his hand and entitled to get the disability benefit. According to him the repudiation is illegal.

Countered by the Insurer that the payment of disability benefit is not covered under the clause 10.4 of policy conditions & privileges.

Hon'ble Ombudsman opined that since only one hand is amputed the disability benefit does not come under purview of disability coverage under the said clause. Hence the complaint stands dismissed.

Bhubaneswar Ombudsman Centre
Case No. 21-009-0220
Sri Nakul Charan Biswal
Vs
Bajaj Allianz Life Insurance Co.Ltd.

Award Dated : 9.07.2007

The Complaint Sri Nakul Charan Biswal took a Invest Gain Economy Policy with critical illness rider bearing No.007761635 from Bajaj Allianz Life Insurance Co. Ltd.. The policy was commenced on 2.3.2005 and the date of risk was 16.3.2005. The Complainant first suffered from stomach pain on 10.10.2005 and subsequently detected

to be suffering from Critical Renal failure since 18.10.2005. His claim for benefit under critical illness rider was repudiated by the Insurer on the ground of pre existing of disease and suppression of material fact before commencement of policy.

Being aggrieved the Complainant lodged the complaint in this forum. The complaint was heard on 21.6.2007. The Complainant contended that, first he was suffering from stomach pain on 10.10.2005, which was subsequently detected that he was suffering from CRF & Hypertension on 18.10.2005 and to under go Kidney transplantation. He was not suffering from any serious illness prior to October'2005. Moreover he had already received the claim of Rs.100000/- from HDFC Standard Life Insurance, with whom he was insured for the same amount.

The Insurer contended that the claim was repudiated due to suppression of material facts as regards health and the illness occurred before six months from the date of risk. After hearing from both the parties Hon'ble Ombudsman desired to see the provisions in the circular to treat the date of issue of policy as date of risk, but the Insurer failed to produce any document in support of their stand rather admitted their mistake of incorporating date of risk as 16.3.2005 instead of 24.3.2005 for which their six months pre existing of disease turned down. Hon'ble Ombudsman also held that stomach pain is not a disease and treated as common problem like cold, fever etc. and omission to mention does not come under suppression of material fact. The Insurer was directed to settle the claim within 15 days from the date of receipt of consent letter or else 18% interest along with award amount if settled after expiry of stipulated date.

Bhubaneswar Ombudsman Centre
Case No. 24-001-0352
Smt. Sulata Panda
Vs
Life Insurance Corporation of India

Award Dated : 9.07.2007

The Complainant Smt. Sulata Panda took a Asha Deep Policy bearing No.590369326 for Sum Assured of Rs.100000/- under Table & Term 110-25 commencing from 15.10.1993. The Life Assured had under gone open heart surgery on 6.8.2004 after diagnosis of disease as ASD Closure. She lodged the claim with the Insurer. The Insurer rejected the claim because the operation for ASD Closure did not fall under the contingency as mentioned in the policy.

Being aggrieved she moved to this forum for redressal. The hearing was conducted on 24.5.2007. The Life Assured contended that she should get the benefit of Asha Deep policy under benefit B of the Policy Schedule, which was not accepted by the Insurer. The matter was referred to Cardiologist of Capital Hospital, Bhubaneswar for opinion. As per Cardiologist opinion ASD Closure is an open heart surgery & not related to Coronary Artery, hence it is not covered under the policy..

Hon'ble Ombudsman accepted the opinion of Cardiologist and upheld the repudiation decision of the Insurer & dismissed the complaint.

Bhubaneswar Ombudsman Centre
Case No. 24-001-0401
Sri Kalpataru Mahana
Vs
Life Insurance Corporation of India

Award Dated 24.07.2007

The Complaint, Sri Kalpataru Mahana was covered under Janashree Bima Yojana under Policy No. 31496 on 8.9.2003. While fishing on 7.2.2004 a poisonous jelly fish fell on the left eye of the Complainant and he lost his vision. He lodged the claim with Insurer.The handicapped certificate was issued by CDMO Balasore stating 70% visual disability. So his claim for partial permanent disability was repudiated by the Insurer.

Being aggrieved the Complainant moved this forum for redressal. The hearing was heard on 21.6.2007 in presence of both the parties. The Complainant submitted the Police Enquiry Report & treatment report of eye specialist for Dry eye Syndrome with atrophy in left eye followed by photoppathalmia. The Insurer countered that since the disability is 70% , nothing is payable under this policy.

Hon'ble Ombudsman opined that the disability is found in the eye of the Complainant, which is very sensible part of the body. Moreover the examination was held in the year 2004 and present condition is not known. Considering the above facts and age of the Complainant, the Insurer is directed to pay Rs.15000/- as ex-gratia to the Complainant within one month from the receipt of the consent letter.

Bhubaneswar Ombudsman Centre
Case No. 22-009-0131
Sri Kirtikanta Swain
Vs
Bajaj Allianz Life Insurance Co. Ltd.

Award dated 24.07.2007

The Complaint, Sri Kirtikanta Swain had opted for an insurance policy under scheme "Hospital Cash" for Rs.200000/- and issued a cheque for Rs.2206/- towards the first premium to the Insurer. The Insurer issued a policy bearing No. 0001902487 for Rs. 150000/for accidental death benefit policy instead of Hospital Cash Critical Illness, which was received by the Complainant on 5.5.2003. Immediately he contacted the agent Sri P.K.Mohanty and handed over the complaint. He was assured that either the policy would be rectified or excess payment of Rs.947/- would be refunded. But there was no response from the Insurer. So he lodged the complaint in this forum.

The complaint was heard on 21.6.2007 in presence of both parties. The Complainant contended that the Sum Assured and Type of Policy was over written by the Insurer in the proposal form. After the complaint was lodged in this forum the Insurer refunded Rs. 947/- to the Complainant. But the Insurer does not give any explanation for the correction of Sum Assured and Type of Policy.

After perusal of the documents Hon'ble Ombudsman directed the Insurer to refund Rs.1259/- to the complainant with in 7days from receipt of consent letter.

Bhubaneswar Ombudsman Centre
Case No. 22-002-0163
Sri Krushna Mohan Moharana
Vs
SBI Life Insurance Co.Ltd.

Award Dated : 18.09.2007

The Complainant, Sri Krushna Mohan Moharana had taken a policy bearing No. 06001023107 from SBI Life Insurance Co.Ltd., Bhubaneswar on 20.6.2003 for sum

assured of Rs. 200000/- with annual premium of RS.9434/-. Subsequently from third year the premium amount was enhanced from Rs.9434/ to RS.9531/-, which was protested by the Complainant. The Insurer took the stand that the amount was enhanced as payment of service tax implemented w.e.f 10/2004 and submitted the circular pertaining to that effect.

The Complainant moved this forum for redressal. The complaint was taken up for hearing on 18.9.2007 in presence of the both parties. The Complainant argued that the premium can not be increased without his consent and further other life insurance companies have not increased even if levy of service tax by Govt.of India. Hon'ble Ombudsman held that the above mentioned circular is meant for all insurance companies and cited LIC for not increasing service tax. Also the Insurer present during hearing failed to convince him as to non increase of premium by LIC after implementation of service tax. He took the decision of Insurer in enhancing the premium with out taking policy decision by company and with out the knowledge of Complainant is not proper. Hence directed the Insurer to adjust extra premium paid, if any, towards next payment.

Chandigarh Ombudsman Centre
Case No. : Max N.Y./212/Gurgaon/Kangra/22/08
Sehdev Singh
Vs
Max New York Life Insurance Co.

Award Dated : 07.09.07

Facts : Sh. Sehdev Singh purchased a policy bearing no. 251867354 with date of commencement 11th January, 2005. The agent provided wrong information of the said policy, which he had noticed after paying two premiums. He had requested several times in writing to change the plan of the policy but was handled very irresponsibly & denied any help. Hence, requested this forum in getting the refund of his payment, at the earliest.

Findings : During the of course of hearing, the complainant explained that he had purchased an endowment policy with an impression that it was a 10 years maturity policy. However, when he went to deposit the 3rd premium in January, 2007, he was made aware that it was a whole life policy. He was not satisfied with the whole life policy and he wanted it to be a 10 years term policy as understood by him. The insurer clarified the position by stating that the complainant had signed the proposal form, in which it was mentioned that it was a whole life policy. Moreover, he did not ask for any correction or cancellation during the freelook period. Hence, as per rules, they were not in a position to change the terms and conditions of the policy. On a query, whether the policy could be converted from whole life term to 10 years endowment policy, the insurer stated that none of their endowment policies is less than 20 years term policies as approved by IRDA. On a query, whether it was possible to convert whole life policy to a 20 years endowment policy as a special case, the insurer replied in the affirmative.

Decision : Held that the conversion of whole life policy to 20 years endowment policy is appreciable. Ordered that the annual premium and Date of commencement of policy should remain unaltered and a fresh policy should be issued for which the complainant should fill up a fresh proposal form. The sum assured should be commensurate with the annual premium being paid under the present policy for 20 years term endowment policy.

Chandigarh Ombudsman Centre
Case No. : Max New York/143/Gurgaon/New Delhi/25/08
Krishna Kumari Pahwa
Vs
Max New York Life Insurance Co. Ltd.

Award Dated : 30.08.07

Facts : Smt. Krishna Kumari Pahwa purchased two policies bearing nos. 102009370 & 102009388 in September, 2001. When she applied for purchase of a new policy, she was called for medical check-up as was done earlier. But this time her proposal was declined. She requested the insurer to furnish synopsis of medical reports but was refused and her two previous policies were also cancelled, as she had not disclosed that she was suffering from hypertension while taking the policies in 2001.

Findings : On referring the matter to the insurer, the insurer stated that the complainant was suffering from hypertension for the last 3-4 years and was on medication of Amlopress AT. A 'Hypertension Questionnaire' was completed and signed on 30.12.2002 wherein she had stated that she was diagnosed with high blood pressure 2-3 years back and was on treatment for the same and was consulting Dr. P.C. Aggarwal. Hence, it became a case of non disclosure of material fact regarding pre-existing disease at the time of taking the first 2 policies and hence the policies were cancelled. On a query whether blood pressure was measured at the time of taking policies in September, 2001, the insurer replied in the affirmative.

Decision : Held that the blood pressure report of the complainant at the time of taking the policy in September, 2001 was within permissible limits and more authentic than her statement made in December, 2002 while proposing for the 3rd policy. Moreover, the letter of declination was issued after more than 2 years had elapsed since the issuance of first two policies. Thus the second part of Section 45 of Insurance Act becomes operative. The insurer could not produce any corroboratory evidence to prove that the complainant suppressed material information regarding her pre-existing disease, which was within her knowledge. Hence ordered that first two policies should be reinstated without charging any late fee and fresh medical report should be dispensed with.

Chandigarh Ombudsman Centre
Case No. LIC/160/Shimla/Dharamshala/22/08
Piar Chand
Vs
Life Insurance Corporation of India

Award Dated : 20.09.2007

Facts : Sh. Piar Chand deposited Rs.2 lakhs for 4 policies @ Rs.50,000/- each on 28.03.2006 but he received 5 policies with Sum Assured @ Rs.10,000/- each. His four policies had been split into 18 policies without his consent. He was also deprived of Rs.1,50,000/- which was the balance amount after deducting Rs.50,000/- from Rs.2 lakhs. No other policies had been received by him other than 5 policies bearing nos. 151940976 to 151940980.

Findins : On referring the matter to the insurer, the insurer stated that they had received 18 proposal forms for Rs.2 lakhs and policies were issued accordingly. The agent had been paid commission for 18 policies and the complainant was aware of 18 policies and the amount deposited in them. The difference in fund value due to splitting

of policies would be roughly Rs.6000/- wherein the complainant would suffer a loss. The agent had filled up 4 proposal forms and got two of them signed by the complainant and two, by his son, Sh. Mahinder Singh. The amount of insurance was Rs.10,000/-. Due to deficiency in service by the agent there had been confusion whether the proposal forms were for Rs.10,000/- each or for Rs.50,000/- each. The complainant has also erred in signing the proposal forms without understanding/ reading properly. He is also at fault for not reading the policy bond on receipt of the same. The insurer has also erred in giving the dockets later on to someone outside the office as given in the letter written by the insurer.

Decision : Hence ordered that insurer would make payment to the complainant as per the number of units/NAV as on 15.6.07 as if 4 policies of Rs. 50,000 each were issued after deducting monthly charges accordingly after completion of requisite formalities for surrender.

Chandigarh Ombudsman Centre
Case No. ICICI/209/Mumbai/Ropar/22/08
Harvinderpal Singh
Vs
ICICI Life Ins. Co.

Award Dated : 08.08.2007

Facts : Shri Harvinderpal Singh purchased a Premier Life (ULIP) policy bearing no. 149402 in March, 2005 by paying Rs.60,000/- (Single Premium). When the policy was received, it was found that it was a policy under yearly mode of premium. He visited the office of the insurer where he came to know that the fund value accrued in his policy was Rs.74,000/- and if surrendered, he would get Rs.74,000/-. He accordingly signed the discharge voucher for surrender of the policy. But when he received the cheque, the amount was only for Rs.18,666.93 instead of Rs.74,000/-. Being an illiterate, he did not know about the surrender value proceedings. He requested that his policy may be continued.

Findings : The insurer clarified the position by stating that the fund value of the policy on 21.05.2007 was Rs.74,000/-. Two premia had not been paid. Hence, as per terms and conditions of the policy only 25% of the fund value was payable as surrender value which was paid. However, seeing the overall position, they were willing to reinstate the policy ab-initio as a special case, if the surrender amount of Rs.18,666.93 is refunded to them. However, the complainant will have to wait for 4 years from the date of commencement of policy i.e. 17.03.2005 before surrender of the policy.

Decision : The action taken/ proposed to be taken by the insurer was in order and the good gesture shown by the insurer for reinstatement of the policy is appreciable. The complainant is advised to refund the amount of Rs.18,666.93 to the insurer in order to enable them to reinstate the policy by reallocating original no. of units ab-initio.

Chandigarh Ombudsman Centre
Case No. Birla Sun Life/199/Mumbai/Amritsar/21/08
Nirmal Kaur
Vs
Birla Sun Life Ins. Co.

Award Dated : 08.08.2007

Facts : Late Gurkirpal Singh had taken a Single Premium Life Insurance Policy by paying Rs.99,000/-. The sales person had explained the policy stating that it was a single premium policy and the company will issue a lifelong insurance policy till age 99 with an insurance cover of ten times the premium deposited which will ensure their daughters future in case her husband meets any unforeseen happening and also will give better returns than any fixed deposit. The complainant Smt. Nirmal Kaur stated that her husband expired on 14.12.2006 due to heart attack. When she approached the branch office for claim, she was told that the policy covered her daughter and her husband was just a proposer and premiums were to be paid for 94 years. Hence, the claim was repudiated as the life assured was still alive. She stated that there was no earning member in the family and it is not possible to continue the policy by paying yearly premium. She requested that she would like the policy to be cancelled and the amount of premium paid by her husband to be refunded to her.

Findings : The insurer clarified the position by stating that the policy document was received by the complainant in May, 2005. They had ample time to go through the terms of the policy and in case they were not satisfied they could have cancelled the policy within the free look period. Yearly premium notice has already been sent for the premia due in 2006 and 2007 as the same had not been paid. On a query whether a person with an income of Rs. 2.4 lakhs annually can pay a premium of Rs.99,000/- every year, the reply was that it was not necessary to remit Rs.99,000/- every year but a lesser amount can be also remitted as a premium amount.

Decision : The policy being a gross missale, it should be cancelled ab-initio in view of the pecuniary difficulties faced by the family of the deceased. Hence ordered that the initial deposit amounting to Rs.99,000/- should be paid to the complainant as ex-gratia after canceling the policy.

Chandigarh Ombudsman Centre
Case No. : LIC/222/Chandigarh/Mohali/22/08
Jaswinder Kaur
Vs
Life Insurance Corporation of India

Award Dated : 07.09.2007

Facts : Smt. Jaswinder Kaur purchased a policy bearing no. 161566167 with plan & term as 122-14 & DOC as 28.02.1997. When she went to deposit the premium on 20.03.2007, she came to know that the policy had already matured in the month of February, 2007. The branch office vide letter dated 23.03.2007 had informed her to submit the option for availing the pension benefits under the policy. The reply was given vide letters dated 02.04.2007 & 23.04.2007 mentioning as "Surrender of policy" scheme. The insurer vide letter dated 29.05.2007 informed that as the policy had already vested, surrender value was not payable. She visited the branch office once again and requested for surrender of the policy on 13.06.2007. A discharge form for Rs.1,86,903/- was signed and submitted. She was assured that the payment will be released within a week but she received a telephone in the 2nd week of July, 2007 informing her that the time releasing the policy payment had elapsed.

Findings : On referring the matter to the insurer, the insurer replied stating that there was a systemic error while preparing the policy bond and instead of 122-10, the policy term was mentioned as 122-14. Hence, the investment notice for giving surrender option was not sent before 28.02.2007, which was the date of vesting of the policy. Accordingly, options were asked for and since no option was received, the D option was exercised automatically and pension cheques had been sent to the annuitant by the Zonal Office.

Decision : Held that the complainant was paying the premium from time to time and was under the impression that the policy would mature in 2011. No communication was given by the insurer before the date of vesting and there was an error in the policy master, which was detected after the vesting date. It was ordered that an amount of Rs.1,86,903/- being the notional cash option should be paid to the complainant as surrender value on ex-gratia basis alongwith interest @ 8% per annum from 01.04.2007 till the date of payment.

Chandigarh Ombudsman Centre
Case No. : LIC/82/Srinagar/unit-II, Srinagar/22/08
Deachen Angmo
Vs
Life Insurance Corporation of India

Award Dated : 26.06.07

Facts : Smt. Deachen Angmo purchased a policy bearing No. 140668827. She paid the installments of premium to Sh. Sushil Koul, Agent of the insurer against the receipts issued by him since April, 1998. But when the complainant went to the new office of the LIC at Leh then she came to know that premium have not been paid since April, 2002. She has not received any default notice from LIC office. Hence, she urged intervention of this forum in getting the adjustment of premium under her policy, at the earliest.

Findins : On referring the matter to the insurer, Sr. Divisional Manager had replied vide letter dated 25.05.2007 that agents have been expressly forbidden by the Corporation for collecting premium from the policy holders unless expressly authorised to do so. He has also given reference of a Supreme Court Judgment in the matter Harshad J. Shah & Anr. Vs LIC and also attached copy of the decision of the Hon'ble Ombudsman, Chandigarh in case of Mrs. Gangsto Dolma vs LIC. The agency of Sh. Sushil Koul Agency Code No. 703-13A stands terminated. The first unpaid premium under the policy is April, 2002. Regarding non-receipt of premium notice, he has clarified that it is sent only as an act of courtesy but the corporation is not bound to issue it.

Hearing was held on 26.06.2007 at Leh. The complainant was present in person. The insurer was represented by Sh. Javed Ahmed Shah, Branch Manager, SSO, Leh. The complainant explained the case by stating that she had a policy with the insurer bearing no. 140668827 since April, 1998. She paid regular half yearly premia to the agent, Sh. Sushil Kaul upto April, 2006. However, she learnt that the same was not deposited with the insurer. The policy had therefore lapsed for no fault of her. The money back due in April, 2006 had also not been paid by the insurer.

The insurer clarified the position by stating that the money was not received by them. Therefore, the policy was lying in a lapsed condition. The money back instalment of Rs.15,000/- due in April, 2006 was not paid as the policy had already lapsed. On a query as to how many premia paid by the complainant were not deposited by the agent with the insurer, the insurer stated that nine premia were not paid upto April, 2006. On a query as to whether any proof was available to show that money was paid to the agent, the complainant produced copies of the receipts given by the agent. On a query whether any final lapse notice/ intimation was given to the complainant that her premia had not been received and were due, the insurer replied in the negative.

After hearing both the parties and going through the records, it was found that the complainant has been cheated by the agent. She is at fault in having given cash to the agent. While it is true that the insurer has not received the money paid by the complainant to the agent, they are at fault, as they did not have any correspondence

with her regarding non-receipt of premium such as final lapse notice. It is a fact that the agent Sh. Koul working on behalf of the insurer had collected premium from the customers to be further deposited at Unit-II, Srinagar. Reportedly, he has been further handing over the premium collected in cash to the officials of the unit-II, Srinagar for further depositing the same with the Branch office. However, unfortunately, the premium was not credited to the accounts of the insurer. It is quite possible that Sh. Koul might have deposited the entire premium so collected in cash from the customers with the Branch officials who might have defalcated by not tendering the same at the cash counter. Therefore, while the stand taken by the insurer that their agents are not authorised to collect premium from the customers in cash is in order in other cases, the same does not appear to have a sound basis in this case. Leh being mofossil & remote area, the policy holders had the problem of depositing their premium at Branch Office Srinagar-II, the servicing branch being situated at a distance of more than 400 kms from Leh.

Moreover, any kind of forewarning was not issued by the insurer by way of premium notice or any other publicity media to make the customers aware that their agents were not authorised to collect the premium in cash and in case, they did so, it would be at their own risk & responsibility and the insurer cannot be held responsible for the misdeeds of their agents and in no case the corporation shall indemnify the financial loss suffered by the customers because of the non - deposit of premium collected from the customers in cash by their agents.

The insurer in ordinary course goes on accepting the premium collected in cash from its customer by their agents. It is only in the eventuality of defalcation, that the action of agent is disowned by the insurer, which is not justified and is unilateral.

The insurer should not shrug off their moral obligation towards their customers as the nature and scope of authority of an agent as enshrined in the Agents regulation/ IRDA rules are not at all publicized in a most vivid & transparent manner to make the insuring public aware of the status of their agents as far as collection of premium in cash is concerned.

The insurer can't absolve themselves of their moral duty towards their customers to provide them flawless & transparent service through their service providers i.e. the agents who are paid for the service rendered to their customers, merely by terminating the services of the agent and taking the shelter of decision of Hon'ble Court which may not hold good in this case in toto, as the agent has issued his own printed receipts to the insured.

While the complainant has erred in handing over cash to the agent, I find that the insurer has seriously erred by not checking the action of their agents immediately and allowed the matter to be delayed beyond a considerable period and not warning the insuring public about the non- trustworthiness of the agent. Moreover, by forfeiting his commission after termination of his agency, whereas the insurer stands to gain by the amount of renewal commission payable to Sh. Koul, the insured on the other hand has been put to financial loss leaving him in the lurch. The question now arises as to how the complainant can be helped to get his premium refunded. The agent cannot do so as his agency has been terminated and his source of income no longer exists. Since, the insurer is also partly responsible for this entire episode; it may be in order if he is made to compensate the insured partly. The complainant has also made a mistake by handing over the premium in cash to the agent. Taking a fair and just view, therefore, it would meet the ends of justice if the insurer can make good the loss to the extent of 50% of premium he lost by sharing the shortfall in premia equally with the complainant.

If the complainant is prepared to revive his policies, he should pay 50% balance premium. In such case, the interest chargeable should be waived off.

Decision : Held that the 50% of the total premia of unpaid premia due upto April, 2006 should be paid to the complainant by the insurer as ex-gratia under rule 16 (2) of RPG Rules, 1998.The complainant should revive the policy by paying the balance 50% premia upto April, 2006 to the insurer. The premia due in October, 2006 and April, 2007 should be paid in full by the complainant to the insurer. The late fee charges so calculated for revival of the policy should be waived off by the insurer as a special case, again as ex-gratia under rule 16 (2) of RPG Rules, 1998. The surrender value which has been paid by the insurer to the complainant should be refunded by the complainant before revival of the policy so that the policy is reinstated within six months without charging any interest on that. The survival benefit due in April, 2006 should be paid by the insurer to the complainant simultaneously. Compliance of this award should be intimated to this office within 15 days.

Chandigarh Ombudsman Centre
Case No. LIC/85/Amritsar/ Chheharta/24/08
Mohan Singh
Vs
Life Insurance Corporation of India

Award Dated : 22.06.07

Facts : Sh. Mohan Singh purchased 3 policies bearing Nos. 471581943, 471583994 & 471583876 under Jeevan Plus Plan. Under these policies one can have surrender value within 24 hours but he has not been given even after 40 days from the date of application for surrender value. He is not being allowed surrender or switch over facility under his policies. His units are in growth fund which is dependent on the share market. The volatility in the market may crash the NAV of the units. To save himself from loss, he urged intervention of this forum in getting the payment under his policies at the earliest.

Findings : On referring the matter to the insurer, Manager (PS/SSS/EDMS) has replied vide fax dated 23.05.07 that status in case of ULIP policies is appearing as blank which obstructs the switchover or surrender value payment. They have sent several reminders to IT Department, Zonal Office and SDC – Central Office, Mumbai but no solution has been received. It is assured that the matter is being pursued very heartly. As the solution of problem is to be provided by the SDC-Pune only so they will he able to redress the grievance only after the receipt of the solution from SDC-Pune. In the meantime insurer have requested to bear with them.

Hearing was held on 22.06.2007 at Amritsar. The complainant explained the case by stating that he had purchased three Policies bearing Nos.471581943, 471581994 & 471581876 under Jeevan Plus plan. He applied for surrender of policies on 19th April 2007. He was neither allowed surrender value under the policies nor switch over facility. His units being under Growth Fund are dependent on Share Market. He wanted the surrender value to be paid to him immediately.

The insurer clarified the position by stating that due to technical fault in system many policies were blocked by SDC. A new software was being developed to rectify the technical fault. The software had since been developed and the above three policies have been cleared for operation. The NAV would be calculated on the present market value and the surrender amount would be paid to the complainant shortly by taking into account the original no. of units.

Decision : Held that the NAV of the correct no. of units should be paid by the insurer to the complainant by 29th June 2007 for which the complainant should give discharge certificate and alternately the amount of NAV should be calculated on the date of application for surrender of units plus interest @ 8% p.a. from the date of application till date of payment. The higher of the two amounts should be paid to the complainant.

Chandigarh Ombudsman Centre
Case No. : Kotak Mah./430/Mumbai/Kaithal/22/07
Suresh Chand Bindlish
Vs
Kotak Mahindra Old Mutual Life Insurance Ltd.

Award Dated : 10.05.2007

Facts : Shri Suresh Chand Bindlish had insured himself for sum assured of Rs. 50,000 by paying Rs. 25,000. No medical was done. After two months he again purchased two policies of Rs. 1 lakh each under which he underwent a medical examination. On the basis of the medical report his policies were declined and the company refunded him the premium amount. After two months he was shocked to know that his earlier policy was terminated without informing him. On enquiry, he was assured by the Branch officials that he will get back the premiums paid. But after waiting for seven months when he did not receive the amount he again contacted the B.O. This time he was told that since he had suppressed material facts the amount had been forfeited. He stated that if he had any intention to hide the facts he would not have taken the two policies and would not have undergone medical test. Feeling aggrieved he sought intervention of this office in getting the premium deposited.

Findings : Hearing was held on 10.05.07 at Karnal. The complainant explained the case by stating that he had taken a policy for himself for sum assured of Rs.50,000/- and paid Rs.25,000/- in March,2006. No medical was done. After two months, he had again taken two policies for Rs.1 lakh each, under which medical examination was conducted. The proposals were not completed because of adverse health status revealed in the medical examination and the deposit amount was refunded to him. After two months he came to know that the first policy of Rs. 50,000 was terminated due to non-disclosure of material facts pertaining to adverse health history. He applied for refund of the premium of Rs.25,000/- which had not been refunded so far.

The insurer clarified the position by stating that the complainant had filled up three forms for three policies and in all the three forms there was no mention of any medical treatment/hospitalization. However, when the medical examination was done, he was not found medically fit and was un-insurable. On the same consideration, the earlier policy wherein he paid Rs.25,000/- was also cancelled for non-disclosure of material facts. This was done specially in view of the fact that the agent happened to be his own son who was aware of the medical problems being faced by the complainant. According to the company policy, no refund was permissible in this case due to non-disclosure of material facts and premium is forfeited. However, on special considerations, the company had decided to refund the premium after deducting proportionate risk premium for the period on cover and the expenses incurred by the insurer on medical examination of the proposer if any and stamp duty charges as per Rule 6(2) of IRDA (Protection of Policyholders' interest) Regulations, 2002. A cheque for Rs.11,927/- was under dispatch to the complainant.

Decision : Held that the action taken by the insurer is in order. The complaint was dismissed.

Chandigarh Ombudsman Centre
Case No. : Max New York/3/Gurgaon/Noida/22/08
Pawan Sharma
Vs
Max New York Life Insurance Co. Ltd.

Award Dated : 08.05.2007

Facts : Sh. Pawan Sharma had purchased a ULIP policy bearing no. 418151544 by paying Rs. 5,000 on 24.2.06 vide receipt no. ADEL 1051103632. When he did not receive the policy bond, he enquired but no satisfactory reply was given. On 12.7.06 he applied for cancellation of the policy and refund of the amount paid. Inspite of several follow ups nothing was heard. On 18.11.06 he received a letter informing him to pay the premiums immediately or else the policy would lapse. In reply he stated the lapsation was only due to their negligence and not his. Finally in the second week of Dec'06 he received the policy dated 3.4.06 which he should have received it in April'06. He wrote to MD on 12.12.06 and returned the policy for cancellation. Even then the situation remained the same. Hence feeling aggrieved he sought intervention of this forum in getting the refund of premium.

Findings : During the course of hearing on 8.05.07, the complainant explained the case by stating that he had taken a ULIP policy by paying Rs. 5,000 on 24.2.06 but the policy was not received by him till second week of Dec'06. As soon as he received the policy he applied for cancellation but the cancellation had not been affected so far and premium has not been refunded to him.

The insurer clarified the position by stating that the policy was dispatched to the complainant in April'06. No communication was received from him after that nor two premia due for the next two quarters were paid by him. On his request a duplicate policy of policy bond was issued in Dec'06. On a query whether any documentary proof was available regarding receipt of the policy by the complainant sent in April'06, the insurer replied in the negative. On a query whether it was possible to produce any documentary evidence regarding proof of delivery of the policy bond to the complainant, the insurer replied that they would make an effort in this regard.

After hearing both the parties and going through the records, it was found that the claim of the complainant that he received the policy bond in Dec'06 appears plausible in the absence of any documentary proof that the policy bond was received by him in April'06.

Decision : Held that the insurer was called upon to procure and submit a documentary proof to this forum by 23.5.07 in this regard. In case the documentary proof of delivery of policy bond was not submitted it would be presumed that the policy bond was not delivered in April'06 but in Dec'06 and application for cancellation would deemed to be within the 'free-look period'. In such an eventuality, the policy should be cancelled by 10.6.07 and refund of premium should be made to the complainant as per NAV prevalent on the date of cancellation of the policy subject to deduction of risk premium and other administrative charges under Rule (3) read with Rule (2) of Regulation 6 of the IRDA (Protection of Policyholders Interests) Regulations, 2002.

Chandigarh Ombudsman Centre
Case No. : LIC/439/Amritsar/Chheharta/22/07
Jaswant Singh
Vs
Life Insurance Corporation of India

Award Dated : 15.05.2007

Facts : Shri Jaswant Singh purchased a policy bearing no. 471583842 under Jeevan Plus Policy from BO, Chheharta in June'06. He switched over from Growth Fund to Bond Fund on 14.9.06 and 20675 units were allotted instead of 21170 units. Again on 27.9.06 he switched from Bond Fund to Growth Fund and 12814 units were allotted instead of 15815 units. Hence suffered huge loss. He immediately contacted BO, Chheharta and DO, Amritsar but nothing was done in this regard. He urged intervention of this forum in directing the insurer to allot correct units at the earliest.

Findings : During the course of hearing on 15.05.07 at Amritsar, the complainant explained the case by stating that he had taken a policy under Jeevan Plus in June'06. He switched over from Growth fund to Bond fund on 14.09.2006. However, at the time of switching over the number of units allotted were 20675 instead of 21170. This error was continued in further switching over. He wanted rectification in the number of units presently being held by him after carrying out correction w.e.f 14.9.06.

The insurer clarified the position by stating that the complaint of the complainant was justified and they had recalculated the number of units based on the complaint. The revised number of units has been communicated to the SDC, Pune as well as Zonal Office, IT Department. On a query whether intimation has been given to the complainant about the re-allotted number of units, the reply was in the negative.

Decision : Held that the insurer would inform the complainant about the correct number of units and also to pursue with the SDC to incorporate the corrections, within 3 months.

Chandigarh Ombudsman Centre
Case No. : HDFC/39/Mumbai/Patiala/22/08
Ramesh Taneja
Vs
HDFC Standard Life Insurance Co. Ltd.

Award Dated : 21.05.2007

Facts : Shri Ramesh Taneja purchased seven policies for his family members from the insurer. In one of the policy bearing 67627, in the name of his daughter Mrs. Anjali Bahel ADBR of Rs. 151/- was not included. This he had brought to the notice of the insurer which was confirmed by their letter dated 10.8.02 showing the premium breakup as basic Rs. 4956/- and ADBR Rs. 151/- to be paid annual. When he sent the 2nd premium on 25.11.03 for Rs. 5107/- it was returned on 4.12.03 stating that the policy had lapsed. After giving a complaint on 6.8.06 he received letter dated 30.8.06 informing him that since ADBR was not opted in the application form the same was not included and the amount of Rs. 151/- was refunded on 6.10.03. However when the same was not received a fresh cheque was issued on 29.8.06. He was requested to pay the outstaying premium plus revival charges. Also it was made clear that since the request for cancellation was not made within the free look period the same could not be considered for cancellation. Hence requested for refund of his premium. In another policy bearing no. 74175 in the name of his daughter Mrs. Alpna Mehta the insurer vide letter dated 7.1.03 informed that declaration regarding ADBR is awaited. Since he did not know as to who has to give declaration he wrote to the insurer on 3.3.03 and 5.7.03. After nearly one year, as no declaration was given, he was of the opinion that no insurance cover will commence until it is accepted. Hence he applied for refund of premium on 8.8.03. On 14.8.03 the insurer informed that due to technical error there was delay in giving clarification on ADBR. When 2nd premium due on 20.9.03 was paid on 25.11.03 the same was returned on 4.12.03 for reasons policy had lapsed due to

non-payment. Feeling aggrieved he filed a complaint in this office urging intervention in getting refund of premium.

Findings : During the course of hearing on 21.05.07, the complainant was present in person. The insurer was represented by Shri Mahendra Tripathi, Executive – Legal and Ms. Sapna Yadav, Grievance Redressal Officer. The complainant explained the case by stating that he had purchased seven policies from the insurer in 2002. Out of these, in respect of two policies in the names of his daughters Mrs. Anjali Bahel and Mrs. Alpana Mehta, he had requested for ADBRs which were not included in the policy document. Repeated requests to include ADBRs were not agreed to. His request for refund of premia paid was also not agreed to. He had stopped paying premia due to this reason.

The insurer clarified the position by stating that there was a lapse on their part in not including ADBR riders and treating the policy as lapsed. They were willing to refund the premia although the request came after the 'free look' period.

Decision : Held that the insurer will refund the premia to the complainant in respect of policies of Mrs. Anjali Bahel and Mrs. Alpana Mehta after deducting the risk premium along with interest @8% from the date of realization of the cheque to the date of payment.

Chandigarh Ombudsman Centre
Case No. LIC/71/Delhi DO-II/Palwal/24/08
Dhanesh Kumar Gupta
Vs
Life Insurance Corporation of India

Award Dated : 31.05.2007

Facts : Shri. Dhanesh Kumar Gupta purchased a policy bearing number 122704806 under Future Plus Plan which had matured. He had not received the payment in time. He had requested B.O. Palwal but no action had been initiated by that office.

Findings : During the course of hearing on 31.05.2007 at New Delhi, the complainant explained the case by stating that he had purchased a Future Plus Plan Policy under growth fund on 13 April, 2005.He applied for surrender of policy on 9 November, 2006 which was received on the same day. He wanted surrender value of the policy. However, the insurer stated that they did not have any record of this policy and did not refund the surrender value of the policy.

The insurer clarified the position by stating that due to a wrong entry, the computer system was showing the policy as cancelled because of dishonour of cheque whereas actually payment was made in cash. The refund can be made only when the system is rectified.

It was opined that wrong entry by the insurer should not result in harassment of the complainant. The claim should be settled manually.

Decision : Held that the number of units as on 13 April, 2005 for Rs. 15,000/- should be worked out and the NAV of that number as on 9 November, 2006 should be paid to the complainant by the insurer along with 8% interest from 1st December, 2006 to the date of payment. Payment should be made by 15th June, 2007.

Chandigarh Ombudsman Centre
Case No. : SBI Life/447/Mumbai/Chandigarh/22/07
Vishal Singla
Vs
SBI Life Insurance Co. Ltd.

Award Dated : 20.04.2007

Facts : Shri Vishal Singla had invested Rs. 25,000 in Unit Plus Regular on 29.4.06. The amount was debited to his account on 2.5.06. However the units were issued to him on 10.5.06 at the NAV of the same day i.e. 10.5.06. This caused him loss of around 33 units (Rs. 540/- approx) plus entry load of 25% (75 units i.e. Rs.1250/- approx). The agent told him that due to change in policy he will be charged at an inflated rate. Further he was told that the life cover of Rs. 5 lakh comes to Rs. 500 p.a. whereas in the policy document it is shown as Rs. 730/- which will increase every year. He represented to the insurer thrice but he did not get any satisfactory reply. Hence he sought intervention of this office in getting refund of full amount paid or full value of the amount invested.

Findings : During the course of hearing held on 20.4.2007, the insurer explained the case by stating that he had invested Rs. 25,000 in Unit Plus Regular Policy (ULIP) on 29.4.06. The amount was debited to his account on 2.5.06. However the units were issued to him on 10.5.06 when the NAV was higher than the date of debiting his account. Thus he got 33 units less. His other complaint was that while he was told by the agent that the entry load would be 20% in actual effect it was pegged at 25%. He was also informed by the agent that the life cover for Rs. 5 lakh would be Rs. 500 p.a. whereas in policy document it was shown as Rs. 730/- p.a. subject to increase every year.

The insurer clarified the position by stating that the policy document was issued on 10.5.06 and the number of units as per NAV prevalent on 10.5.06 were allotted. Regarding the entry load since it was as per IRDA guidelines, 25% entry load would be charged. Regarding life cover the agent could have mentioned an amount but actual amount was given in the policy document which would be binding on both the parties.

After hearing both the parties and going through the records, it was found that there is no ground for grievance of the complainant with respect to entry load of 25% and life cover premium amount as these are as per insurance policy terms and conditions and IRDA guidelines and the complainant had accepted these while accepting the policy document. As far as allotment of units is concerned there is a point in the contention of the complainant that he should have been allotted units as per NAV on 2.5.06.

Decision : Held that difference of amount of NAV on 2.5.06 and 10.5.06 be made good and paid as ex-gratia payment to the complainant along with interest @8% p.a. by 5.5.07.

Chandigarh Ombudsman Centre
Case No. : SBI Life/450/Mumbai/Chandigarh/25/07
Dipak Raj Khanna
Vs
SBI Life Insurance Co. Ltd.

Award Dated : 20.04.2007

Facts : Shri Deepak Raj Khanna proposed for a Sudershan Plan by paying Rs. 25,870 on 28.12.05. He underwent medical examination twice along with all laboratory tests but till date he did not receive the policy bond. He took up the matter with the insurer for inordinate delay and poor service and in reply insurer informed him for another medical examination. Till 12/06 none of the insurer's representative contacted him for medical examination etc. Being fed up by the services of the company he requested the insurer for refund of amount along with interest @18% on 5.12.06. The insurer sent him draft of Rs. 25,870/- dated 8.12.06 on 15.12.06 after keeping it for nearly a year. He sought intervention of this office in getting interest @18% on Rs. 25,870 for the period the amount kept lying with the insurer.

Findings : During the course of hearing on 20.4.2007, the complainant was present in person. The insurer was represented by Shir Prabhat Kinra, Branch Sales Manager, Chandigarh. The complainant explained the case by stating that he had applied for a Sudershan Plan by paying Rs. 25,870 on 28.12.05. He underwent medical examination twice including ECG and the final report was submitted by the Medical Officer in March'06. However he did not receive the policy bond. On the other hand he received another letter in August'06 asking for a third medical test which was to be conducted under the aegis of TPA. This was also not done. Hence he applied for refund of amount along with interest. While the principal amount of Rs. 25,870 was refunded on 15.12.06, no interest was paid by the insurer.

The insurer clarified the position by stating that since the ECG report in the first medical examination was not clear, they had requested the complainant to undergo a repeat ECG. Unfortunately this report was not available with them. Hence they requested for another medical examination on 26th August'06.

Decision : Held that the demand of the complainant for interest appeared to be justified. There is no ground to disbelieve his statement that he underwent second ECG test in March'06. The report of which should have been delivered by the Medical Officer to the insurer. It was ordered that interest @8% p.a. be paid to the complainant by the insurer from 1.4.06 to 14.12.06 by 5.5.07.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.003.2033/2007-08
Sri.G.Ganesan
Vs
TATA AIG Life Insurance Co. Ltd.

Award Dated : 28.06.2007

Sri. G.Ganesan obtained from Tata AIG Life a "Health First" policy on 12.04.2005, with policy date as 05.04.2005. Under this "Health First" Policy for 1 unit, he was eligible for treatment of certain Critical Illness. On 23.11.2005 Sri. G.Ganesan got admitted to V.J.M.S. Brain & Spine Hospital, Madurai with chief complaints of 'Chest pain radiating, Giddiness, Palpitation, Dizziness with increased sweating'. He was treated there and discharged on 04.12.2005. He preferred his claim with the Insurer for Critical Illness Benefit and Daily Hospitalization Benefit (DHB). The Insurer vide their letter dated 22.05.2006, rejected his claim as there was no liability under the said contract for critical illness benefit as the heart attack suffered had not met the criteria defined in the policy.

In the hearing the complainant stated that he took a Health First policy in April 2005 on the advice of the family friend and Advisor of Tata AIG Life Insurance Co. Ltd. He did not have any other medi-claim or life insurance policy. He stated that he suffered his first heart attack on 23.11.2005. He was advised to immediately consult a doctor by the people in the pharmacy. This happened around 9.00 p.m. and as the regular doctor was not available he went to Dr.Jayabalachandran of VJMS Hospital, Madurai. There, he was given treatment for heart attack and was kept under observation. After getting admitted only he informed his wife. Only ECG was taken at the time of admission into the hospital. The CKMB test was not available in the hospital and the attending doctor decided not to send him elsewhere for this test in view of his precarious health condition. After discharge from the hospital, he preferred a claim with the Insurer, as it was his first heart attack, and it was one of the critical diseases covered by the policy. The insurer rejected the claim as the claim did not meet the conditions laid down in the policy. When the Insurer asked him for the ECG he could send only the report. The

graph was available with the Hospital and they refused to part with the ECG. Later on he went for a check up at Madurai Apollo Hospital. They advised him to undergo bypass surgery. Since he could not manage funds for his surgery he has been managing with medicines. The representative of the Insurer stated that the heart attack suffered by the assured did not meet all the criteria defined in their Health First policy. He read out the relevant policy conditions. Unless all the 3 conditions are met, benefit for heart attack could not be given. Hence they declined the Critical Illness benefit.

According to the doctor to whom the forum referred “It seems unlikely that Mr. Ganesan had suffered Myocardial Infarction as: i) Reportedly ECG shows only nonspecific T wave inversion which points towards Ischemia, rather than Infarct. (ECG tracings not available), ii) CPK report mentioned in case sheet is not elevated as it should be in Myocardial Infarction and iii) Apollo Speciality Hospitals, Madurai in their case summary when he was admitted for Coronary angiogram after a gap of almost 3 months mentions that he had features of only Ischaemic heart disease.” The doctor’s final summing up is ‘In every likelihood Mr. Ganesan was only treated for Ischemia and not Myocardial Infarction at VJMS Hospital, Madurai’.

The complaint was dismissed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 21.05.2081/007-08
Sri.S.Tenzing
Vs
Life Insurance Corporation of India

Award Dated : 16.07.2007

Sri A.S.Tenzing had obtained two Asha Deep policies from LIC of India, Namakkal Branch.

Sri A.S.Tenzing underwent CABG Surgery on 05.06.2006 at International Centre for Cardio Thoracic and Vascular Diseases (a unit of Frontier Lifeline Pvt. Ltd.). He preferred his claim under his Asha Deep policies. The insurer vide their letter dated 27.02.2007 repudiated his claim as he had not disclosed the surgery undergone by him in 1992 for Disc Prolapse, in his proposals for insurance submitted on 11.11.1993 and 08.01.1996. The insurer further made the two policies paid-up (claim would be paid as and when it was due.).

In the hearing the complainant stated that he has two Asha Deep policies taken in 1993 and 1996. He underwent by-pass surgery in 2006 and preferred a claim. The insurer denied the claim on the grounds of non-disclosure of surgery in the proposal for insurance. He said that the insurer was not fair in denying the claim on flimsy grounds after 14 years of taking the policy. He said that LIC accepted the premium after having denied the claim. When questioned about the surgery he underwent in 1992, he said that he had undergone only traction for pain in his arms. LIC of India has based their decision on the discharge summaries of the hospital. He also stated that he was certified fit by the LIC Medical Examiners and subjecting him to various tests before issuing the policies and it was not fair on the part of the LIC to deny the claim. He accepted that he was a diabetic and he was taking tablets only. When it was pointed out to him that it was his duty to disclose the details in the proposal form, he said that the agent did not ask any questions and as a layman he could not be remembering the fever etc. and mention in the proposal. The representative of the insurer stated that they had repudiated the claim based on the previous history mentioned in the discharge summary of Frontline Hospital and Vijaya Heart Foundation, Vijaya Hospital, Chennai where the life assured had been admitted for Coronary Artery Disease in April

2006 and May2006 and for Bypass Surgery in June 2006. . The assured had undergone a disc prolapse surgery in 1992. He had two Asha Deep policies with policy numbers 700280675 and 700492778 under Table No.110 and 121 for a Sum assured of Rs.2,00,000/- and 1,00,000/- for 25 years term respectively. Under the first policy premium was paid for 13 years and under the second policy premium was paid for 11 years. As per their zonal office's decision, the policies were made as paid up policies without any risk cover.

The life assured is not eligible to get the Asha Deep Benefit as he would not have been issued this policy in 1993 nor in 1996 had he mentioned his disc prolapse surgery, hypertension and Diabetes Mellitus in the proposals as Asha Deep is a health plan to be given to standard lives. The life assured has paid premium for 14 & 13 years respectively. The insurer was directed to continue the policy as an Endowment Plan.

The complaint was partly allowed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 22.02.2214/2007-08
Sri. G. Venkatesan
Vs
Life Insurance Corporation of India

Award Dated : 24.09.2007

Sri. G.Venkatesan, who is working as a Record Clerk in LIC of India, obtained a LIC policy on 20.11.1998. The policy numbered 715979152 was for Rs.50000/-under the insurer's Jeevan Mitra Plan. Sri. G.Venkatesan surrendered his policy on 14.05.2003. In February 2005, he applied for reinstatement of the surrendered policy. After obtaining permission from their Divisional Office, the Branch permitted the reinstatement on 12.02.2005. During the Audit the Internal Audit team of the insurer pointed out that the reinstatement was incorrect. The Competent Authority, on finding that the reinstatement was not in order decided to declare the policy null and void.

The complainant stated that the he has been working as Record Clerk in LIC of India. On 14.05.2003 he surrendered the policy due to compelling financial necessity and after adjusting the loan outstanding in the policy along with the interest, LIC of India paid a sum of Rs.1053/- as Surrender Value. Subsequently he wanted to take a loan with Indian Bank and the bankers needed a life insurance policy as collateral security. He paid Rs.8512/- as instructed by the LIC of India towards reinstatement. He had submitted Declaration of Good Health at that time. He learnt that the internal auditors had pointed out that the reinstatement made without collecting sufficient amount and revival requirements like medical report, and leave record, was not in order. Meanwhile the deduction towards the premium from his salary was stopped. The representative of the insurer stated that the Divisional Office vide their letter dated 04.02.2005 permitted to reinstate the policy as a special case subject to procedures to be followed. The Internal auditors observed that the reinstatement charges, stamp charges, policy preparation charges and surrender value paid on 14.05.2003 of Rs.1053/- were not realized at the time of re-instatement and recommended suspension of risk. As per the Declaration of Good Health dated 12.02.2005, the life assured had answered in the negative to the questions. The premium was adjusted shifting the FUP of the policy. The Branch has issued the policy without following procedures due to external pressure. The life assured had availed 103 days leave on medical grounds which showed that he was not keeping good health at the time of revival of the policy. They admitted their mistake that Divisional Office was wrong in informing the Branch Office allowing them to reinstate the policy after 6 months from the date of surrender. Their

Zonal Office advised them to revoke the reinstatement and declare the policy null and void as per forfeiture clause of the policy conditions.

If we refer to the case of "M.Vijayalakshmi v. Life Insurance Corporation of India & ANR-EA No628 of 1998-decided on 23.11.1998" before the Andhra Pradesh State Consumer Disputes Redressal Commission, Hyderabad wherein it was held that even if a policy mistakenly was issued covering accident benefit, no claim can be made on that basis. Similarly in this case too the insurer is in order in setting aside the reinstatement that was wrongly done in contravention to the provisions in the Manual. However the insurer was not correct in deciding that the policyholder would have to forfeit the amount that he had paid.

The complaint was partly allowed.

Chennai Ombudsman Centre
Case No. : IO (CHN)/ 22.01.2243/2007-08
Dr. R. Mahalakshmi & Dr. S. Laxminarayana
Vs
Life Insurance Corporation of India

Award Dated : 28.09.2007

Smt. R.Mahalakshmi and Sri. S.Lakshminarayana are doctors in Tiruvarur. They had availed a housing loan in 1998 from LIC Housing Finance Ltd. (LICHFL) and they had assigned 8 LIC policies to LICHFL as collateral security. They agreed to pay the LIC premium of these 8 policies at LICHFL, along with the 'Equated Monthly Installment' (EMI) of their housing loan. On 10.11.2003, the doctors realized that they were paying the LIC premium at two places, namely at LICHFL, along with their housing loan EMI and at the LIC branches and they wrote a letter to Senior Divisional manager of LIC of India, Division-I. Meanwhile the doctors repaid their housing loan in August 2006. They claimed a refund of Rs.819462.70 (being the excess premium and interest thereon). LIC of India, Division-I, refunded to LICHFL an amount of Rs.489527/- (which was the amount they had received from LICHFL) for LICHFL to return the amount to the doctors.

The representative of the complainants stated that the policyholders had complained against LIC of India over the delay in repaying the excess premium received by LIC of India and the interest thereon. They claimed refund of the late fee collected by the insurer, the interest on the excess premium paid at the rate of 12% per annum. The total amount claimed by them amounted to Rs.8,19,462.70 and LIC had refunded to them an amount of Rs.4,89,527/- on 17.4.2007. LIC had not given any working sheet. Since they were getting renewal notices from the branch they paid the premium at the branch also. LIC Housing Finance Ltd. had written a letter on 26.10.2006 to the LIC branch confirming receipt of premium along with EMI. The representatives of the insurer stated that the policyholders have not taken care to complain at that time. The party is at Tiruvarur and premiums were being paid at Chennai. The policyholders had chosen to pay the premiums twice only under 6 policies. With their educational background and the infrastructure that they have, it was surprising to note that they have been paying premiums twice from 1998 to 2006. Neither the Chennai D.O.-I nor City Branch 4 had received the letter dated 10.11.2003 regarding double payment. The next communication by the policyholders was addressed to their Chairman on 08.12.2006. They found that the double payment had occurred for 6 policies only. They have returned the premiums received from LIC Housing Finance Ltd. back to them along with details. The premiums paid in branch were intact. As regards payment of premium to LIC Housing Finance is concerned, adjustments are separately made. The policyholders were aware that they had to pay LIC premiums along with the EMI at LIC

Housing Finance Ltd. The insurer replied that the premiums under the policies were originally paid under yearly mode. When the policyholder opted to pay the premiums along with EMI, they divided the premiums into 12 monthly instalments.

After a careful consideration of all the facts of the case and after taking into account all the points as enumerated above I order the insurer to pay 6% simple interest on the monthly premiums collected at LICHFL upto November 2003. No interest can be claimed by the complainants for payments made after November 2003 as they have voluntarily made the remittances even after realizing their mistake.

The complaint was partly allowed.

Delhi Ombudsman Centre
Case No. LI/Aviva/109/06
Shri Abhishek Mishra
Vs
Aviva Life Insurance Company India Private Limited

Award Dated : 13.04.2007

The complaint was heard on 16.03.2007. The complainant, Shri Abhiskek Mishra, was absent. The Insurance Company was represented by Ms. Sujata Bhaduri, Senior Manager Legal.

Shri Abhishek Mishra has lodged a complaint with this Forum on 17.11.2006 that he had taken Enhanced Save Guard policy from Aviva Life Insurance Company India Private Limited which commenced from 26.07.2005. He had also taken similar policies for his mother Smt. Manju Mishra and his father Shri Manoj Kumar Mishra for Rs.36000/- each sum insured. However, the Insurance Company had made a wrong commitment and mis-selling of the policy. He was reminded for payment of the premium which was due on 26.07.2006. He told the Insurance Company that there was a wrong commitment made to them which they had denied stating that they had to pay the premium. He requested this Forum that the premium may be refunded to him along with interest.

At the time of hearing, the Insurance Company, vide their letter dated 02.03.2007, informed the Forum that they had issued refund of cheques for three policy holders on 04.12.2006 which have been accepted and banked by the policy holders and the complaint should be closed.

At the time of hearing since Shri Mishra was not present and he having accepted the refund, the Forum dismissed his complaint.

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

The complaint is disposed of finally.

Delhi Ombudsman Centre
Case No. LI/Birla/141/06
Ms.Maninder Pal Kaur
Vs
Birla Sun Life Insurance Company Limited

Award Dated : 13.04.2007

The complaint was heard on 09.04.2007. The complainant, Ms.Maninder Pal Kaur, was present. The Insurance Company was represented by Shri Ajay Kumar Kanth, Assistant Manager.

Ms.Maninder Pal Kaur has lodged a complaint with this Forum on 31.01.2007 that she had taken Classic Life Policy from Birla Sun Life Insurance Company Limited, New

Delhi and the same has been issued by misrepresentation of facts. She was informed that there was no annual commitment and it is one time investment. Subsequently, she was sent notices for annual premium. She requested the Insurance Company for reduction of sum insured from Rs.5 lakh to Rs. 50000/-as the change in the sum insured is permitted at the anniversary of the policy, the request was lodged with the company on 09.10.2006. She has not received any communication from the Insurance Company. She has further clarified that the policy documents nowhere mentioned the minimum sum insured is required under the policy. She has mentioned that she has suffered a loss in value of investment and additional premium charged on excess sum insured. She requested that the policy be cancelled and she may be compensated for the losses.

The Insurance Company submitted their reply on 13.03.2007 vide which they have denied each and every statement or allegation made by the complainant in her complaint letter dated 19.12.2006. The complainant had submitted an application form dated 04.10.2004 for insurance on her own life under the Classic Life Plan. She had made the payment of first premium amount of Rs.25000/-. Accordingly, they had issued a policy No.000304670 on 13.10.2004. She was explained the features of the said policy including the payment details and was also apprised with its terms and conditions before signing of the said application form. She later signed the application form. Clause VII captioned "Payment details" of the application form specifically provides for different modes of payment that the policyholder would like to select and the said caption categorically provides for "Single Premium" option.

It is evident from perusal of the said application that the complainant was aware of this option being mentioned in the policy as well as the quantum of premium and has, by her free will and consent selected to pay the premium "Yearly". The complainant has signed the said application and has nowhere challenged the veracity and authenticity of her signature which also implies that she had clear understanding of the contents of the said application and the same were acceptable to her. The Insurance Company had apprised the complainant about the option of Free Look Period of 15 days through its Welcome Letter. Under the Free Look Period option, if the policy holder finds any discrepancy in the policy documents sent to her, she may exercise the Free Look Option and return the policy documents to the Insurance Company. However, the complainant did not avail of the Free Look Option to cancel the said policy. Further, it may be noted that the complainant being a teacher by profession could read and understand the contents of the policy documents and should have exercised the said option. The complainant was to make payment of the Annual premium on 13.10.2005 which the complainant refused to do so and registered her grievance for the first time on 08.12.2005. The Insurance Company promptly replied to her query and justified its stand by its letter dated 09.12.2005. It may be noted that the complainant did not reply to the said letter and therefore the Insurance Company rightly presumed that she was satisfied with the reply and that her grievance had been redressed. The complainant then sent a letter dated 27.01.2006 to the Insurance Company which was received by them on 10.03.2006 requesting for a switch of investments and the said letter did not mention any other issues. This clearly establishes that the complainant knew of the features of the policy and had applied for the said policy by her free will and consent being aware of the fact that the said policy is a yearly premium paying policy. The Insurance Company once again promptly replied to the complainant vide its letter dated 13.03.2006 changing the investment fund option as desired by the complainant. The complainant then sent a letter purported to be dated 15.02.2006 but received by them on 11.10.2006 alleging that she was mis-sold the said policy. This clearly seems to be an afterthought on part of the complainant wanting to now enjoy the benefits of the

policy cover by paying only one annual premium. It is important to mention that in the same letter at Point No.c, the complainant has herself admitted that the policy documents contained the terms and conditions of the policy. It may please be noted that the said terms and conditions nowhere indicated that the said policy was in fact a one-time payment policy. The Insurance Company replied vide their letter dated 14.10.2006 once again explaining the features of the said policy and also reminding the complainant that the said policy is a regular pay plan. They also cautioned the complainant that on non-payment of annual premium, the policy will lapse and the risk cover will cease. On or about 09.10.2006, the complainant took a new stand and sent a letter of the same date which was received by the Insurance Company on 10.10.2006 requesting them to reduce the sum insured from Rs.5 lakh to Rs.50,000/-. The Insurance Company replied to the said letter vide their letter dated 12.10.2006 and 19.10.2006 expressing its inability to adhere to the complainant's request with reasons for the same. They had also sent a letter dated 20.10.2006 to the complainant giving her other feasible options in an attempt to try and resolve the dispute relating to the said policy. However, the efforts did not materialize and the complainant has now approached the Honourable Forum. In view of the above facts, the Insurance Company stated that the complaint is untenable, baseless, merely an afterthought and has requested the Forum to dismiss the complaint.

At the time of hearing, the representative of the complainant informed the Forum that he had been misled as she only wanted a one time payment policy and the Insurance Company should refund the premium. Further, he drew the attention of this Forum to the letter dated 14.10.2006 addressed by the Insurance Company to his wife wherein it is mentioned that "although you have the flexibility of paying any amount of premium any time during the coverage period. However, it may please be noted that the policy risk cover will continue only till the amount of policy fund is sufficient to cover the cost of insurance and the administration charges. In the eventuality of the amount in the policy fund being lower than the sum of the cost of insurance and the administration charges, the policy will lapse and the risk cover will cease. Hence, to continue enjoying the uninterrupted cover from this policy and make the most of your valuable investments, it is advisable for you to ensure that your policy does not lapse.

Ms. Kaur was explained that the initial amount of Rs.25000/- paid by her to the Insurance Company to cover the risk only till such time the amount covers the administrative charges. The Forum advised that there was no ambiguity in the statement made by the Insurance Company. The Forum drew the attention of the representative of the complainant to the application form submitted by her to the Insurance Company and drew the attention to Clause VII " Payment Details" of the said application form where she had ticked the column of Annual Premium. Since she being a teacher, she should have minutely examined the column before indicating her requirements. It appears that she has done so knowingly. The representative of the complainant replied that the form was not filled by her but by the agent. She only issued the cheque and signed the application form. The Forum drew the attention that when the policy documents was received by her, at that time, the same should be examined by her as she being an educated lady, should have seen that the commitments made at the time of proposal were incorporated in the policy document. The complainant, however, informed the Forum that she did not look into the policy document as they thought that it must have been issued as per the commitments. However, she requested the Forum that the policy be modified incase the refund was not possible to the extent that the initial payment of Rs.25000/- be treated as one time payment and the sum insured be reduced to Rs.50000/-. The Insurance Company had already made an offer to Ms. Kaur vide their letter dated 20.10.2006 but she did not

agree to the terms and conditions contained in the letter. She requested the Forum that the sum of Rs.25000/- be refunded to her.

The Insurance Company contested that Smt.Maninder Pal Kaur was a teacher and she had opted for annual premium mode as per her application form submitted to them on the basis of which the policy document was issued. Further, they had clarified regarding the flexibility of premium to Smt. Kaur that the policy will continue only till the amount of policy fund is sufficient to cover the cost of insurance and administrative charges. Since Smt. Kaur had opted for annual premium payment and also not agree to the terms and conditions on converting the policy on one time payment policy as per their letter dated 20.10.2006 and did not exercise the option for cancellation of the policy during the free look period, the complaint is untenable.

After hearing both the parties and on examination of the paper submitted, it is observed that Smt.Maninder Pal Kaur while submitting the application form No.A-1158563 on 04.10.2004 under Section VII of payment details had opted yearly mode of payment of premium. She clearly mentioned the coverage under Section 6 of the proposal form for Rs.5 lakh under Classic Life Plan Policy No.000304670 issued to her. She has also further exercised the investment option, vide her letter dated 26.01.2006 wherein she has exercised 40% to protector and 60% to the Builder plan. It appears that its only on 15.02.2006, she had written a letter to the Insurance Company which was received by them on 11.10.2006, the reasons best known to her, she had desired that policy be treated as one time payment policy from when she had paid the premium of Rs.25000/-

I do not agree with her contention that she did not know mode of payment as she had already indicated in the application form Column VII and, therefore, I agree with the decision of the Insurance Company that having exercised the option as yearly mode of premium at the time of submitting the application form, she had been issued the Classic Life Plan Policy and in case, the policy was not in conformity to her requirements, which was not in her case, she should further exercised the option under the free look period for cancellation. Having not exercised her option under Free Look period, the Insurance Company is not liable to refund the premium.

The complaint is dismissed and I uphold the decision of the Insurance Company.

Delhi Ombudsman Centre
Case No. LI/HDFC/22/06-07
Shri Sujeet Kumar
Vs
HDFC Standard Life Insurance Company Limited

Award Dated : 24.04.2007

The complaint was heard on 02.02.2007 and on 16.04.2007. The complainant, Shri Sujeet Kumar, was present accompanied by his brother Shri Anil Kumar. The Insurance Company was represented by Shri M.Tripathi, Legal Executive and Shri Anand Singh.

Shri Sujeet Kumar has lodged a complaint with this Forum on 29.06.2006. He has stated in his complaint that he had plan to have fixed deposit with HDFC Bank. However, bank happens to be a corporate agent for HDFC Standard Life Insurance Company Limited invested funds into a 10 years HDFC Unit Linked Young Star plan Policy. He had approached various authorities of the bank as well as the Manager to cancel the policy and convert the same into a fixed deposit. But they had refused to do so. Having failed to get his money back, he lodged a complaint with this Forum. He had deposited Rs.220,000/- in total. (Rs.70000/- on 07.02.2005 and Rs.1,50,000/- on 08.02.2005). On pursuing the matter, he received cheques for Rs.1,10,762/- and

Rs.41100/-dated 24.03.2006 and 28.03.2006 respectively. He received balance amount of Rs.39238/- on 22.06.2006 and Rs.28900/- on 26.06.2006. He has not received any interest on this amount as well as he had to incur expenses for consulting lawyers, sending faxes, telephone calls etc. He has requested the Forum that he be paid a sum of Rs.1,30,000/- towards cost of interest, mental harassment, work loss, time loss and advocate fees. There has been mis-selling on the part of the Insurance Company and he should be paid the loss of his money.

The Insurance Company, vide their letter dated 07.02.2007, informed the Forum that they had received two proposals dated 07.02.2005 and 08.02.2005 from Shri Sujeet Kumar through its corporate agent HDFC Bank Limited. The proposals were for HDFC Unit Linked Young Star for a sum assured of Rs.3,50,000/- and 7.50.000/-, annual premium being Rs.70,000/- and Rs.1,50,000/- respectively. They issued two policies Nos.10193680 and 10193677 to the proposer Shri Sujeet Kumar. On 16.052005, the Company received a letter dated 02.05.2005 addressed by the complainant to HDFC Bank Manager wherein he expressed urgent need of money back from the Bank and requested at least Rs.1,50,000/-. This request was not processed and a letter dated 16.05.2005 was written to the complainant on 16.05.2005 by the Company citing the reasons for not processing the request made by the client. On 15.06.2005, the Company again received two specific partial withdrawal requests from the complainant whereby the complainant had requested partial withdrawal of Rs.25000/- out of policy No.10193680 and a sum of Rs.94000/- out of policy No.10193677. The request for the partial withdrawal were processed by the Company and a sum of Rs.94,000/- out of policy No.10193677 and a sum of Rs.25000/- out of policy No.10193680 were paid as per policy provisions. On 30.06.2005, the Company received two Top Up payment requests from the complainant for a sum of Rs.94000/- towards policy No.10193677 and a sum of Rs.25000/- towards policy No.10193680. These requests were also processed by the Company and the top up amount was invested into the policies as per request. The amount put into the policies as Top up was identical to the partial withdrawal amount withdrawn as per requests made in preceding 15 days. On 03.03.2006, the Company received a letter of even date from the complainant requesting maximum withdrawal from two respective policies so that he could use the same money towards payment of renewal premium which was due shortly. Though this request of partial withdrawal was vague and was speaking about highest sum of money which could be withdrawn, the Company honoured the distress request of the complainant and processed withdrawal of Rs.1,10,762/- from policy No.10193677 and a sum of Rs.41100/- from policy No.10193680 on 08.03.2006 being maximum amount allowed to be withdrawn from respective policies. These payments were made by the Company by cheques. However, within 10 days, the Company received another letter dated 13.03.2006 from the complainant alleging for the first time about cheating, fraud, mis-sale against an employee of the Corporate Agent HDFC Bank and other employees of their Company. He has subsequently sent a letter dated 01.04.2006 which was a repeat of the complaint letter dated 13.03.2006. It is to mention that the letters dated 13.03.2006 and 01.04.2006 are complete U turn from the past correspondence of the complainant wherein he had done withdrawals and top ups into his respective policies like a matured investor who not only understands the product of the company but also the link of the investments in the product with investment options chosen by him. It was only in his letters dated 13.03.2006 and 01.04.2006 that Shri Sujeet Kumar wanted a Fixed Deposit and he was sold a policy for 10 years and even though it was not in consonance with past transactions and correspondence done by the complainant, the Company went into detailed investigations of the complains made by the complainant. It took time for the Company to investigate and efforts involved ascertaining the facts

as per the transactions which took place a year back. Though the allegations made by the complainant were found baseless in view of all past monetary transactions done by the complainant, however, giving the complainant a benefit of doubt and adhering to highest standards of the consumerism, the Company returned a sum of Rs.39238/- towards payment out of policy No.10193677 and Rs.28900/- towards policy No.10193680 thereby completely returning the sum of Rs.1,50,000/- and Rs.70,000/- aggregating to Rs.2,20,000/- which was received by the Company from the complainant along with two proposals. As the Company has returned entire amount received from the complainant, the matter was deemed closed from the Company's view point. Since the Company had not received the original complaint lodged with the Forum, the same was apprised by the Company vide its letter dated 09.01.2007. After receipt of the complaint copy on 02.02.2007, their reply was submitted to this Forum. Further the Company has mentioned that it is noteworthy that despite receipt of complete amount as back as in June,2006, the complainant has chosen not to inform the office of Ombudsman regarding the same and has pursued the complaint dated 08.05.2006 which has become in-fructuous.

At the time of hearing, the complainant informed the Forum that he had requested HDFC Bank for a fixed Deposit but he was given an insurance policy in return. However, on receipt of the policy, he had taken up the matter with the Banks to get him his amount of Rs.2,20,000/- back as he was not interested in an insurance policy. However, he has requested the Forum that he was mis-sold the policy and the Insurance Company has delayed the return of money, he should be given interest along with damage for mental agony and for hiring legal expertise etc.

The representative of the Insurance Company drew the attention of the Forum that it was only on 13.03.2006 and 01.04.2006, the complainant had talked of mis-selling of policies whereas he had carried out various transactions of partial withdrawals and top-up payment requests for the policy in the year 2005. He had also made requests for partial withdrawals for payment of annual premium. The letters dated 13.03.2006 and 01.04.2006 were got investigated and found to be baseless in view of all past monetary transactions done by the complainant.

However, giving the complainant a benefit of doubt and adhering to highest standards of the consumerism, the Company returned a sum of Rs.39238/- towards payment out of policy No.10193677 and Rs.28900/- towards policy No.10193680 thereby completely returning the sum of Rs.1,50,000/- and Rs.70,000/- aggregating to Rs.2,20,000/- which was received by the Company from the complainant along with two proposals. Now the company is not liable to pay any interest to him since he fully understood the policy and had carried out transactions within 3 months of issuance of the policy. Had he been mis-sold, he could have returned the policies during the "free look" period which he has not done so. The Insurance Company requested the Forum to dismiss his request for payment of interest.

After hearing both the parties and on examination of the papers submitted, it is observed that Shri Sujeet Kumar had purchased Unit Linked Young Star Plan policy for sum insured of Rs.
3,50,000/- and Rs.7,50,000/- and the policies stands issued on 05.03.2005. Shri Sujeet Kumar, vide his letter dated 02.05.2005 had requested at least Rs.1,50,000/- as he was in urgent need of money. However, the Insurance Company informed him on 16.05.2005 the reasons for not processing his request. However, on 15.06.2005, the Company again received two specific requests from Shri Sujeet Kumar for partial withdrawal which were processed and he was paid as per policy provisions a sum of Rs.25000/- and Rs.94000/-. Subsequently, the Insurance Company received a letter

from Shri Sujeet Kumar for top-up payments for a sum of Rs. 94,000/- towards policy No.10193677 and a sum of Rs.25000/- towards policy No.10193680. These requests were also processed by the Company. On 03.03.2006, the Company received a letter of even date from the complainant requesting maximum withdrawal from two respective policies so that he could use the same money towards payment of renewal premium which was due shortly. He was paid Rs.1,10,762/- from policy No.10193677 and Rs.41100/- from policy No.10193680.

However, within 10 days, the Company received another letter dated 13.03.2006 from the complainant alleging for the first time about cheating, fraud, mis-sale against an employee of the Corporate Agent HDFC Bank and other employees of their Company. The Insurance Company subsequently decided to refund the balance amount to the complainant. In view of the foregoing, it is observed that the complainant has been active since 02.05.2005 till 03.03.2006 and has been withdrawing money against policies as per the terms and conditions of the policy as well as carried out various transactions allowed under the policy and has nowhere has he made complaints of mis-sale nor exercised the option of returning the policy under the "free look" period. Since Shri Sujeet Kumar having carried out various operations under the policy and it is only on 13.03.2006 that he has mentioned that there has been a mis-sale for reasons best known to him, the Insurance Company as a special case refunded the full amount though not liable under the circumstances as he was operating these policies.

I, therefore, pass the Order that Shri Sujeet Kumar is not entitled for any interest and dismiss his complaint.

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

The complaint is disposed of finally.

Delhi Ombudsman Centre
Case No. LI/HDFC/11/06-07
Shri Devinder Sheel Jain
Vs
HDFC Standard Life Insurance Company Limited

Award Dated : 10.05.2007

The complaint was heard on 02.02.2007 and on 16.04.2007. The complainant, Shri Devinder Sheel Jain, was present. The Insurance Company was represented by Shri Mahendra Tripathi, Regional Executive, Shri Samir Mishra and Shri Anand Singh.

Shri Devinder Sheel Jain has lodged a complaint with this Forum on 05.04.2006 where he has mentioned that he had taken HDFC Unit Linked Young Star Plan and his petition had been returned by this Forum on 24.02.2006 on the ground that "Annual Statements are not subject matter of complaint under Rule 12 of Notification dated 11.11.1998". He again wrote the Officials of the Authority wherein he pointed out that they have failed to distinguish the complaint "due to illegal deduction of charges which were revealed in the Annual Accounts Statement" as complaint against "Annual Statement". However, as per letter dated 14.02.2006 of HDFC Standard Life Insurance Company Limited, they have clearly stated, "They have regret that they would be unable to refund the mortality charges as they form part of policy servicing and have been mentioned in the schedule of charges and also in the policy provision Section 14". However, the insurer has failed to make simple reading of policy servicing charges under "Schedule of Charges" which indicate as hereunder:

Other Charges	Percentage/ Amount	Maximum Cap

Other Policy Servicing	Nil	Upto Rs.250/- per request increased in line with inflation subject to a maximum of 5% per annum over the period Since inception.

He has requested that the grounds of complaint. Relief/Prayer etc. is as under:-

1. Levy of Mortality charges is duly accepted by the insurer
2. Mortality charges form part of policy servicing charges has been duly confirmed by the insurer vide their letter dated 14.02.2006.
3. Perusal of Schedule of Charges (as above) clearly indicates "Nil" charges under policy servicing charges.
4. Simple reading of above brief facts (as well as detailed petition returned to him) confirms the existence of dispute.
5. Legal validity of the dispute (violation of conditions of policy contract of insurance) has sought to be adjudicated by him from Authority.
6. Resolution of dispute by reconciliation may not be feasible in view of clear letter dated 14.02.2006 issued by insurer.
7. In the event of failure of reconciliation, an Arbitration Award may have to be issued to him under the Ombudsman of Insurance Act, Rules/Regulations.

The Insurance Company, vide their letter dated 23.06.2006, has mentioned that this Forum has jurisdiction as far as claim disputes are concerned. In respect of present complaint under consideration, there are some claims made which have arisen out of the policy documents interpretation and read with a letter written by the grievance team of the company, cannot be decided upon without invoking the procedure of law asking for interpretation of the contract if the complainant wants to derive a meaning from the policy over and above and other that what is clearly mentioned in the policy documents.

In such circumstances, it becomes impossible for the Company to establish its say or counter the allegations of the complainant for want of negation of the interpretation of otherwise clear terms and conditions of the policy document. The Insurance Company believes that Rule 12 when read with the Objects of the said Rules in Rule 3 make it very clear on what are the issues on which the Office of Insurance Ombudsman should deliberate. The main grievances raised by the complainant are as under:-

1. That the Company has been deducting morality charges from the fund value of the policy by cancellation of units over and above the rates which are mentioned in the Schedule of Charges.
2. That as per letter dated 14.02.2006, written by the Grievance Department of the Company, the mortality charges form part of the policy servicing which is mentioned in the schedule of charges and also in the Section 14 of the Standard Policy Charges.

Shri Jain was handed over a copy of the rejoinder of the Insurance Company and he has submitted his comments on 02.02.2007. A copy of this rejoinder was submitted to the Insurance Company who has further submitted their rejoinder on 28.02.2007.

At the time of hearing, the Forum asked Shri Jain whether he would like to examine the rejoinder submitted by the Insurance Company on 28.02.2007, Shri Jain informed the Forum that Ombudsman could hear both the parties and pass an appropriate Order in the matter.

Shri Jain contested that HDFC Life Insurance Company Limited, vide their letter dated 14.02.2006, had refused to refund the mortality charges form part of policy servicing charges which have been mentioned in the schedule of charges as also in Section 14

of the Standard policy issued to him. He drew the attention of this Forum towards the schedule charges which were prescribed by IRDA and has to be included as part of the policy document. The schedule of charges is a “statement of facts” cannot be over ruled by “what is intended to be written”. The mortality charges were deducted twice, once at the time of Switching of funds from Secured to Balanced Fund on 06.09.2005. These charges were once again deducted on 09.09.2005 at the time of investment of fund. The Insurance Company has not given a single reason for not including mortality charges as a distinct item (if they are assumed to be different than policy servicing) under Schedule of Charges indicating the amount, its basis of variation and its maximum limits. This further reconfirms that the Grievance Redressal Officer’s statement is reliably correct to the extent that the Mortality charges are part of policy servicing and hence needed no separate mention in Schedule of Charges. Had these charges been included in the schedule of charges then such high insurance charges would not have been approved by IRDA under any circumstances and no prudent buyer of the life insurance policy would go for this product. He requested the Forum that the mortality charges charged by the Insurance Company should be refunded to him, withdrawing the impugned charges from the date of deduction and thus restoring the wrongly deducted units of investment with retrospective date. Further the Insurance Company is restrained from levying these charges for the balance period of the policy.

The representative of the Insurance Company contested that the Unit Linked Young Star policy plan was duly approved by IRDA and the schedule of charges mentioned in the policy clearly states that the Investment content rate for the first two years in the current policy case is 73%. The balance portion of the annual premium, that is, 27% for the first two years goes to defray heavy initial costs incurred by the Company. He drew the attention of the Forum towards Condition No.14 of the policy which talks of various charges to be levied under the policy. As per the Standard Policy Provisions (Mortality charges) is charged and recovered by the company by allocation of units derived out of the invested amount of annual premium and the risk cover cannot be provided by the company unless the risk charges are recovered. It seems the client is under impression that not only the Company will invest 73% of the annual premium for the first two years and 99% of the annual premium for the third and subsequent years but also provide risk cover to the client without touching these invested amounts for recovering the risk charges. These charges are charged with the permission of IRDA . It was in the year 2005, IRDA issued guidelines on Unit Linked Insurance Policies which was applicable with effect from 01.07.2006. As per the guidelines, all the existing Unit Linked Plans of the Company were modified by the Company comprehensively in accordance with the ULIP guidelines and the ULIP policies issued by the company after the application of the ULIP guidelines carry not only the policy charges but also the Risk Benefit Charges as applicable to the products for the chosen level of Risk Benefit. The Company submits that these disclosures regarding Risk Benefit charges are now mandatory and are duly disclosed in all new policies issued by the Company after 01.07.2006 leaving no scope for the confusion. The representative of the Insurance Company further submitted that the difference in mortality charges of Shri D.S.Jain and Smt. Sushma Rani Jain because the charges depend on various factors and differ from individual to individual, their sex, their physical conditions, build, hobbies, occupation etc. Further, the representative of the Insurance Company contested that they have not charged the mortality charges twice on switching over funds as contested by Shri Jain in his complaint and such amendments should be disregarded by the Forum. The Insurance Company further contested that they have rightly repudiated the request of refund of Mortality charges. After hearing both the parties and on examination of the documents submitted, I do not agree with the contention of the Insurance Company wherein they

have, in their reply letter dated Nil on 23.06.2006, by this Forum that such complaints are not entertainable by this Forum. The contention of the Insurance Company that this forum is only competent to examine complaints relating to settlement of claims is not correct. The Insurance Company should realize that settlement of claims also requires the interpretation of the policy. The Insurance Company should go through the RPG Rules 1998 wherein under Section 12(3) clearly mentions that "Ombudsman decision whether the complaint is fit or proper shall be considered final". Thus the rules are clear as far as the powers of this Forum are concerned and it is an exercise in futility by the Insurance Company to repeatedly argue in all their written statements that this Forum is not competent to examine any other grievance other than claims related grievances. I would only suggest that in future the Insurance Company should resist from such contentions in future.

Shri D.S.Jain, in his complaint, has requested the Forum to decide mortality charges which were levied by the Insurance Company were part of the policy servicing charges and have been mentioned in the schedule of charges and also in the policy provision Section 14 and in case the Forum agreed with his contention then the Insurance Company should restore the wrongly deducted units of investment with retrospective date.

On perusal of the policy, it is observed that the schedule of charges is attached with the policy. However, the same is to be read in conjunction with Section 14 of the policy. Section 14 of the policy talks of various charges wherein it is clearly mentioned that policy charges as per Clause 14(i), they would be deducting policy charges specified in the policy schedule whereas Clause 14(ii) talks of risk benefit charges in order to provide the chosen level of risk benefits as specified in the policy schedule. Here these risk benefits should be understood as schedule of benefits under the policy where it talks of death benefits and other related benefits. The Risk benefit charges are not specified in the policy schedule as these charges are calculated as actuarial chosen level of risk. The actuarial rates corresponding to the death benefit are guaranteed for the terms of the policy whereas the one corresponding to the Extra Health Benefit (if chosen) are subject to change at any time at their sole discretion of the Insurance Company. It appears that Shri Jain has linked the schedule of benefits with the schedule of charges whereas these are two different heads under which the policy has to be examined. These mortality charges will vary from individual to individual, their sex, their physical conditions, build, hobbies, occupation etc. In case, where these mortality charges were part of the schedule of charges, there was no need for IRDA to subsequently come out with revised guidelines on 21.12.2005 for Unit Linked Insurance Plans. Since these mortality rates, it appears, were kept under wraps by the Insurance Company and in certain cases the first year of the policy the investible funds could only be 45%, balance 55% towards various servicing charges and risk charges and there have been lot of complaints with the Regulator for such high deductions on their initial premium. The Regulator subsequently issued revised guidelines on 21.02.2005. Shri Jain on receipt of the policy should have sought a clarification from the Insurance Company regarding mortality charges mentioned under Clause 14(ii) of the policy since the policy talked of Actuarial rates which were nowhere mentioned in the schedule. Shri Jain has raised a question for the first time on 22.12.2005 after one year of the receipt of the policy. The product as well as terms and conditions being approved by the IRDA as well as Section 14(ii) of the policy clearly talks about Mortality Charges, I agree with the decision taken by the Insurance Company in the complaint not agreeing to refund the mortality charges as they are chargeable as per condition 14(ii) of the policy. The other relief claimed by Shri Jain also stands dismissed.

Keeping in view the above, I uphold the decision taken by HDFC Standard Life Insurance Company Limited repudiating the request of Shri Devinder Sheel Jain for refund of Mortality charges as they are in addition to the servicing charges as per Section 14(ii).

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

The complaint is disposed of finally.

Delhi Ombudsman Centre
Case No. : LI-JP/49/06
Shri Vijay Kumar Jain
Vs
Life Insurance Corporation of India.

Award Dated : 13.07.2007

My office has received a complaint from Shri Vijay Kumar Jain on 25.07.2006 against Life Insurance Corporation of India, Divisional office- Jaipur, regarding non receipt of cheque due to him after March 2006, to January 2008, under policy no. 190235468.

Hearing was fixed on 13.02.2007 at Jaipur. The complainant Shri V.K. Jain was absent and he has also not sent the consent form and the Insurance Company was represented by Shri S.K. Tak Manager (Claims), Jaipur Division.

On communicating with the Z.O. IPP Cell and Manager (Claims) Shri S.K. Tak of Jaipur Division, we have received an e-mail dated 14.03.2007 in which they have stated that two cheques were received from Shri V.K. Jain for Re-validation, but as per site of IPP status four cheques have been re-validated for annuity due from April, 2006 to July, 2006 on 10.10.2006 and 18.11.2006 but these have not been encashed. Similarly cheques issued from August, 2006 to January, 2007 have also not been encashed as per status on IPP site. It seems that cheques are sent for re-validation that means he had received all the cheques. As there is no reply from the complainant, the complaint seems to be resolved.

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

The complaint is disposed of finally.

Delhi Ombudsman Centre
Case No. : LI-JP/91/06
Smt. Sunita Chauhan
Vs
Life Insurance Corporation of India

Award Dated : 13.07.2007

My office has received a complaint from Smt. Sunita Chauhan on 18.09.2006 against Life Insurance Corporation of India, Divisional office- Jaipur, regarding non payment of pension, under policy no. 194399557 of Senior Citizen for the year 2005-2006.

Hearing was fixed on 13.02.2007 at Jaipur. The complainant Smt. Sunita Chauhan was present and the Insurance Company was represented by Shri S.K. Tak Manager (Claims) Jaipur, during hearing Manager was to send the details of dispatch and encashment of cheque.

LIC of India, D.O- Jaipur vide their letter dated 03.02.2007 informed the Forum that they have issued a cheque No. 264545 of Rs. 3000/- to Smt. Sunita Chauhan as full and final payment. It was also confirmed by Smt. Sunita Chauhan.

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

The complaint is disposed of finally.

Delhi Ombudsman Centre
Case No. : LI-JP/159/06
Shri Ratan Lal Meena
Vs
Life Insurance Corporation of India

Award Dated : 31.08.2007

The complaint was fixed for hearing on 08.08.2007 at Jaipur. The complainant Shri Ratan Lal Meena was represented by Shri Mahesh Kumar. The Insurance Company was represented by Shri A.K. Saraswat, Manager (Claims).

Shri Ratan Lal Meena has made a complaint to this Forum on 11.12.2006 against LIC of India, D.O.- Jaipur, regarding non settlement of Permanent Disability Benefit Claim and refund of premium which was paid on 13.02.2001. He has further requested that his disability claim be settled for three times of the sum assured.

LIC of India have informed the Forum that they had issued Jeevan Mitra policy to Shri Ratan Lal Meena with Double Cover Endowment Plan with profit and with Accident Benefit. As per the terms and conditions of the policy Shri Ratan lal Meena in case of death before maturity of the policy on 13.02.2011 was to be paid double sum assured along with accrued bonus. Whereas the disability benefit under the policy stands admitted on the basis of the certificate issued by the Medical Board which contains the degree of disability specified therein. This disability certificate was issued in November 2001 and Shri Ratan Lal Meena is being paid 1/10th of the sum assured every year divided by 12 for monthly basis. The amount in the captioned case for sum assured Rs.25000/- comes to Rs. 208/- every month, which is being paid from November 2001 since the disability certificate is issued on 31.10.2001. The premium paid upto 31.10.2001 to keep the policy in force are not refundable as the disability was decided only on 31.10.2001 by the Medical Board. They have been rightly paying the monthly installments.

After hearing both the parties and on examination of the papers submitted it is observed that Shri Ratan lal Meena was issued a Jeevan Mitra Policy with Double Cover Endowment Plan with profit and with Accident Benefit by LIC of India. It is observed from the policy that Shri Ratan Lal Meena was to be paid on the basis of the sum assured in case of disability and not thrice the sum assured as claimed by him. LIC of India has rightly worked out the claim as per the condition no. 10-2(a). Further with regard to refund of premium, LIC of India has been guided by condition no. 10-1 and since the disability certificate was issued on 31.10.2001, the premium paid prior to this date can not be refunded although Shri Ratan Lal Meena had met with an accident on 05.08.2000. The Insurance Company has therefore rightly paying the installments to Shri Ratan Lal Meena as per the terms and condition of the policy and there is no premium to be refunded.

The complaint of Shri Ratan Lal Meena stands dismissed.

Delhi Ombudsman Centre
Case No. : LI-JP/131/06
Smt. Saraswati
Vs

Life Insurance Corporation of India

Award Dated : 27.09.2007

Smt. Saraswati w/o. Shri Rajender Singh has made a complaint to this Forum on 12.11.2006 against LIC of India, D.O.- Jaipur, that she has not got the payment of accident benefit of Rs.50000/-, under policy no. 194923422.

On intervention of my office LIC of India, Divisional Office- Jaipur, has informed this Forum vide their letter dated 20.07.2007 that they have paid Rs.50000/- against accident benefit under policy no. 194923422 vide cheque no. 111310 dated 04.05.2007. Smt. Saraswati has also expressed her satisfaction by a letter dated 16.07.2007 conveying that her Grievance is redressed.

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

The complaint is disposed of finally.

Delhi Ombudsman Centre
Case No. : LI/JP-196/07
Shri Bhiman Mal
Vs
Life Insurance Corporation of India

Award Dated : 31.08.2007

The complaint was heard on 08.08.2007 at Jaipur. The Complainant, Shri Bhiman Mal, was present. Life Insurance Corporation of India was represented by Shri A.K.Saraswat, Manager(Claims).

Shri Bhiman Mal has lodged a complaint with this Forum on 10.01.2007 that he had taken a Jeevan Suraksha Policy No.121391902 from LIC of India with endowment plan from 28.02.2001. He had been paying regular premium. The last instalment was paid on 15.03.2005 vide receipt No.6485660. He had got the policy transferred to Jaipur Branch of LIC of India. The due date for the payment of the annuity was 28.02.2006. On 22.01.2005, he had received a letter from Jaipur Branch asking him for the option under Jeevan Suraksha Plan policy. He had complied with the instructions of LIC of India and got acknowledgement from them vide receipt No.1219 dated 15.03.2005. That the option duly received by LIC of India was intentionally not complied with on maturity date on 28.02.2006 and NCO amount of Rs.17188/- was not sent to him. He had received this amount on 24.05.2006 wherein there was a delay of 53 days for which penal interest of Rs.210/- was received by him. Shri Bhiman Mal has further mentioned that in the policy, the monthly annuity has mentioned as Rs.673/- whereas he was paid Rs.575/-and afterwards Rs.431/-. He has requested Rs.One lakh for mental harassment and compensation for deficiency in service by LIC of India.

LIC of India, vide their letter dated 23.08.2007 informed the Forum that Shri Bhiman Mal was paid Rs.17188/- vide cheque No.59036 dated 24.05.2996. He was paid a sum of Rs.210/- also towards penal interest for delayed payment. Further, LIC of India informed that the life assured, vide his letter dated 15.03.2005, had exercised the Option “F” under the policy wherein the original policy he had exercised the Option “E” where the monthly annuity was Rs.683/-. He has further opted for commutation of value which was approved by them as Rs.17188/-. The same was paid to the life assured along with penal interest of Rs.210/-. NCO under the policy was Rs.68750/- out of which 25%, Rs.17188/-was paid to Shri Bhiman Mal. Net NCO being Rs.51563/-, the monthly annuity will accordingly be revised comes to Rs.431/-. They are rightly paying the monthly annuity @ Rs.431/- which was arrived at on the basis of annuity rates.

At the time of hearing, Shri Bhiman Mal contested that he should be paid Rs.575/- instead of Rs.431/-. Being the correct monthly annuity, LIC of India should pay the same with interest. He also requested the Forum that authorities in LIC of India should be held responsible for their negligence.

The representative of LIC of India informed the Forum that they have already paid the commutation amount to Shri Bhiman Mal along with penal interest. They have rightly calculated the monthly annuity without commutation under Option "F". It was to be Rs. 575/- and deduction of 25% of commutation amount, the net amount payable as monthly annuity would be Rs.431/-. They are, therefore, rightly paying the annuity.

After hearing both the parties and on examination of the documents submitted, it is observed that Shri Bhiman Mal, vide his letter dated 08.01.2007, has lodged a complaint with this Forum that he should be receiving a sum of Rs.451/- as monthly pension consequent upon the commutation as per the ready reckoner issued by NZO, LIC of India. He has also enclosed a copy of the letter dated 25.07.2006 addressed by LIC of India wherein they have shown the basis of calculation as to how they have arrived at monthly annuity of Rs.431/-. The Ready Reckoner produced by Shri Bhiman Mal is based on the annuity factor 104.9 which was to be used for policies issued prior to 01.07.2000 and accordingly the pension per month with commutation came to Rs.451/-(51552 x 104.9/12000 = Rs.450.73). Shri Bhiman Mal's Jeevan Suraksha policy, the date of commencement being 28.02.2001, the annuity is to be calculated as per the revised annuity rates and is paying monthly pension at Rs.431/-. Therefore, the complaint stands dismissed.

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

The complaint is disposed of finally.

Delhi Ombudsman Centre
Case No. : LI-DL-I/240/07
Shri Udai Vir Sharma
Vs
Life Insurance Corporation of India

Award Dated : 10.08.2007

My office has received a complaint from Shri Udai Vir Sharma on 10.06.2007 against Life Insurance Corporation of India, Divisional Office -I, Delhi, regarding payment of lesser monthly pension under policy No. 112784193 than what is mentioned in the policy.

However, the complainant has informed vide his letter dated 01.08.2007 that he wishes to withdraw his complaint dated 10.06.2007 sent to this Forum.

Hence the complaint is dismissed.

Delhi Ombudsman Centre
Case No. : LI-JP/137/06
Smt. Laxmi Devi
Vs
Life Insurance Corporation of India

Award Dated : 24.07.2007

Smt. Laxmi Devi has made a complaint to this Forum on 1.12.2006 against Life Insurance Corporation of India Divisional Office Jaipur, regarding non-payment of Accident Benefit Claim on the life of her husband Late Shri Murari Lal under Policy No. 192708316 & 192738226.

As informed by the LIC of India vide their letter dated 11.07.2007 they have made the payments of Accident Benefit claims as per details given below and cheques have been encashed by the beneficerry.

Policy No.	Cheque No.	date	Amount	Regd. Post No.	Encashement Date
192738226	121290	23.12.2006	30000/-	4399	28.12.2006
192708316	121291	23.12.2006	50000/-	4399	28.12.2006

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

Complaint is disposed of finally.

Delhi Ombudsman Centre
Case No. : LI-JP/92/06
Smt. Radha Sharma
Vs
Life Insurance Corporation of India

Award Dated : 29.09.2007

Smt. Radha Sharma w/o. Late Shri Ram Kumar Sharma, holder of policy no. 191612956 has made a complaint to this Forum on 21.09.2006 via Banking Ombudsman, Reserve Bank of India, Jaipur against LIC of India, D.O.- Jaipur regarding non- dispatch of annuity cheques under policy no. 191612956 after the death of her husband who died on 09.05.2005.

Hearing was fixed on 13.02.2007 and 08.08.2007 at Jaipur. The Insurance Company was represented by Shri S.K. Tak Manager (Claims) and Shri. A.K. Saraswat Manager (Claims) respectively. The complainant Smt. Radha Sharma was absent on both the dates.

Further, on taking up with LIC representative and IPP Cell Zonal Office, Delhi it was conveyed that on 24.06.2005 Rs. 17187/- were paid to Smt. Radha Sharma after getting the death certificate of her husband and they have paid interest of Rs.106/- for the period of delay vide cheque no. 128542 dated 30.06.2007 and the same was sent by registered post no. 4116 on 12.07.2007. Further on 08.08.2007 they have informed that they have made payment of annuity @ Rs.276/- vide cheque no.318772 to 318784 for the period of January 2006 to January 2007 and also cheque no. 320543 to 320554 for the period of February 2007 to February 2008 to Smt. Radha Sharma.

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

Complaint is disposed of finally.

Delhi Ombudsman Centre
Case No. : LI-JP/258 & 266 /05
Smt. Meena Goyal
Vs
Life Insurance Corporation of India

Award Dated : 16.09.2007

Smt. Meena Goyal w/o. Shri Murari Lal Goyal has made a complaint to this Forum on 13.09.2005 against LIC of India, D.O.- Jaipur regarding non- receipt of benefits for her treatment of Cancer (Malignant) under Jeevan Asha policy No. 191315866.

Hearing was fixed on 12.02.2007 and 08.08.2007 at Jaipur. The complainant Smt. Meena Goyal was represented by Shri Sumresh Goyal (Son) on both the dates and the Insurance Company was represented by Shri S.K. Tak Manager (Claims) and Shri A.K. Saraswat Manager (Claims) respectively.

On perusal of the policy it was observed that the policy was taken after the operation of the Cardiac problem for valve replacement and at the time of filling the proposal form, the life assured has concealed this fact in the proposal Form and later on given in writing that six years back this operation was done. Now she is undergoing malignant cancer treatment. If she had disclosed the facts, the underwriting would have been different. Not only this under Asha Deep policy the treatment for malignant cases are not included as per policy condition no. 11(b) under these circumstances the Insurance Company has rightly repudiated the claim and I uphold the decision of LIC of India in repudiating the claim.

The complaint stands dismissed.

Delhi Ombudsman Centre
Case No. : LI-AJ/174/06
Shri Ritu Raj Enani
Vs
Life Insurance Corporation of India

Award Dated : 31.09.2007

My office has received a complaint from Shri. Ritu Raj Enani on 13.02.2007 against Life Insurance Corporation of India Divisional Office Ajmer that he has got the policy Bond under Policy No. 185290328 (LIC Future Plus Policy Plan), for Rs. 10000/-, with yearly mode of premium whereas he had opted for single premium option in proposal form originally. As per the complaint filed by him he had been requesting for correction in the policy bond but his request had not been acceded to by LIC of India. He has now approached this Forum for redressal of her complaint.

On intervention of my office, Divisional Office- Ajmer has informed this forum vide their letter dated 23.08.2007 that they have changed the mode as single premium policy as per the option given by him.

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

Complaint is disposed of finally.

Guwahati Ombudsman Centre
Case No. : 23/01/152/L/06-07/GHY
Rajesh Kumar Choudhury
Vs
Life Insurance Corporation of India

Award Dated : 04.06.2007

Grievance

The complainant, inter alia, states that the policy in question was purchased by his father in his name on 28.01.71 under Table-50 for a term of 33 years, sum assured being Rs.11,000/- and yearly premium rate was Rs.262.02. These facts were supported by the policy schedule issued by the LICI. However, it is submitted that during computerization of the policy records there was a mistake in showing the sum assured and term etc., which created the trouble for which the final payment of sum assured was deferred by the Insurance Company.

Reply

The insurance company in reply to the complaint has clarified the position and admitted the mistake and Sr. BM of the Nagaon Branch has stated that original policy documents from their loan docket were discovered and it was noted thereupon that the policy was

issued for sum assured of Rs.11,000/- under T/T – 50/33. That they will now proceed to rectify the error as soon as possible.

Observations

Incidentally, in the 'P'-form the claimant/complainant shifted his stand from the original stand taken and wanted to shift over to the sum assured of Rs.20,000/-., with wrong period etc.etc. We have considered the views taken by the parties and gone through the relevant records. The change in the attitude of the complainant is not a healthy sign. We cannot endorse such view taken.

Award

It is hereby directed that the claim should be settled immediately as per the assurances given by the Sr.BM, Nagaon Branch vide his letter dt. 12.04.07 mentioned beforehand. The complainant will be paid simple interest @ 6% to be calculated from the date of maturity till final payment is made. The insurer has to comply accordingly and report compliance.

Guwahati Ombudsman Centre
Case No. : 22/04/135/L/06-07/GHY
Sri Rana Bijoy Purkayastha
Vs
ICICI Prudential Life Insurance Co.

Award Dated : 07.02.2007

Grievance

Briefly stated, the allegations of the complainant/insured is that he agreed to purchase a policy from the insurer (ICICI Prudential Life Insurance Company) on payment of single Premium of Rs.2,50,000/- with locking period of 3 years but while doing so he was misguided by the Unit Manager, and Agent with connivance of the Branch Manager and the Chief Customer Service and Operations of ICICI in filling up the proposal form for their personal benefits. That the issuance of the policy was delayed for 11 months depriving him from 'Free-look period' of 15 days etc.

Reply

In the self-contained note, the insurer interestingly states that the application for insurance policy was submitted by the complainant on September, 07, 2006 on his own life under Premier Life Plan for a sum assured of Rs.2,50,000/- (Rupees Two Lakhs Fifty Thousand only) and had chosen the yearly frequency for paying the premiums with instalment amount of Rs.2,50,000/-. That consequently the policy was issued on September 11, 2005 and was dispatched to the complainant on September 13,2005 which was received by him on September 16, 2005. That every policy document is accompanied by a letter which clearly mentions that in case the policyholder is not satisfied with the features or terms and conditions of the policy, he can withdraw/return the policy within 15 days, i.e., under the "Free Look Period" provision and that it was done in case of complainant also but he did not approach the company during the said period for cancellation of the policy. The insurer further submitted that 'Premier Life' Plan is a regular premium plan and cannot be changed to single premium as desired by the complainant. The insurer thereafter has given in the self-contained note the conditions under which the surrender value of the policy can be paid and under what conditions the policy is to be recorded as lapsed one etc.

Decisions & Reasons

Initially before entering into the merit of discussion of rival contentions of the parties, we are constrained to point out the casual manner in which the self-contained note has been forwarded by the insurer is reprehensible. It is written in para 2 of the self-contained note that application for insurance was submitted on September 07, 2006 on own life of the insured/complainant 'under the Premier Life Plan for Sum Assured of Rs.2,50,000/- and the policy was issued by the company on September 11, 2005, that is more than one year before the submission of the proposal. We wonder how it can happen? The improbability of this proposition is clear on the face of record. Be that as it may, whatever statement now is being made by the complainant, he cannot and would not be permitted to deny the liability under what has been written in the application for the proposal. There is a tick mark against mode of Regular Premium stating it to be 'Yearly'. But there cannot be any dispute that sum proposed for the total benefit in the case of the present policy is Rs.2,50,000/- only. In that event how any question of further premium arises ?

Consequently it is hereby ordered that the policy in question will be treated as single premium policy subject to other benefits as per terms and conditions of the policy. Alternatively, however, it will be open for the parties (both insured and insurer) to claim or refund respectively the amount deposited (by the insured) with 9% simple interest from the date of deposit till the date of actual payment is made. If the insured opts for a refund, the payment should be made by the insurer on top priority basis.

The matter stands disposed of.

Kochi Ombudsman Centre
Case No.IO/KCH/LI/21-009-284/2006-07
Sri.Tony George Pynadath
Vs.
Bajaj Allianz Life Insurance Co.Ltd.

Award Dated : 19.04.2007

The complaint under Rule 12(1)(b) read with Rule 13 of the RPG rules 1998 arose out of issuing an annual premium Unit linked insurance policy instead of single premium ULIP. The complainant has remitted Rs.50400/- on 10.2.2005 for a unit linked policy,,for which he received an annual premium payment policy instead of single premium payment policy as desired by him. To set right the mistake, he send another cheque for Rs.50000/- on 23.2.2006 as requested by the Branch Manager of the Insurance Co., to issue a second policy. Neither the mistake in the first policy was corrected nor the second policy was issued to him. On a perusal of proposal form submitted by the complainant, it is clear that the complainant had proposed for annual mode of payment of premium only and the insurer had issued annual premium payment policy. As the second remittance was only for Rs.50000/- the insurer was not able to issue renewal premium receipt as it fall short by Rs.400/- or issue a second policy in the absence of a proposal form. However, the insurance company has not informed the insured the shortage in premium or lapsed state of policy. Hence Insurance Co. is directed to consider the amount of Rs.50000/- received on 23.2.2006 as the full renewal premium for that year and revive the policy with effect from date of receipt of premium and the complaint is disposed off accordingly.

Kochi Ombudsman Centre
Case No.IO/KCH/LI/21-021-229/2006-07
Sri.P.V.Balakrishnan
Vs.

SBI Life Insurance Co. Ltd.

Award Dated : 19.04.2007

The complaint under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998, arose out of inaction of insurance company in refunding premium received after cancellation of policy under Policy No. 060030 85807. The complainant has taken insurance policy on 3.1.2004 by remitting the first premium of Rs.5121/- by way of cheque and the policy was issued with date of commencement on Jan.19, 2004. This cheque was lost in transit and was not encashed by the branch. The complainant has remitted another cheque on 18.2.2005 towards renewal premium which was converted into a DD and was encashed by the insurer. However, the insurance company has not taken any steps to renew the policy. On approaching Grievance Cell of insurer he was informed that the policy has been cancelled in October 2004 itself as first premium cheque stands dishonoured. On verification of records it was observed that the first premium cheque was lost at insurers hands, with no fault of complainant. The insurer has taken the ultimate step of cancelling the policy without exploring any other options. The insurer never informed the complainant of the action of cancellation of policy till he approached the grievance cell of insurer. As the complainant was not interested in continuing the policy the insurance company was directed to refund the amount of Rs. 5121/- along with interest at 9% per annum from the date of commencement of policy, i.e., 19.1.2004, till the date of payment and also directed to pay a penalty of Rs.1000/- to the complainant towards the deficiency in service given to him. The complaint is disposed of in favour of complainant.

Kochi Ombudsman Centre
Case No.IO/KCH/LI/21-009-278/2006-07
Sri.B.Balachandran
Vs.
Bajaj Allianz Life Insurance Co.Ltd.

Award Dated : 19.04.2007

The complaint under Rule 12(1)(b) read with Rule 13 of the Redressal of Public Grievances Rules 1998 arose out of repudiation of a claim under a critical illness policy bearing No.2116302 issued by respondent insurance company covering critical insurance benefit. The complainant was admitted at PRS hospital, Thiruvananthapuram and diagnosed his medical condition as a heart attack. After 9 months he went for a further investigation at Kerala Institute of Medical Sciences, Trivandrum and underwent angioplasty there. The insurance company rejected the claim on the ground that the complainant has not suffered a heart attack as defined under the policy condition. Due to the technical intricacies involved in the case, the matter was referred to an independent medical officer, who is an expert Cardiologist, for his opinion with all the relevant medical reports. He has opined that the insured had suffered from ‘unstable angina’ and not ‘myocardial infarction’ during his first admission at PRS hospital, Trivandrum. The diagnosis, as per the discharge summary from Kerala Institute of Medical Sciences also shows that the complainant had ‘coronary artery disease’ unstable angina and negative TMT. Here also there is no indication of a myocardial infarction, so the illness suffered by the complainant does not come under the purview of the definition of First Heart Attack and also coronary artery disease, which require angioplasty. In addition to that non-surgical techniques such as balloon angioplasty are specifically excluded under the policy. There being no merit in the case the complaint was dismissed.

Kochi Ombudsman Centre

Case No.IO/KCH/LI/21-001-335/2006-07
Smt.Lizy Prince
Vs.
Life Insurance Corporation of India

Award Dated : 27.06.2007

The complaint under Rule 12(1)(b) read with Rule 13 of the Redressal of Public Grievances Rules 1998. The complainant has taken the policy under Children's money back plan on the life of her daughter – Lizy Prince. As per the policy document issued to her term of policy was 11 years and last premium to be paid 01-03-06 and accordingly she has paid all premia. However she has received a notice form the insurer informing that the policy is in a lapsed condition and in order to revive the policy premium due 1.3.07 also to be paid. The entire records on file was perused. Premium paying term under the policy is 18 minus age at entry (completed years). As the policy was dated back to 1.4.95, the age last birth day as on 1.4.95 is only 6 years, date of birth 6.10.1988 and 12 years premium must be paid under the policy. However a lot of service deficiency has been observed in this case. No convincing reply was given even for registered letter sent by the complainant. The discrepancy on premium paying term was not informed through a registered letter. Also the policy document was not called for passing necessary endorsement. The insurer is therefore allowed to collect 12 years premium and also is directed to pay an amount of Rs.2000/- as compensation due to the errors, inefficiency etc.

Kochi Ombudsman Centre
Case No.IO/KCH/LI/21-009-318/2006-07
Sri.S.S.Iyer
Vs.
Bajaj Allianz Life Insurance Co.Ltd.

Award Dated : 19.7.2007

The claim under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998 is against the denial of interest of the amount deposited for taking a policy which was cancelled on account of fraud played by the agent of insurance company. The complainant has taken a policy from Bajaj Allianz Life Insurance Co. by transferring an amount of Rs.288000/- on 4.3.05 from his FCNR deposit. However he received the policy document only on 9.9.06 that too with his fabricated signature in proposal form and medical reports. Later the insurance company admitted their mistake and assured to refund the amount of Rs.2.88 lakhs with interest after canceling the policy. On 23.10.06 he received the refund of Rs.2.88 lakhs only without any interest. As he has incurred huge loss in this transaction, by transferring the amount of Rs.2.88 lakhs from his FCNR deposit while the exchange value was very less, he approached this Forum for getting at least 8% interest for the amount illegally held by the insurance company for morethan 1 ½ years. It is observed that there is a lot of serious deficiency on the part of insurance co. They have issued the policy by fabricating his signature. In the course of hearing insurance company admitted their mistake and agreed to pay 5% interest. An award is passed directing Bajaj Allianz Ins.co.Ltd. to pay the complainant interest @8% p.a. along with a cost of Rs.3000/-.

Kochi Ombudsman Centre
Case No.IO/KCH/LI/21-005-349/2006-07
Smt.Renuka Viswanathan

Vs.

HDFC Standard Life Insurance Co.Ltd.

Award Dated : 19.7.2007

The complainant has taken a Unit Linked Young star policy bearing No.10120254 from HDFC Std.Life with life and health plans for a sum assured of 3 lakhs by paying an annual premium of Rs.30,000/-. At the time of taking policy, she was given to understand by representative of insurance co. that only life risk coverage, extra health benefit charges and policy charges will be deducted and the balance amount will be made available for investment . She was also informed that except extra health benefit charges, the other two charges will be unchanged during the term of policy. Unit statement as on 16th Dec.04 and the policy document which was also almost in line with the understanding with the insurance co. The total amount deducted towards all the heads were Rs.507/12. Subsequently she has paid 2nd and 3rd premium. She has received a statement on 21.12.05 wherein it was stated that they have deducted an amount of Rs.6879/75 and Rs.7756/08 respectively as mortality charges from the unit allotted. The complaint is that these deduction of mortality charges from unit allotted is against the assurance given at the time of taking policy and against policy condition. It was submitted by the insurance Co. that all deductions made by them were according to policy condition and as per rates approved by IRDA. The copy of policy document and terms and conditions noted there in was thoroughly examined, wherein it was clearly stated that " we shall deduct risk benefit as specified in the policy schedule, in order to provide chosen level of risk benefit which has specified in the policy schedule. The charges will be deducted from your policy by a cancellation of units in accordance with Prov.11. It was submitted by the representative of Insurance Co. that all these rates were calculated on an actuarial basis and approved by IRDA. From this it is clear that what is recovered is in tune with the provision contained in the standard policy provisions and the complaint has been filed on account of certain misunderstanding. Hence the complaint is dismissed.

Kochi Ombudsman Centre

Case No.IO/KCH/LI/21-001-037/2007-08

Sri.K.K.Sukumaran

Vs.

Life Insurance Corporation of India

Award Dated : 01.8.2007

The claim under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998 is against repudiation of double accident benefit under a policy of insurance. On account of accident his left eye was completely impaired. His claim for DAB was repudiated on the ground that only vision of left eye is impaired and loss of sight in right eye is due to cataract caused by age. The copy of scan report produced clearly shows that only left eye is effected by the accident and right eye is normal. At the time of hearing also the insured has admitted that only his left eye vision was impaired by accident. As per policy condition DAB is payable only in case of total blindness of both eyes due to accident. As policy condition is very specific, there is no reason to interfere with the decision of insurer in repudiating the claim and the complaint is therefore dismissed.

Kochi Ombudsman Centre

Case No.IO/KCH/LI/21-001-348/2006-07

Sri.C.K.Thankappan

Vs.

Life Insurance Corporation of India

Award Dated : 13.08.2007

The claim under Rule 12(1)(b) read with Rule 13 of the RPG Rules 1998 is against non-payment of Extended Permanent Disability claim under a policy of insurance taken by the complainant's son. While the policy was in full force the insured met with a Motor accident as a result of which he has sustained serious head injury and he was unable to attend his office till date. It was stated in the complaint that as a result of accident the insured has become unconscious and paralysed. He was not in a position to give information regarding the existence of a policy. On looking into old records, he came to know about the policy and hence he could prefer the claim only on 19.4.06 though the accident took place on 7.7.99. It was submitted on behalf of insurer that the claim is time barred and as the Divisional Office has no authority to consider a disability claim after 7 years of disability, they have ireferred the matter to Zonal Office for consideration on condonation of delay and they are expecting a reply from Zonal office. The accident occurred on 7.7.99 while the policy was inforce. At the time of accident the insured was in critical condition and was in an unconscious stage as he sustained severe head injury. The medical report clearly shows that "as on today he is not able to walk without support and he needs support of relatives of his day to day activities and still continuing treatment as outpatient". In the doctors report in F.No.5280 obtained by insurer it is stated that "the nature of deformity with major intra cranial injury leads to right hemiparesis and need help for all activities of daily living". He assess the deformity as 85% permanent total disability . He is still on leave without allowance. Hence there is no doubt that the insured was eligible for disability benefit but the only thing is that the claim could not be preferred within 180 days as stipulated. The insured was in an unconscious stage and his father came to know about the policy very late. In the circumstances of the case strict insistence on time limit will only add insult to injury. That will not advance the interest of justice. As the Zonal Office has not conveyed the decision within a reasonable time insurance company is directed to admit the disability benefit under the policy and give such benefit to the complainant.

Kochi Ombudsman Centre
Case No.IO/KCH/LI/21-009-065/07-08
Sri.Jainjumon Joy
Vs.
Bajaj Allianz Life Ins.Co.Ltd.

Award Dated : 21.08.2007

The complaint under Rule 12(1)(b) read with Rule 13 of the Redressal of Public Grievances Rules 1998. The complainant Sri.Jainjumon Joy was issued with a Unit Gain Plus Main cover policy by the insurer M/s.Bajaj Allianz with a regular annual premium of Rs.30,000/-. Rs.1,00,000/- was paid at inception as premium. According to the complainant Rs.1.00 lakh was given for a single premium policy and not an yearly premium payment policy. The complaint was filed stating that the agent has misrepresented and cheated him and hence he must be issued with a single premium policy instead of regular premium payment policy. The entire records on file is perused. The policy was issued on the basis of a proposal signed by the complainant showing the mode of payment of premium as yearly. It looks that the policy was issued as a regular premium payment policy with annual premium of Rs.30000/- and the balance amount was credited as top up premium. Of course from the contention it looks that there is some misunderstanding between the agent and the insured. The policy was issued with DOC 12.5.06. The policy holder has not exercised the option of Free look period of 15 days, for canceling the policy and getting the premium refunded. The

request for cancellation was rejected as it was received beyond the free look period. As per policy condition if 2 years premium have paid as a top up within the first 3 years then the policy is eligible for a premium holiday i.e., the policy will not be lapsed if the renewal premium is not paid, till the time of account value is able to cover the cost of insurance. Based on the above the policy holder is not required to pay anything as his policy is eligible for premium holiday as long as account value is sufficient to cover risk. Above all the policy holder has the option to surrender the policy in the 25th month of commencement. The complaint is therefore dismissed with the above observations.

Kolkata Ombudsman Centre
Case No. 488/24/001/L/10/06-07
Shri Ajay Kumar Singh
Vs
Life Insurance Corporation of India

Award Dated : 18.05.07

Facts & Submissions :

This petition was filed by the complainant for delay in sanctioning EPDB by LICI.

The complainant, a truck driver by profession, purchased a policy no. 533579943 with DOC 15.02.2003. He met with an accident while driving his vehicle on 26.11.2005 and was seriously injured suffering multiple injury and fractures of Right Knee Femur, upper end right tibia and fibula and left ankle. He was referred to Kolkata Medical College and the disability certificate issued by them showed 60% disability. He filed his claim for EPDB but in spite of follow up he did not receive any intimation with regard to his claim.

Hearing :

A hearing was fixed where the representative of the insurance company did not attend while the complainant attended.

The representative of the insurance company should not repeat absence in future. According to the available evidence, the complainant gave an intimation of the accident on 06.07.2006, while the accident occurred on 26.11.2005, which was beyond 120 days from the date of accident. It was found from the available records that the papers had been sent to Zonal Office with regard to waiver of intimation beyond 120 days, but no decision had yet been taken by the Zonal Office. The complainant was informed with regard to this position that firstly the Zonal Office have to waive the delay in intimation. He was also informed that even if the delay is waived, the certificate given by Kolkata Medical College showed only 60% disability. It was suggested that he has to establish that he became permanently incapable to earn livelihood as a result of the accidental injury.

Decision :

The insurance company were directed to immediately take a decision with regard to the waiver and decide on the allowability of the claim on the basis of certificate to be produced. The complainant should cooperate and produce a certificate as mentioned above, if need be.

Kolkata Ombudsman Centre
Case No. 599/22/001/L/11/06-07
Shri Ashis Manna
Vs
Life Insurance Corporation of India

Award Dated : 30.05.07

Facts & Submissions :

This petition was filed by the complainant for dispute in premium payment.

The petitioner purchased a policy no. 462383030 with DOC 27.03.1997. The petitioner requested for transfer of the policy from Gushkara Branch to Burdwan Branch 2, both under the Asansol Divisional Office of LICI. He was informed of the transfer out action taken by Gushkara Branch and was advised to pay premium at the Burdwan Branch 2, but the premium could not be paid as the transfer did not take place in spite of transfer out action taken by Gushkara Branch.

LICI, Asansol Divisional Office informed that they have solved the technical problem and the policy master has been transferred to Burdwan Branch II, as desired by the life assured, and also waived the late fees amount of Rs. 632/- against collection of premium as the problem in transfer out was on the part of the insurer. LICI also stated that the revival premium was paid on 25.01.07 without DGH and without interest by cheque by the life assured but the same was dishonoured by the bank for some reason on 07.02.07. The policy was revived again on 14.02.07 and the late fees went up to Rs. 908/-. The life assured insisted on waiver of late fees.

Hearing :

To discuss various problems, a hearing was fixed. The insurance company sent a letter dated 16.05.07, which was received by this office on 21.05.07, in which they stated that the technical problem of transfer out action have been sorted out and they were willing to waive the interest payable. However, due to dishonour of the cheque by the insured, the interest has gone up to Rs. 908/-.

Decision :

Since both the parties did attend, we proposed to pass an ex-parte order keeping in view the evidence that had been submitted by the insurance authorities.

Though the interest arising out of dishonour of cheque was not covered by the RPG Rules, we directed the insurance authorities to waive the late fees pertaining to the delay in correcting the technical default of transfer. The fees beyond that period due to the dishonour of cheque had to be paid by the insured.

Kolkata Ombudsman Centre
Case No. 705/24/001/L/01/06-07
Smt. Anjana Das
Vs
Life Insurance Corporation of India

Award Dated : 04.06.07

Facts & Submissions :

This petition was filed by the complainant for non-payment of SB amount and non-payment of excess premium recovered.

The complainant purchased a policy no. 410047398 with DOC 28.08.1986. The 3rd SB amounting to Rs. 2000/- against this policy was due on 28.08.2001, but she stated that she did not receive the same. Further on maturity i.e., 28.08.2006 she stated that the last premium due on 28.05.06 was deducted although she paid the premium in cash on

09.06.06. She, therefore, filed this petition for payment of 3rd SB and refund of excess premium recovered.

LICI stated that the 3rd SB due on 28.08.2001 was encashed on 01.09.2001 in the account of ICICI Bank, Ballygunge Branch through clearing. They also stated that the excess premium due for 28.05.06 was refunded to the complainant vide cheque no. 204802 dated 06.03.07 for Rs. 172.80, which has not yet been encashed.

Hearing :

A hearing was fixed. The complainant was informed that the banker of LICI has given a statement that the cheque issued on 28.08.2001 was encashed on 01.09.01. This clearly indicated that the payment was made by LICI with regard to 3rd SB. She has also been told that the cheque for excess premium was sent on 07.03.07 and the representative of the insurance company has stated that the cheque for excess premium deducted can be reissued, if it has not been encashed before 3 months of date of issue.

Decision :

Since both the grievances claimed by the petitioner had been satisfactorily replied by the insurance company, there was no grievance existing between the complainant and the insurance company. Grievance has been redressed in the case of 3rd SB immediately after it was due, while the excess premium has been paid now after the complainant has filed this complaint. Under these circumstances, no further intervention was called for.

Kolkata Ombudsman Centre
Case No. 781/24/001/L/02/06-07
Shri Madhusudan Mondal
Vs
Life Insurance Corporation of India

Award Dated : 06.06.07

Facts & Submissions :

This petition was filed by the complainant against delay in payment of annuity.

The complainant Shri Madhusudan Mondal purchased a Jeevan Dhara Policy no. 460933062 with DOC 28.03.1988. The policy vested on 28.03.2006. He stated that even after nine months from the date of vesting he did not receive any annuity.

A hearing was fixed where both the parties attended. The representative of insurance company stated that they would be able to make payment before 31.07.2007. The difficulty in payment has arisen because two different policies of different persons existed under the same policy no. in their policy master. They informed the life assured that his policy no. would be 460933499. There was technical difficulty in creating new policy master and updating the premium under new number from the old master under the present SSS software package, which is running from 01.01.07. The software would be corrected soon and the annuity payment would be decided. This problem has been informed to the complainant and he has agreed to wait up to 31.07.2007 for getting the annuity regularized.

The insurance company were directed to complete the process with regard to the above annuity and issue the intimation with regard to the annuity before 31.07.2007 and inform this office about the compliance of the same.

Kolkata Ombudsman Centre
Case No. 634/24/001/L/12/06-07
Smt. Tahera Khatoon
Vs
Life Insurance Corporation of India

Award Dated : 26.06.07

Facts & Submissions :

This petition was filed by the complainant against non-payment of Double Accident Benefit (DAB).

The complainant was the widow of one Nurul Hoda, a Bank employee, who purchased 2 policies having nos. 46663430 & 75315422. Her husband was murdered as per the statement made by the complainant and she has admitted receiving death claim for basic sum assured with accrued bonus against these policies. According to her, LICI did not settle the DAB claim even after she furnished the documents like FIR, Charge Sheet, Post Mortem Report, Final Report of Police and death certificate. As the DAB payment remained outstanding, this petition has been filed. However, she did not submit any “P” form.

LICI, Muzaffarpur Divisional Office confirmed payment of death claim as per their letter dated 01.09.1992. They further stated that they have not received certain documents like certified copies of FIR, PMR, Police Inquest Report for consideration of AB.

Hearing :

A hearing was fixed. The complainant attended while the representative of LICI did not attend. According to the available evidence LICI have not received the documents that have been mentioned above. The complainant, who attended the hearing, has been asked to submit all the required documents immediately.

Special Note :

This is the second time that no representatives from LICI Muzaffarpur Office have attended in response to a notice on hearing. Higher authorities of LICI are requested to immediately convey the displeasure of the Hon’ble Ombudsman and see that some representative of the Muzaffarpur Division attends on receipt of hearing notice.

Decision :

LICI authorities were directed to take a decision with regard to the claim on receiving all the required documents. The complainant was requested to coordinate with the LICI authorities and submit all the required documents. This exercise of taking a decision with regard to settlement of the claim should be completed within thirty days from the date of receipt of consent letter from the complainant. The complainant is free to approach this forum or any other forum, if she is not satisfied with the decision of the insurance authorities.

Kolkata Ombudsman Centre
Case No. 645/24/001/L/12/06-07
Shri Sanat Sarkar
Vs
Life Insurance Corporation of India

Award Dated : 28.06.07

Facts & Submissions :

This petition was filed by the complainant against non sanction of EPDB.

The complainant purchased a policy no. 423833363. It was learnt that the accident occurred on 02.09.2005 due to severe burns. He submitted a certificate issued by B.N.Bose Sub Divisional Hospital, which has given 70% disability certificate also mentioning the patient as "Permanently Handicapped".

LICI did not furnish any self-contained note. However, the complainant enclosed a copy of the letter dated 04.11.2006 issued by LICI Naihati Branch to the life assured. From that letter, it was learnt that the claim for EPDB was denied as the disability was not total and that it was established after 346 days. According to that letter this type of disability does not come under the purview of disability claim.

Hearing :

A hearing was fixed. The complainant came with a representative, who was his neighbour. The representative of insurance company also attended. From the representative of the insurance company, it is learnt that because of the disability certificate issued by B.N.Bose Sub Divisional Hospital, which indicates that disability was 70%, the policy condition 11(a) does not warrant sanction of disability benefit. He further stated that the disability due to an accidental injury should have deprived the person of the capacity to earn livelihood.

On seeing the complainant at the time of hearing, we found that his right hand has been badly burnt along with right side torso. It is clear that the complainant is incapable of making any living. With regard to the fact that there was delay in submission of claim for EPDB, the representative of the insurance company stated that the competent authority can condone the delay depending upon the merits of the case. The complainant gave reasons that due to the severe burn injuries and due to the family tragedy, there was some delay in submitting the application for claim and he requested that the delay may be condoned.

Decision :

Since no condonation proceedings were initiated, I propose to deal with delay in submission and on being satisfied with the reasons given by the complainant I condone the delay.

On going through the conditions mentioned under policy condition 11(a) "Disability which is the result of an accident and must be total and permanent and such that there is neither then nor at any time thereafter any work, occupation or profession that the life assured can ever sufficiently do or follow to earn or obtain any wages, compensation or profit." Further "accidental injuries which independently of all other causes and within 180 days from the happening of such accident, result in the irrecoverable loss of the entire sight of both eyes or in the amputation of both hands at or above the wrists or in the amputation of both feet at or above ankles, or in the amputation of one hand at or above the wrist and one foot at or above the ankle, shall also be deemed to constitute such disability." After observing the complainant, it can be easily seen that his right hand cannot be used. Under one of the conditions mentioned above, it shall be deemed to be constituted as disability. The certificate given by the hospital indicated 70% disability for overall mobility of the body. Therefore, it need not be taken as evidence for repudiating the claim. It is also clear that the person, who suffered this accident, is not in a position to earn or obtain any wages, compensation or profit.

Under these circumstances, we did not agree with the decision of the LICI authorities in repudiating the claim. We, accordingly, directed LICI to pay all the annuities that became due from the next day of the accident as per the policy conditions. They were also directed to pay all the arrears that are due to the person.

Kolkata Ombudsman Centre
Case No. 651/22/001/L/12/06-07
Gp. Capt. Shri Kumar Sinha
Vs
Life Insurance Corporation of India

Award Dated : 29.06.07

Facts & Submissions :

This petition was filed by the complainant against non-adjustment of premium paid.

The complainant, in his petition, stated that he held 3 policies viz., 511712134, 511531052 & 511531705. The mode of premium payment for all these policies was quarterly and that he had paid the renewal premium due for July 2006 against these three policies on 03.10.2005, but the premium amount was not updated. When he came to pay the next premium, receipts for July 2005 were issued again resulting in double payment of the same premium due. He took up the matter with the LICI authorities, but the mistake was not rectified and the policy status of all the policies was in lapsed condition with reduced paid up value and FUP 10/2005.

Hearing :

Since there was no response from the insurance company, a hearing was fixed. The representative of the insurance company attended while the complainant vide his letter dated 30.05.07 requested for a fresh date to appear before Hon'ble Ombudsman at Patna Branch No.2 as he had operational commitment to perform. Hon'ble Ombudsman agreed for the postponement.

The insurance company sent a self-contained note stating that the policies were in lapsed condition and the amount of double collection is kept under the policy deposit account and the information was given to the party to get the policies revived. However, on further intervention with the LICI, it was found that LICI, Patna Divisional Office has accepted issue of premium receipt twice for the same period due to machine fault. They stated that they were unable to update the FUP from10/06 to 01/07 as the policy status became lapsed for six months and according to them, the computer programme will allow updation of status only on receipt of all outstanding dues. They have also informed the office of Insurance Ombudsman that they are prepared to accept the premium due without charging any interest since the fault lies on their part.

This information was passed on to the complainant vide this office letter dated 14.06.07 and he stated that he is agreeable to the proposal of LICI subject to revival of his policies and acceptance of premium amount due from him till 04/2007 without any interest on these premiums on the above mentioned policies.

Decision :

At the time of hearing, the representative of the insurance company stated that they would take up the matter immediately on receipt of payment of premium with regard to premium dues. Since the complainant has agreed to the offer made by the LICI authorities for acceptance of all premiums due without interest, we direct the insurance company to do the needful immediately on receipt of payment of premiums. They are also directed not to charge any interest on premiums as the mistake lies on their part.

Kolkata Ombudsman Centre
Case No. 890/22/001/L/03/06-07
Shri Harihar Nath
Vs
Life Insurance Corporation of India

Award Dated : 09.07.2007

Facts & Submissions :

This petition was filed by the complainant against problem in premium payment.

The complainant purchased a policy no. 434434370 with date of risk 25.10.2001 from Uttarpara Branch of LICI. He assigned his policy to a bank in Uttarpara and applied for transfer of his policy from Uttarpara Branch to Serampore Branch, both under LICI Howrah Divisional Office. As the transfer of the policy from one office to another was incomplete, the complainant was unable to pay premium in any of the LICI offices, thus risking loss of insurance coverage. Hence, this petition was filed seeking redressal.

Hearing :

As there was no response from the insurance company, a hearing was fixed. The representatives of the insurance company attended while the complainant did not attend. The representatives of the LICI stated that they had transferred the policy to Serampore Branch on 12.07.05. However, they could not complete the transfer properly and the transfer out action was taken only 27.06.07. They requested the policyholder vide their letter dated 27.06.07 to contact Serampore Branch for payment of premium there. They also stated that the policy seemed to have been assigned to Bardhaman Gramin Bank and requested the policyholder to obtain a letter from the Bank giving their consent to the transfer, in case the loan has not been already repaid by him.

Decision :

The aforesaid letter dated 27.06.07 was addressed to the complainant and as the complainant did not attend on the day of hearing, it was presumed that the grievance has been satisfactorily redressed. Therefore, no further intervention was called for.

Kolkata Ombudsman Centre
Case No. 871/21/001/L/03/06-07
Md. Firoz Alam
Vs
Life Insurance Corporation of India

Award Dated : 09.07.2007

Facts & Submissions :

This petition was filed by the complainant against partial repudiation of claim due to double adjustment of loan (Principal plus interest).

The complainant purchased a policy no. 432356362 with risk date 12.01.1999. In terms of this policy 20% of the sum assured is payable as SB every 4 years. The 2nd SB was due on 12.01.2007 for an amount of Rs. 6,200/-. The entire SB amount was not paid by the insurer as it was adjusted against outstanding loan and interest. According to the complainant, he repaid the full loan amount of Rs. 16000/- on 06.01.07 and the same was debited from his bank account on 11.01.07. He submitted evidence to show that the loan was repaid. As no rectification was done by LICI, he filed this petition seeking relief.

Hearing :

As there was no response from the insurance company, a hearing was fixed. The representatives of the insurance company attended, while the complainant did not attend. The representatives of the insurance company submitted a letter dated 02.07.07 stating that they have refunded the SB amount vide cheque no. 179923 dated 25.05.07 for Rs. 6172/- and the same was encashed on 02.06.07.

Decision :

Since the complainant did not attend as per the notice for hearing, it was presumed that the grievance has been satisfactorily redressed and, therefore, no further interference was called for.

Kolkata Ombudsman Centre
Case No. 841/22/003/L/03/06-07
Shri Sanjay Kumar Das
Vs
TATA AIG Life Insurance Company Ltd.

Award Dated : 16.07.07

Facts & Submissions :

This petition was filed by the complainant against inclusion of service tax with instalment premium.

The complainant stated that Dr. Parna Das, his daughter, purchased a Tata AIG Mahalife Gold Policy No. C-202029423 and the yearly premium payable was Rs. 17700/-. The life assured had already paid 2 yearly premiums totaling Rs. 35400/, being instalment premium due February 2005 and February 2006. However, when the complainant went to pay the instalment premium due 2007 on 02.02.07, the insurer did not accept the premium stating that the premium payable had been increased to Rs. 17881/- due to imposition of service tax by Government of India. The complainant stated that when LICI do not add service tax with instalment premium payable by the life assured, why his insurer should charge the same. He took up the matter with the insurer, but of no avail. Being aggrieved he has approached this forum for relief.

The insurance company submitted the self-contained note. They enclosed a copy of their letters dated 06.02.07 and 18.04.07 addressed to the life assured explaining that service tax payment was a statutory requirement imposed by the Government of India and the insurer were not in a position to waive the same. They also stated that a communication on service tax was sent to the policyholder in the form of premium payment notice 30 days in advance from the due date of premium. They further stated that they were unable to refund the premium paid since “Free look” period in a policy was available for a period of 15 days only from the date of receipt of policy document and the life assured in this case had already paid 2 yearly premiums.

Hearing :

In response to a notice of hearing, both the parties attended. The case was discussed at length. According to the complainant, insurance policy is a contract between the insured and the insurer and under the terms and conditions of the contract, premium cannot be changed unless an opportunity is given to him for explanation and understanding with regard to such increase in the premium. He further stated that service tax levied by the Government has been absorbed by several insurance companies such as LICI, while his insurer in this case passed it on to the insured. The representative of the insurance company stated that they were bound by the statutory requirement of service tax as per the notification issued by the Government of India. Therefore, they are unable to change the premium amount, which only includes service tax and there was no change in the basic premium and the cover of the life assured. He, therefore, pleads that the complaint should be disposed of in their favour.

Decision :

On going through the RPG Rules 1998, it was found that this complaint was admitted under Rule 12(1)(c) of the RPG Rules 1998, which states that there should be dispute with regard to premium paid or payable in terms of the policy. From the above

discussion, it was clear that for the payment of basic premium there was no dispute, as the quantum of premium had not been changed. Similarly, the quantum of cover had also not changed. The only dispute was with regard to levy of service tax.

Levy of service tax is a statutory mandate given by the Government of India through their service tax notification. The question of an insurer absorbing the service tax or passing on the service tax to the insured cannot be dealt with in this forum, as this forum is merely a grievance redressal forum. The above mentioned petition cannot be processed under this forum and the complainant has to seek relief in any other forum that he deems fit. Under these circumstances, as the complaint does not fall strictly under Rules 12(1)(c) of the RPG Rules 1998, the complaint was dismissed.

Kolkata Ombudsman Centre
Case No. 790/22/003/L/02/06-07
Shri Prafulla Kumar Ekka
Vs
Tata AIG Life Insurance Company Ltd.

Award Dated : 16.07.07

Facts & Submissions :

This petition was filed by the complainant against wrong adjustment of premium.

The complainant stated that he had issued 2 cheques for Rs. 3800/- each on 27.09.2003 payable to the insurance company, being initial premium for two policies taken in the name of his daughters Stella Ekka and Deepa Erma Ekka. According to the petition, he received the policy document in the name of Deepa Erma Ekka and did not receive the other policy. On enquiry, it was found that as the insurance company did not receive the premium amount, they felt that the proposer was not interested in obtaining the policy. The complainant requested that the insurer refund the amount paid or adjust it against the other policy. The complainant submitted the “P” forms and 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.

In the self-contained note, the insurance company stated that no amount was received by them in respect of 2nd policy to be given on behalf of Stella Ekka. However, the policy in respect of Deepa Erma Ekka is in-force and the premium has been paid up to 27.09.07.

Hearing :

A notice of hearing was fixed. The representative of the insurance company attended, while the complainant did not attend. He also did not send any request for adjournment. The insurance company requested that they are in the process of investigating the payment of Rs. 3,800/- against the 2nd policy alleged to be taken in the name of Stella Ekka and they would be able to give a clear picture by 10th July’07. Accordingly, they sent a letter dated 09.07.07 and stated that after investigation they found the amount was payable and refunded the amount of Rs. 3800/- to the policyholder vide cheque no. 849726 dated 05.07.07.

Decision :

Since the complainant did not attend on the date of hearing, the matter was dealt with on ex-parte basis. Though the insurance company has paid the refund due of Rs. 3800/-, they were silent on the interest that accrues to the complainant on that amount. The money was lying with the company from 27.09.03 until the date of issue of cheque on 05.07.07. Obviously, the insurance company should have paid penal interest on this

amount that was lying with them for such a long time. Therefore, to meet the ends of justice, the insurance company were directed to pay interest @ 2% above the bank rate for the delay period.

Kolkata Ombudsman Centre
Case No. 048/23/009/L/04/07-08
Smt. Auombika S. Mansatta
Vs
Bajaj Allianz Life Insurance Company Ltd.

Award Dated : 17.07.07

Facts & Submissions :

This petition was filed by the complainant against non-allowing of fund switching.

The complainant in her petition stated that she had invested in Unit Gain Policy and Equity Plus Policy of Bajaj Allianz in the year 2005-06. These policies were subjected to market volatility and when the share prices came down in May 2006, she wanted to transfer her investment to “Cash Fund”. According to her, inspite of several assurances, the desired fund transfers were not effected by the insurer. The policyholder felt that she had been deprived of a number of units due to negligence on the part of the insurer.

According to the insurance company, they do not have any record with regard to the application for fund switching and, therefore, they are unable to do the needful. They filed a self-contained note confirming the above facts.

Hearing :

A hearing was fixed where both the parties attended. From the representatives of the insurance company, it was understood that the policy was taken by the complainant against which some specific units were allotted. The complainant has right to switch units from one fund to another fund at her choice so that she does not suffer losses.

Decision :

From the above explanation it was clear that the switching of funds from one scheme to another scheme does not involve change of premium amount and change in the cover of the period. The premium deducted monthly is equivalent to a number of units according to the cover. Therefore, there is no complaint with regard to charge of excess premium or not giving the full cover. Under the RPG Rules 1998, non-performance of request with regard to switching of funds from one scheme to another scheme does not fall under any of the criterion fixed therein. It is merely a request of the policyholder to shift from one scheme to another scheme depending on the policyholder’s perception of making gains or suffering losses. Therefore, it is felt that the complaint does not fit into any of the criterion fixed by the RPG Rules 1998. Under these circumstances, I have no other alternative but to dismiss the petition as non-maintainable. The petitioner is requested to seek relief in any other forum.

Kolkata Ombudsman Centre
Case No. 008/24/001/L/04/07-08
Smt. Nandini Ghatak
Vs
Life Insurance Corporation of India

Award Dated : 14.08.07

Facts & Submissions :

This petition was filed by the complainant against non-payment of Accident Benefit (AB).

The complainant was the widow of Debasish Ghatak and nominee for his policy no. 431793521. The life assured died due to drowning while taking holy bath at Gangasagar on 02.04.2006. LICI paid death claim for the basic sum assured with vested bonus to the nominee on 23.06.06. However, consideration of AB was kept pending for some requirements.

The complainant maintained that she submitted all the documents to the insurer and no other paper was in her custody. Her representation to the higher authorities of LICI did not yield any result.

LICI sent a self-contained note in which they stated that the AB has not yet been paid due to non-receipt of certain documentation like CE's Report, etc.

Hearing :

To find out the present status of the claim, a hearing was fixed wherein both the parties attended. The representative of the insurance company stated that they have not yet taken any decision with regard to the payment of AB as they have not received the CE's report. According to the complainant, she gave all the required reports and requested that the claim may be considered favourably on the basis of documents already submitted. At that stage, the representative of the insurance company stated that if the complainant gives a petition to the Divisional Manager to consider her claim without the CE's report, as the same would be very difficult to obtain, he would put up the file for consideration and they will be able to take a decision within fifteen days.

Decision :

As suggested by the representative of the insurance company, we request the complainant to give a representation to the Divisional Manager requesting him to consider the payment of AB claim without waiting for CE's report. Since LICI have agreed to consider the representation, it is felt that no further intervention is called for. The insurance company were directed to consider the payment of AB within fifteen days from the date of receipt of consent letter from the complainant. If the complainant is not satisfied with the decision of the insurance company, she is at liberty to come back to this forum or go to any other forum, if need be.

Kolkata Ombudsman Centre
Case No. 081/21/003/L/05/07-08
Smt. Kaberi Das
Vs
Tata AIG Life Insurance Corporation of India

Award Dated : 27.08.07

Facts & Submissions :

This petition was filed by the complainant against denial of benefit of Critical Illness.

The complainant purchased a policy no. C-260021434 for Health 1st – 1 Unit Policy. She submitted the proposal on 30.03.05 and the policy was issued on 07.04.05. The policy covers treatment cost against certain critical diseases and she submitted a claim on 11.04.06 for hospitalization fee and treatment cost of CA in Ovary in February 2006. The insurance company repudiated the claim on 26.05.06 on the ground of suppression of pre-existing Diabetes Mellitus (DM). She appealed for review on 19.06.06 but the insurer upheld the decision of repudiation. She stated in her complaint that she had not suffered from DM before submission of the proposal and her Diabetic level range was

between 130 and 148. She further stated that there was no connection between Diabetes and CA in Ovary and the repudiation was arbitrary, whimsical and illegal.

The insurance company submitted the self-contained note including policy conditions and statements from the claimant as well as from the Medical Attendant. They stated that the life assured did not disclose treatment of DM since the year 2002 i.e., before the commencement of risk. Had it been disclosed, their underwriting decision would have been different (Health 1st Plan not issued to Diabetic Customers). They also maintained that this was not a mediclaim policy and the risk coverage was void from inception in accordance with section 45 of the Insurance Act 1938.

The insurance company in their reply dated 19.07.06 to the complainant stated that they understood her diabetes was under control and the patient was on oral medication. Their decision of repudiation was without prejudice to and does not constitute a waiver of any other grounds of defence.

The insurance company enclosed a Questionnaire signed by the complainant on 06.04.2006. She declared that she was suffering from acidity and Acetic Fluid in abdomen and underwent USG and Pathological tests before Chemotherapy under Dr. Mazumder at Park Point Nursing Home on 12.02.06. She mentioned “Yes” against Diagnosis of Diabetes Mellitus with duration of 2 years (Range 125-130) (Question No.7).

Her answer to Question No. 8 (fibroid Uterus with accumulation of water in stomach) was “Yes” and to Question No. 9(c) ‘Hypertension, Diabetes etc.’ also ‘Yes’ with 2 years duration.

Medical Attendant’s Questionnaire noted a gradual swelling in abdomen for 8 days (Question No. 6 & 7) and DM 1 year back (Question No. 9) – The doctor gave “Do not know” – Answers about previous illness or treatment. Nursing Home papers show 1st cycle of Chemotherapy on 13.02.2006 and “She is known Diabetic”. The insurance company also gave their consent for the insurance ombudsman to act as a mediator between themselves and the complainant.

Hearing :

In response to a notice of hearing, both the parties attended. The representative of the insurance company stated that they have reviewed their decision with regard to repudiation of the claim and decided to settle the claim as per the policy conditions and that they would be able to pay the same within a fortnight. The complainant was informed accordingly.

Decision :

Since the insurance company had decided to settle the claim as per the policy conditions, they were directed to pay the claim as mentioned above and report the compliance to this office. Since the complaint was satisfactorily redressed, it was felt that no further intervention is called for.

Kolkata Ombudsman Centre
Case No. 109/23/004/L/05/07-08
Smt. Pushpa Tigga
Vs
ICICI Prudential Life Insurance Co. Ltd.

Award Dated : 21.09.07

Facts & Submissions :

This petition was filed by the complainant against legal construction of the policy.

The complainant purchased a policy no. 00633629 for sum assured of Rs. 13,00,000/- in December 2003 paying yearly premium of Rs. 21000/-. She had an impression that the mortality rate for her policy was Rs. 4.44 per thousand sum assured for a 45 year old lady i.e., Rs. 5772/- per year in her case. But after paying premium for 3 years, she found that the insurer was charging mortality rate of Rs. 14310/- per year i.e., Rs. 8538/- in excess per year. She complained to the insurer about loss of her insurance value. They offered her exit or transfer option for a negligible fund value. Being aggrieved, she approached this forum for relief.

In their self-contained note, the insurer stated that the complainant submitted her proposal on 03.12.2003. The premium was revised on account of adverse TMT findings. A revised offer was sent to her on 20.02.2004 and she gave her consent on 26.02.04. As the Free Look Period was already over and on request of the complainant, sum assured was decreased from Rs. 13,00,000/- to Rs. 1,05,000/- and it was duly processed. She did not pay premium from 27.02.07. It was suggested by the insurer that the assured could opt for surrender value, as three years premium were paid.

Hearing :

In response to a notice of hearing, both the parties attended. On going through the evidence available, the insurance company were directed to produce the guidelines for increasing the mortality rate after medical tests. The representative of the insurance company promised to send the details within a week. However, a reminder was also issued on 31.08.07. The insurer submitted a letter dated 04.09.07 in which Treadmill Test (TMT) details were furnished along with the opinion of the doctor, which stated that “TMT shows T wave inversion in leads V1-V3. ST depression in leads III, avF, & V1 – V6 during stage 2 & 3 of exercise. Considering above, Class III for TMT findings.” Because of the above, the insurance company revised the mortality rate. They have also given a letter dated 20.02.04 in which the complainant had accepted the revised premium offer. However, this office has received a letter dated 10.09.07 written by the insurance advisor of the complainant in which he has stated that his client has denied having signed the acceptance letter and that the signature in the acceptance letter was not hers. The advisor of the complainant also stated that he was having no idea of this acceptance form and there was no signature made by him to validate her acceptance form. In short, the complainant stated that acceptance form was not signed by her and the signature found in the letter was not hers.

Decision :

From the above discussion, it was clear that the insurance company has increased the mortality rate on the basis of TMT findings and on the basis of acceptance by the proposer. However, the veracity of signature of the complainant on the acceptance of proposal dated 20.02.04, has been questioned. Determining whether the signature belongs to the complainant or not with regard to the acceptance of the proposal goes beyond the purview of Insurance Ombudsman. This has to be dealt with by another appropriate forum. Under these circumstances, we were unable to intervene and accordingly, the complaint was dismissed.

Kolkata Ombudsman Centre
Case No. 128/22/001/L/05/07-08
Dr. Gautam Bhaumik
Vs
Life Insurance Corporation of India

Award Dated : 28.09.07

Facts & Submissions :

This petition was filed by the complainant against non-adjustment of premium, in spite of ECS mandate, resulting in lapsation of policy and delay in survival benefit (SB) payment.

The complainant, a practicing surgeon, purchased a policy no. 002693551 in the United Kingdom in Sterling Currency. Subsequently, he converted it, after return to India, in Rupee Currency giving LICI a mandate to deduct the premium from his bank account through ECS. However, LICI did not carry out the ECS mandate resulting in lapsation of his policy due to non-adjustment of premium due in May/2005 and November/2005. The revival quotation dated 15.12.2006 was issued to him imposing late fee amounting to Rs. 1056/- and the payment of SB amounting to Rs. 1,04,720/- due on 07.11.2006 was kept pending due to non-adjustment of the outstanding premium. He moved at various levels of LICI and then approached this forum for relief. He submitted the "P" forms and 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.

On receipt of the complaint, Regional Manager(CR) of LICI, Eastern Zonal Office, informed the life assured that the ECS mandate could not be honoured due to some technical problem and once regularized, ECS would be honoured from May 2007 onwards. LICI, KSDO confirmed on 07.09.07 that their Baranagar Branch issued a discharge voucher (DV) by speed post no. EE 8210872131 IN to the life assured for SB claim deducting the May'06 and November'06 premium without charging late fees. However, the complainant did not execute the DV as yet.

Hearing :

In response to a notice of hearing, both the parties attended. The representative of the insurance company stated that they were willing to proceed towards settlement of the SB claim after deducting the due premium unpaid without charging late fees. Keeping that in view, they have sent a DV to the policyholder and the same has not been received back from the policyholder. They are willing to settle the claim as mentioned above. The complainant was informed of the position. However, he stated that the interest payable on the SB amount has not been mentioned in the DV and, therefore, he did not send it back by signing the same. He requested that the correct DV may be sent to him.

Decision :

Keeping in view the evidence available on records, we directed the insurance company to pay penal interest for delay in settling the net SB claim and deduct whatever premiums that are receivable by LICI without charging any late fee or charge.

Mumbai Ombudsman Centre
Case No. : LI-464 of 2006-2007
Shri Bankat Devrao Kothavale
V/s
Life Insurance Corporation of India

Award Dated : 10.05.07

Shri Bankat Devrao Kothavale was travelling on his motorbike on 10.02.2004 to Yerawada while at Bombay-Pune Road his bike was hit by a jeep. He was immediately admitted to Niramay Hospital, Yerawada where the diagnosis made was 'RTA, Facial Injury # Nasal Bone'. He was in hospital from 10.02.2004 to 18.02.2004. Even after discharge from the hospital his eyes were having swelling and reddishness. Hence, Shri Kothavale got admitted in Kirpalani & Kundnani Eye Institute on 24.12.2004 where

Right eye Trab | LA surgery was done. He again got admitted in KK Eye Institute under care of Dr.Ambarish Toshniwal who performed surgery for Left Eye Trab | LA. As Shri Kothavale lost entire sight of both the eyes, he preferred a claim for Extended Disability Benefit (EDB) under the four policies. In support of his claim he had submitted a certificate from Sassoon General Hospital, Pune, certifying him physically handicapped permanent due to Galucomatous optic atrophy and percentage of disability as 100%. As per the certificate issued by the Sassoon General Hospital, Pune, Shri Bankat Devrao Kothavale was examined by the Medical Board on 24.02.2006 and found that he was physically handicapped, permanent due to (BE) Glaucomotous optic atrophy and the percentage of disability is 100%. For consideration of disability benefit under Accident Benefit clause following factors shall be satisfied.

1. Disability has occurred within 180 days from the date of accident
2. Intimation of disability due to accident should be given to the servicing Branch within 180 days of the occurrence of the disability. The period of 180 days for occurrence of disability from the date of accident which is stipulated in the policy conditions is absolute. There is no accident cover available beyond 180 days of the accident as per the provisions of the policy contract.

In the instant case accident took place on 10.02.2004 and he was admitted to the hospital and operated for reduction of nasal bone. There is no evidence to show that at the time of his first hospitalisation immediately after the accident there was any damage to his eyes. As per Dr. Ambarish P. Toshniwal's certificate, he was first consulted on 26.06.2004 with history of Road Traffic Accident with decreased vision (both eyes). His right eye was operated on 27.12.2004 and left eye on 12.04.2005. Both the operations were performed after the accident cover period of 180 days. There is no medical case papers to show when the life assured lost entire sight of both the eyes within the accident cover period of 180 days. The letter written by the life assured on record shows that the intimation of disability due to accident was given to LIC branch on 18.03.2006, that is after 2years of the accident. In view of the above analysis, I do not find any justifiable reason to interfere with the decision of the Insurance Company.

Mumbai Ombudsman Centre
Case No. : LI-186 of 2006-2007
Shri Vandan Shantaram Shiroor
V/s.
Tata AIG Life Insurance Co. Ltd.

Award Dated : 25.05.2007

Shri Vandan Shantaram Shiroor, the Claimant, had taken a policy bearing No.C000314152 from Tata AIG Life Insurance Company Ltd., Mumbai, through Plan – Mahalife for a sum of Rs.1,00,000 with Rider -Critical Illness (Lumpsum Benefit) of Rs.1,00,000 for a Term of 12 years. Shri Vandan Shantaram Shiroor on 05.01.2006 had developed Retrosternal Chest Pain and was admitted to The Asian Heart Institute, Mumbai. An ECG revealed acute Anterior Wall Myocardial Infarction. A CAG was done on 05.01.2006 by Dr. S.V. Vaishnav and revealed 100% blockage at Proximal LAD. He approached Tata AIG for payment of Critical Illness Rider (Lumpsum Benefit) under the policy. The claim was repudiated by the Insurer stating that the claim submitted by him did not come under the purview of Critical Illness Rider (Lumpsum Benefit), as the 3 clauses had to be fulfilled under the policy to get the benefit. Against this, only one clause was fulfilled and so no claim was payable to him except Rs.500/-. Angioplasty is not a covered surgery. Hence the benefit was declined. Claim for critical illness under

the category of Heart attack should cover all three clauses i..e. Clause (i) occurrences of typical chest pain - which is fulfilled. Clause (ii) The ECG done prior to angioplasty reveals acute Ant wall myocardial infarction. However there are no pathological Q waves on the ECG which is submitted for perusal. There are no subsequent serial ECG's submitted in order to decide development of new pathological Q waves. Clause (iii) is not fulfilled since the troponin –I is not raised and the CPK (MB) although elevated is not 200% beyond the upper limit of normal range. To summaerise – only clause (i) has been fulfilled . Clause (ii) & (iii) are not fulfilled.

In the facts and circumstances, the claim was declined.

Mumbai Ombudsman Centre
Case No. : LI - 125 (2007-2008)
Smt. Anjali A. Nimonkar
V/s
Life Insurance Corporation of India

Award Dated : 14.09.2007

Shri Ashok M. Nimonkar had taken a Policy.922794736 from LIC of India, with purchase price of Rs.4 lakhs with TT – 146 – New Jeevan Akshay – I plan.Dt. of Proposal was 16.5.03 and date of commencement was 21.5.2003. His age at entry was 60 years.

Shri Ashok M. Nimonkar was issued New Jeevan Akshay I policy with Option of Annuity as "Annuity during lifetime of the Annuitant". Shri Ashok M. Nimonkar received annuity of Rs.3,057/- per month from 21.05.2003 to 21.11.2004. He expired on 27.11.2005. His wife Smt.Anjali A. Nimonkar informed LIC about her husband's demise and requested for the return of the purchase price of the policy. Thane Divisional Office vide their letter dated 15.07.2005 replied that since the annuitant had opted for Option A under which "Annuity is payable only during the life time of the Annuitant", return of purchase price is not payable on death of the annuitant. Again Smt. Nimonkar made a representation to Chairman of LIC which was also not considered favourably. The entire records pertaining to the case have been examined. In the proposal form completed by Shri Ashok M. Nimonkar there is a tick mark exercised on option (i)"Annuity during the life time of the Annuitant (without any guaranteed period)." He had also answered "Yes" to this option by canceling "No". As regards other options he has not answered. The annuity was calculated considering the said option. The option was exercisable at proposal stage and the Policy document was issued stating Type of Annuity as "Annuity during lifetime of the Annuitant". The complainant contended that the annuitant had invested his retirement money with LIC with the intention of getting regular income keeping the purchase price intact. If this contention is accepted to be true, then why he had not objected on receipt of the policy document and even after getting annuity installments. It may be true that the name of the nominee has no value when nothing is payable after death but the policy format accommodates all options and in the present option exercised by the annuitant, there is no death benefit. The complainant's argument that the same has misled the deceased annuitant in not acceptable because the annuitant had kept a copy of the proposal form, he was aware of the option exercised by him and got annuity installment as per his option and the said option was clearly mentioned in the policy document. As the option exercised by the annuitant does not provide for return of purchase price on the death of the annuitant the decision of LIC is sustainable. Under the circumstance there is no valid reason to interfere with the decision of the Insurer since what has been done is as per the option exercised by the Annuitant and LIC paid the benefit available in that option.

After the death of the Annuitant, it is very difficult to decode how he understood the option exercised by him. The contention of the Complainant is that asking the nomination in proposal and its recording in policy was misleading. Secondly the option in policy bond should have been written as “Annuity only during the Life time of the Annuitant” or “Annuity during the Life time of Annuitant with no return of purchase price” and getting the signature of the Annuitant against the option exercised as counter confirmation in the proposal are all good suggestions and LIC may examine such suggestions, but these arguments are not sufficient to alter the option exercised by the Annuitant. In the present case the Annuitant had a copy of the proposal form with him, got the policy bond mentioning the chosen option by him and was getting the annuity installment but he did not raise any objection or sought any clarification on his option. In view of this, there is no reason to believe that the intention of the annuitant was different from the option chosen by him. However, looking to the socio-economic background of the spouse of the deceased and the hardship the senior citizen faces in today’s time, I am inclined to award ex-gratia payment of Rs.2 lacs to the widow of the deceased.

Mumbai Ombudsman Centre
Case No. : LI - 168 of 2007-2008
Shri Ratan Kumar Datta
V/s
Life Insurance Corporation of India

Award Dated : 28.09.2007

Shri Ratan K.Datta,Annuitant, has been paid annuity under Annuity No.796 under Master Policy holder M/s. Wyeth Ledirle Ltd with Superannuation Scheme No.125097 since 24.02.2000. He had opted for “LIFE” Annuity option with mode Monthly and vesting date of annuity was 24.02.2000. The monthly annuity is Rs.3,196/-. Shri Ratan Kumar Datta had loged a compliant with P&GS Department of Nasik Divisional Office. His contention was that as the annuity date is 24th February every year, which means the cheque dated 24th February should be available to annuitant for depositing in bank, while existence certificate is being made asking to be signed on or after 24th February is arbitrary and unfair. LIC had replied to his various queries and complaints and also made several attempts by sending officials to visit him at his residence and to hand over the annuity cheques, but still the annuitant is not satisfied. He approached this Forum for redressal of his grievance.

Shri. B. G. Pawar, A.O.(P&GS), Life Insurance Corporation of India, P&GS Unit, Nashik appeared and deposed before the Insurance Ombudsman. He submitted that the policy is an Advance Annuity Payable policy under which the date of annuity payment and the date of vesting is same. He also informed that the life assured has opted for life annuity wherein as per the policy terms and conditions the existence certificate needs to be submitted on or after the due date of vesting and annuity cheque will be issued only after receipt of the same. But in this case annuity cheques for the period from 24.02.2007 to 24.01.2008 were issued before the receipt of the existence certificate and before the due date of vesting i.e. 19.02.2007 by Registered Post and receipt of the same has been acknowledged by the complainant on 20.02.2007. With regard to the dishonoured cheque of annuity due 24.04.2007 the complainant was delivered a fresh cheque at his residence on 11.05.2007. Bank is prepared to pay him interest for the delay but the complainant is refusing the same and is not ready to accept the interest for the delay.

Mumbai Ombudsman Centre

Case No. : LI-201 of 2007-2008
Shri Shyam S. Anaokar
V/s.
Life Insurance Corporation of India

Award Dated : 28.09.07

Shri Shyam Shashikant Anaokar, submitted a proposal dated 11th July, 2000 for Bima Kiran Policy, under Table 111, term 25 years for a Sum Assured of Rs.3 lacs to LIC Of India for which an amount of Rs.4539/- was paid vide cheque No.065068 dated 22.6.2000 at LIC Branch No.896, Fort, Mumbai vide proposal deposit receipt dated 23.6.2000. He underwent medical tests on 17.7.2000 and the proposal was accepted by Zonal Underwriting Section with decision "Accept 111-20 for 3 lacs with Class IV extra". The Policy was received by Shri Anaokar on 16th February, 2001 which mentioned the term as 20 years with premium of Rs.7009/-. Not satisfied with the policy issued by LIC, he represented to Branch Manager on 12th March, 2001 seeking clarification on the following and to rectify/correct the same on the policy document:

- Date of first payment and proposal was 11.7.2000 whereas the policy document showed 8.10.2000.
- He had opted for Table 111/25 years, whereas policy document showed 111/20 years.
- Payment of Rs.4539/- was made at the time of signing the form. Thereafter in addition following payments were taken:

a) Rs.800/-, b) Rs.670/- and c) Rs.22/-

He has stated in the said letter that he was given to understand that these payments were one time premium and hence annual premium outgo would not be more than Rs.4539/-. However, he was surprised and shocked to receive a policy showing annual premium of Rs.7009/-. He expressed his utter dissatisfaction on the way the policy was handled by Mr. Mithe, Development Officer. The proposal was dated July 2000 and the policy was received on 16.2.2001 after daily follow up with Mr. Mithe. Finally the policy was received when he informed that he wanted to withdraw the proposal. He had enclosed the original policy for necessary corrections. Aggrieved with the decision of LIC, He requested the Ombudsman to mitigate the injustice done by LIC and for intervention in the matter. From the original complaint dated 13.6.2007 and the PII form submitted by the Complainant, it has been observed that his grievance is LIC reduced the term of the policy from 25 to 20 years and charged Class IV health extra without obtaining his prior consent. LIC should have taken the proposer's consent for reducing the term and charging extra premium which they had not done. As regards balance payment allegedly paid by Agent or Development Officer, it would be difficult for an office to verify whether the cash was paid by the proposer or Agent/Development Officer because till the proposal is completed the Agent/Development Officer assists the proposer and acts as agent of the proposer. Since the balance extra payment was received, the Branch has completed the proposal. LIC should have called for the consent before completing the proposal. They have already admitted that it was completed through an oversight since the balance payment was received. If the new terms and conditions were not acceptable to the Complainant, he should have returned the policy to LIC for cancellation and refund of deposit. The Complainant could have come to this Forum in case of dispute. The Insured has preferred to pay the premium,

may be under protest, but the fact remains that LIC covered the risk for so many years and in case of any unfortunate eventuality, LIC would have fulfilled their commitment. As regards complaint against the Development Officer/Agent, the role of distribution channel and administrative matters do not fall under the jurisdiction of this Forum.
LIC has already clarified that underwriting decisions are taken on the basis of the Medical reports/Special Reports submitted alongwith the proposal and based on the current underwriting practices. In view of this the contention of the complainant that his subsequent policy at age 40 was accepted with Class II extra whereas for the earlier policy at age 35 Class IV extra was charged is not tenable. However, since there is no specific consent of the Insured with LIC, if the underwriting decision of LIC is still not acceptable to the Complainant, he may approach LIC for cancellation of the policy in which case, LIC may refund the premiums paid as per their rules subject to deduction of proportionate risk premium for the period covered and other administrative expenses as per rules. In view of the above facts, the complaint of Shri Shyam S. Anaokar, is dismissed.