

**PROCEEDINGS BEFORE THE INSURANCE OMBUDSMAN, STATE OF CHANDIGARH**

**(UNDER INSURANCE OMBUDSMAN RULES, 2017)**

**OMBUDSMAN – Dr. D K Verma**

**Case of Ms. Paramjit Kaur V/S LIC of India**

**COMPLAINT REF: NO: CHD-L-029-1920-1480**

1. On 06.01.2020, **Ms. Paramjit Kaur** had filed a complaint of nonpayment of death claim against **L I C of India** in respect of policies bearing no's. 132602454 & 131871673.
2. Now, the respondent Insurance Company has informed this forum vide letter dated 20.01.2020 received on 27.01.2020 that the complainant has already approached the Consumer Forum for Redressal of her complaint. The Insurance Company also submitted the copy of notice no. DCF/SBSN/201/27 dated 01.01.2020 received by them from DCDF, SBS Nagar for CC no. 125/2019 fixed for hearing on 24.01.2020.
3. As per regulation 14 (5) of Insurance Ombudsman Rules, 2017 no complaint before the Insurance Ombudsman shall be maintainable on the same subject matter on which proceedings are pending before or disposed of by any court or consumer forum or arbitrator.
4. In view of the above, no further action is required to be taken by this office and the complaint is disposed off accordingly.

**Dated: 22<sup>th</sup> May 2020**

**PLACE: CHANDIGARH**

**D.K. VERMA**

**INSURANCE OMBUDSMAN**

**PROCEEDINGS BEFORE**  
**THE INSURANCE OMBUDSMAN, STATE OF RAJASTHAN**  
**UNDER THE INSURANCE OMBUDSMAN RULES, 2017**  
**OMBUDSMAN – MS. SANDHYA BALIGA**  
**CASE OF MAMTA V/S L I C OF INDIA**  
**COMPLAINT REF: NO. JPR – L – 029-1920-0361**  
**AWARD NO: IO/JPR//A/LI/ /2020-2021**

1.	Name & Address of the Complainant	Mrs. Mamta W/O Late Sh. Sushil Kumar Jat Vill.- Kishanpura, Via Rangoli, The.- Dataramgarh, Dt. Sikar – 332405
2.	Policy No: Type of Policy SA DOC Plan and Term	503541754 Life Rs. 1050000/- 27.08.2016 836-25-16
3.	Name of the insured Name of the policyholder	Sh. Sushil Kumar Sh. Sushil Kumar
4.	Name of the insurer	LIC OF INDIA ( DO- Bikaner )
5.	Date of Repudiation	22.07.2019
6.	Reason for repudiation	Policy was in lapsed condition on the date of Death
7.	Date of receipt of the Complaint	03.02.2020
8.	Nature of complaint	Repudiation of Death Claim
9.	Amount of Claim	Rs. 1050000/-
10.	Date of Partial Settlement	N/A
11.	Amount of relief sought	Rs. 1050000/-
12.	Complaint registered under Rule no: of IOB rules	13 (1) (b)
13.	Date of hearing/place	28.05.2020 / Video Conferencing
14.	Representation at the hearing	
	a) For the Complainant	Smt. Mamta
	b) For the insurer	Sh. S K Sareen, Manager (CRM)
15.	Complaint how disposed	Dismiss
16.	Date of Award/Order	28.05.2020

**17) Brief Facts of the Case:-** Smt. Mamta ( herein after referred as complainant) had filed a complaint against LIC of India (herein after referred to as respondent Insurance Company) alleging non settlement of Death Claim under policy no. **503541754 on the life of her husband late Sh. Sh. Sushil Kumar.**

## 18) Cause of Complaint

**Complainants' argument:** The complainant submitted that subject policy was taken by her husband late Sh. Sushil Kumar from the respondent Insurance Company under Salary Saving Scheme. The insured died on 15.07.2018. She submitted that monthly premium Of Rs. 4052/- (including GST) were deducted from his monthly salary by his employer RSRTC (Rajasthan State Road Transport Corporation). The deducted premium was deposited by RSRTC to the Insurer on monthly basis along with premiums of other employees. The death claim was denied by the Insurance Company with the reason that policy was lying in lapsed condition on the date of death of the insured. The complainant submitted that her insured husband was in the Govt. Service of RSRTC. Due premium in the policy was deducted from his salary every month and were deposited in the Insurance Company with the premiums of other employees in a consolidated way. The complainant submitted that no intimation of unpaid monthly premiums was ever received from the Insurance Company. The Complainant represented his case to the GRO of Insurance Company but did not get relief. Being aggrieved from the action of the respondent Company, the complainant approached this forum for redressal of her complaint.

**Insurers' argument:-** The respondent Insurance Company in its SCN dated 22.05.2020 submitted that DOC of the subject policy was 27.08.2016. The policy was under Salary Saving Scheme. FUP as on date of Death was 08/2018. As on death of the insured there were 5 gaps (Feb. 2017 to June 2017) in the policy and the policy was in lapsed condition. Correspondence was exchanged by the Insurance Company with the employer of the insured regarding the mentioned gaps. Employer of the insured, the RSRTC informed the Insurance Company vide letter dated 09.05.2019 that during insured's posting at Sikar Depot, by mistake 9 monthly installments of the subject policy could not be deducted from the salary of the insured. 4 due monthly premiums were deducted by the employer from his salary of July 2018, which were adjusted by the Insurance Company towards the initial gaps due monthly premium of 10/2016 to 01/2017. Further 3 due monthly premiums were deducted from outstanding salary arrear of the insured and were sent to the Insurance Company. These 3 premiums were received by the Insurance Company on 01.03.2019 after the death of the insured. As such could not be adjusted in the policy as per rules and are lying unadjusted. As on the date of death there were 5 gaps (02/2017 to 06/2017) in the policy. The Insurance Company stated that under Salary Saving Scheme, it was the responsibility of the insured to deposit the due premiums to keep the policy in force. This fact is evident from the Authority Letter given by the insured in Form no. 155 to his employer. Accordingly policy was in lapsed condition and nothing was payable in the policy as per terms and conditions of the policy.

## 19) Reason for Registration of Complaint: Repudiation of Death Claim.

### 20) The following documents were placed for perusal.

- a) Complaint letter
- b) Policy copy

- c) Form VI A duly signed by the complainant.
- d) SCN and form VIIA duly signed by the Insurance Company
- e) Form no. 155

21) **Result of hearing with both parties (Observations and Conclusion)** :- The matter was heard through video conferencing. I heard both, the complainant and the Insurance Company. The Insurance Company reiterated its stand taken in SCN. As on the date of death there were 5 gaps (02/2017 to 06/2017) in the policy. The Insurance Company stated that under Salary Saving Scheme, it was the responsibility of the insured to deposit the due premiums to keep the policy in force. This fact is evident from the Authority Letter given by the insured in Form no. 155 to his employer. Accordingly policy was in lapsed condition and nothing was payable in the policy as per terms and conditions of the policy.

The complainant submitted that her deceased husband had given the authority to his employer to deduct due premium from his salary and to remit the same to the Insurance Company every month. During hearing, she also stated that as per reply dated 20.09.2019 of RTI, received from the employer, RSRTC, Sikar Depot, it was a lapse on the part of the employer, who did not deduct the insurance premium from salary every month. Her husband had never received any information from the Insurance Company regarding the premium gaps. Only on submission of claims papers, it was informed by the Insurance Company that the policy was in lapsed condition due to gaps in premium.

I find that the employer, RSRTC, a government organization has admitted to the lapse on their part for not deducting the due monthly premium from the salary. This fact was admitted in the RTI reply of the employer (RSRTC) dated 20.09.2019. Further the Insurance Company could not produce any proof of informing the deceased regarding gaps in premium under the policy, which was a lapse on the part of the Insurance Company. The employer RSRTC deposited the gap premiums to LIC after the death of the insured. Merely relying on the fact that the deceased had filled the Form 155 does not absolve the Insurance Company. The Insurance Company is directed to treat the policy in force after adjusting the amount lying with them as unadjusted, if any in the policy and deduct the remaining due premiums if any from the claim proceeds.

**Accordingly an Award is passed with a direction to the Insurance Company to process the claim as per rules treating the policy in force after adjusting the amount lying with them as unadjusted, if any in the policy and deduct the remaining due premiums if any from the claim proceeds.**

**AWARD**

**Taking into account the facts and circumstances of the case and the submissions made by both the parties during the course of hearing, the Insurance Company is directed to process the claim as per rules treating the policy in force after adjusting the amount lying with them if any in the policy and deduction of remaining due premiums if any from the claim proceeds.**

22) The attention of the Complainant and the Insurance Company is hereby invited to the following provisions of Insurance Ombudsman Rules 2017.

a. According to Rule 17(5) of Insurance Ombudsman Rules 2017, a copy of the award shall be sent to the complainant and the insurer named in the complaint.

b. As per Rule 17(6) of the said rules, the insurer shall comply with the Award within 30 days of the receipt of the award and shall intimate the compliance to the Ombudsman

Place: Jaipur

Dated: 28.05.2020.

SANDHYA BALIGA  
(INSURANCE OMBUDSMAN)