

PROCEEDINGS BEFORE THE INSURANCE OMBUDSMAN, STATE OF KARNATAKA

(UNDER RULE NO: 16/17 of THE INSURANCE OMBUDSMAN RULES, 2017)

OMBUDSMAN –NEERJA SHAH

In the Matter of MR. MALLIKARJUN. I. MOTIMATH V/s DHFL PRAMERICA LIFE INSURANCE
COMPANY LIMITED

Complaint No: BNG—L--013--1920– 0228

Award No: IO/BNG/A/LI/0276/2019--2020

1.	Name & Address of the Complainant	Mr. Mallikarjun. I. Motimath # 90, 5 th Cross, 1 st Phase, 2 nd Stage Chandra Layout, Bangalore – 560040 Karnataka State (M); 9845544022
2.	Policy No: Type of Policy: Name of the Policy: Commencement of Policy/ Policy Period/PPT Mode/Premium Amount	000390097 Life DHFL Pramerica Flexi Cash 19/11/2015 15 Years/5 Years Yearly / ₹.2,00,000/-
3.	Name of the Insured Name of the Policyholder	Mr. Mallikarjun. I. Motimath
4.	Name of the Respondent Insurer	DHFL Pramerica Life Insurance Company Limited
5.	Date of Repudiation/ Rejection	01/03/2019
6.	Reason for repudiation/ Rejection	Policy is in lapsed condition and hence benefits are not payable
7.	Date of receipt of Annexure VI-A	31/07/2019
8.	Nature of complaint	Loyalty addition not paid as per policy terms and conditions
9.	Amount of claim	₹. 20,000/- + Interest
10.	Date of Partial Settlement	N A
11.	Amount of relief sought	₹. 20,000/- + Interest
12.	Complaint registered under Rule No	13(1)(a) of Insurance Ombudsman Rules, 2017
13.	Date of hearing/place	16/10/2019 - Bengaluru
14.	Representation at the hearing	
	a) For the Complainant	Self
	b) For the Respondent Insurer	Mr. Gajendra .S. – Manager
15.	Complaint how disposed	Dismissed
16.	Date of Award/Order	05/11/2019

17. Brief Facts of the Case:

The complaint arose due to non-settlement of Guaranteed Loyalty Benefit as per policy terms and conditions. In spite of his representations to Grievance Redressal Officer (G.R.O.), his request was denied. Aggrieved, he has approached this forum.

18. Cause of Complaint: -

a. Complainant's argument:

The Complainant vide his letter dated 24/07/2019 stated that he has availed the said policy from the RI on 19th November 2016 and as per policy terms and conditions he received the 1st loyalty benefit of ₹.20,000/- on 24/11/2017. Due to personal reasons he could not pay the premium due 2017 & 2018 in time. Subsequently when he paid the premiums due 2017 & 2018 (i.e. 2nd & 3rd instalment) in July 2018, the RI has paid the 2nd loyalty benefit but not paid the 3rd. When he enquired with the RI, he was informed that the 3rd loyalty benefit is payable only when he pays 4th year premium. The Complainant's contention is that the payment of loyalty benefit is no way connected to payment of premium. The policy benefit illustration also states that loyalty addition is to be paid provided all 'previous years premiums are paid'. As the RI has not paid the 3rd loyalty benefit of ₹.20,000/- on his policy, he has approached this Forum seeking directions to the RI for payment of the said loyalty benefit.

b. Respondent Insurer's argument:

The RI vide their SCN dated 08/08/2019 admitted to the issue of the said policy in the name of the Complainant after receiving all the requirements 'in order'. Accordingly the RI issued the said policy and despatched the same to the Complainant along with 'Cooling Off Cancellation' clause and the Complainant has received the same. As per the terms and conditions of the policy, the RI will pay the guaranteed loyalty benefit, at the start of policy year commencing from 2nd policy year till the end of premium paying period provided the policy is in full force for full benefits and all due premiums are received by the RI. At present, the Complainant has paid a total of 3 annual premiums and the Complainant is eligible for 2 survival benefits, the RI has paid 2 survival benefit. Since the complaint made by the Complainant is baseless and bereft of any merits, the RI has prayed for dismissal of the said complaint.

19. Reason for Registration of complaint: -

The complaint falls within the scope of Insurance Ombudsman Rules, 2017 under Sec 13(1)(a) and hence, it was registered.

20. The following documents were placed for perusal: -

- a. Complaint along with enclosures,
- b. Respondent Insurer's SCN along with enclosures and
- c. Consent of the Complainant in Annexure VIA & Respondent Insurer in VII A.

21. Result of personal hearing with both the parties (Observations & Conclusions):

The issue to be decided by the Forum is whether the Complainant is eligible for 3rd loyalty benefit of ₹.20,000/-.

During the personal hearing on 16/10/2019 the Complainant informed the Forum that payment of loyalty benefit is not linked to payment of premium and hence he prayed the Forum to direct the RI to pay the 3rd loyalty benefit.

The RI informed the Forum that, as the life assured has paid only 3 premiums he is eligible for 2 benefits which has been correctly paid by the RI. The RI also prayed the Forum not to pass adverse orders as they would get correct clarifications from their Corporate Office. Vide their mail dated 30/10/2019, the RI has confirmed that they have made the policy payments of 'Guaranteed Loyalty Benefits' as per terms and conditions of the policy.

On perusal of the records and documents placed before the Forum, it is observed that the Complainant availed the said policy on 19/11/2015 by paying the 1st annual premium of ₹.2,00,000/- It is a 'Limited payment money back type of policy' wherein the RI will pay 'Guaranteed Loyalty Benefit' at the start of the policy year commencing from the 2nd policy year till the end of the premium paying period provided that the policy is in force for full benefits and all due premium being received by the company. This benefit shall be equal to @ 10% of annualized premium'.

The Forum notes that the 1st 'Guaranteed Loyalty Benefit of ₹.20,000/- which was due on 19/11/2016 was to be paid by the RI provided the 1st renewal premium due in 2016 was paid by the Complainant. But the RI released the 1st loyalty payment of ₹.20,000/- on 23/11/2016 without receiving the 2nd due premium. Thereafter the Complainant paid the 2nd due premium due in 2016 & 3rd due premium due in 2017 on 04/07/2018 and the RI released the 2nd instalment of 'Guaranteed Loyalty Benefit ' of ₹.20,000/- as per the policy conditions.

The Forum notes that the Complainant in order to be eligible for the 3rd loyalty benefit, needs to pay the 4th due premium which falls due on 19/11/2018. As the Complainant has not paid the due premium on 19/11/2018, the Complainant is not eligible for the 3rd loyalty benefit.

Therefore the action of the RI in not paying the 3rd instalment of ₹.20,000/- to the Complainant is in order.

AWARD

Taking into account, the facts & circumstances of the case, and the submissions made by both the parties during the course of Personal hearing, the Complaint is '**Dismissed**'.

Dated at **Bengaluru** on 06th November **2019**

(NEERJA SHAH)
INSURANCE OMBUDSMAN
FOR THE STATE OF KARNATAKA