

BHUBANESWAR

BHUBANESWAR OMBUDSMAN CENTRE

COMPLAINT NO- 24-001-1298 Maturity Claim

Sri Dilip Kumar Das Vs. L.I.C. of India, Cuttack-I B.O.

Award Date: 02.05.2011

FACT :- This complaint is filed against delay in settlement of maturity claim.

It is the case of the Complainant that he had taken the Convertible Whole Life policy of insurance under plan/term 28/25 for the sum assured of Rs.30,000/-from the O.P. in the year 1980 with premiums payable by yearly mode. He paid the annual premiums regularly. But, because of the exigency of his service which made him to move from place to place, his policy bond and premium receipts were somewhere misplaced entailing thereafter in discontinuance in payment of premiums by him. On 25.08.2004, he requested in writing to the Manager, Bidanasi unit of the O.P. for settlement of his claim. But his request for settlement of claim went unheeded despite his personal and telephonic contacts. Subsequently, on locating his policy bond, he sent it in original to the Claims Department of the O.P. with his letter on 31.07.2005. After a long gap of several years being asked by the O.P. through its letter dated 23.01.2009, he also furnished some relevant papers to the O.P. with his letter dated 17.02.2009 putting his signatures thereon. Since he received no response from the O.P. in spite of pursuing the matter, he has to file the Complaint seeking intervention of this forum quantifying his relief for Rs.15,000/- plus interest.

In the Self-Contained Note, the O.P. has stated that the Complainant took the Convertible Whole Life Policy of Insurance under plan no-28 on yearly mode of payment of premiums. But, he paid premiums for three years only and discontinued thereafter. As premiums were not paid, the policy turned into "paid-up" category policy. It is further stated that once the policy under Plan no-28 acquires paid-up status, Surrender Value and not the maturity value on the policy is payable that too only upon the application being made by the insured in writing to the insurer. This fact was communicated by its servicing branch to the Complainant. With the above contentions, it asks for closing of the case.

At hearing, the Complainant submits that he had paid five instalments of the premiums but has not retained the deposit receipts with him at present to show payments and had filed three such receipts with the O.P. He further submits that in his letter dated 25.08.2004 mentioning about the discontinuance in payment of premium, he had requested for settlement of the claim by taking into account the premiums paid by him. But, the O.P did not take any further action to settle his claim. In reply, O.P.'s representative submits that as per its record, payments of three annual premiums were made by the Insured. He submits that when there is discontinuance in the payment of premium in respect of policy under plan no-28, only Surrender Value is payable on application by the Insured. He submits that the Complainant has not filed any application to get the Surrender Value of his premium deposits.

AWARD :- Hon'ble Ombudsman observed that on the basis of the above contentions of the parties and in the absence of any proof being given by the Complainant in support of the fact of payment of five yearly premiums by him, it is to be concluded that the Complainant paid only three yearly premiums. A perusal of the terms and conditions of the policy would show that the policy contains a 'non-forfeiture regulation' which provides that if premiums for the minimum period of 3 years are paid in respect of the policy and subsequent premium is not paid thereafter, the policy shall not be wholly void but sum assured by it, shall be reduced to such sum as shall bear the same ratio to the full sum assured as number of premiums actually paid shall bear to the total number originally stipulated for in the policy. It further provides that the existing vested bonus, if any, will remain attached to the reduced paid up policy. So, the Complainant is entitled to a reduced sum on the basis of number premiums actually paid by him and he is also entitled to bonus in addition thereto. In the course of the hearing, the Opposite Party's representative was asked to calculate the Surrender Value taking payment of three premiums into account and later on a calculation sheet is filed by him showing the amount due towards Special Surrender Value at Rs.1667/-. The main objection raised by the O.P.'s representative against payment to the Insured-Complainant on the policy is that in order to get the Surrender Value, the insured has to file an application and since the same has not been filed by him, the amount is not payable. It would be seen from the copy of the letter of the Complainant dated 25.08.2004 that mentioning about discontinuance in payment of the premium by him and expiry of the period of the policy, he requested for payment of the amount due on the above policy to him. In the letter he had mentioned about the loss/mis-placement of the policy by him. It appears from his another letter dated 31.07.2005 that enclosing the original policy which as mentioned by him to have matured on 28.03.2005, he requested for settlement of his claim in respect of the policy. It is well known that in order to get the claim the insured has to submit his policy to the Insurer. In the first letter dated 25.08.2004, the Complainant did not submit the policy bond on the reason that he had misplaced/lost it. But with his next letter dated 31.07.2005, he sent the original policy bond which from the endorsement available therein shows its delivery to the addressee on 15.09.2005. It would not be out of place to mention that in this letter also, the Insured made a request for settlement of his claim on the policy. So, the contention advanced on behalf of the O.P. that no written application has been made by the Complainant for payment of the amount due on the policy to him is without any basis and is thus not correct. The policy bond being actually handed over to the O.P.'s functionary on 15.09.2005, this date is taken as the effective date of the application for getting the amount due on the policy by the Complainant. There being no valid reason to delay payment, in terms of Insurance Regulatory Development Authority (Protection of Policyholders Interest) Regulation, 2002, the Insurer is liable to pay penal interest @ 8% per annum for the period from 15.09.2005 till payment of the special Surrender value due on the policy to the Complainant.

BHUBANESWAR OMBUDSMAN CENTRE
Complaint No-24-001-1300 Maturity Claim

Sri Dhirendra Kumar Mohapatra Vs L.I.C. Of India
Award dated 3rd May, 2011

FACT:- The Complainant had taken the Jeevan Suraksha-I policy bearing no-585645049 from the O.P. on yearly mode @ Rs.10,000/- for five years. His policy matured on 04.02.2010. Prior to the maturity of his policy, he was intimated by the servicing branch of the O.P. in writing through the letter dt.16.12.2009 that the maturity value of his policy was Rs.56922/-. But, while making payment to him, he was paid Rs.52,603/- on 29.06.2010 without the annuity amount being paid for the months of March, April and May -2010. It is further stated by the Complainant that had he put the total premium amount of Rs.50, 000/- in any Bank, he would have earned interest of Rs.6000/-. Being thus aggrieved, he has filed this Complaint. In form No-P-II he has sought for the relief of Rs.4,319/- being the differential amount between the matured value intimated to him and the amount actually paid to him. Besides, he has also sought for the relief for the payment of pension for three months in addition to the above amount.

In the Self Contained Note, it is stated by the O.P. that as per the terms and conditions of the Pension Plan, annuity as per the option of the annuitant was payable from the date of vesting subject to such option being exercised in writing prior to the date of vesting. The Complainant applied on 12.10.2009 to surrender his policy. As the Complainant submitted the Pass Book beyond the date of vesting i.e., on 02.03.2010, for verification of bank clearance of his last premium, the case of the Complainant was treated as an "After Vesting Case" and accordingly, Surrender Value on the policy was calculated and Rs.52603/- being the sum total of the Surrender Value and annuity from 04.02.2010 to 01.06.2010 was paid to him through cheque drawn on 25.06.2010. It is also stated by the O.P. in the SCN that the amount which was intimated prior to the date of maturity is neither the maturity amount as stated by the Complainant nor the Surrender Value of the policy. It is further stated that the Surrender Value has been correctly calculated and paid to the Complainant as per the terms and conditions of the policy and that insurance investment are not comparable with Banking investment.

AWARD:- The Hon'ble Ombudsman opined that as per the terms and conditions of the pension policy the Special Surrender Value will be available after payment of at least two full years premium. It further indicates that after payment of three years premium, bonus is also to be paid. The Complainant submitted his application in writing to surrender his policy on 12.10.2009 which date is much prior to the date of vesting and the O.P. went completely wrong in treating the case of the Complainant as an "after-vesting case" only on the reason of the submission of the copy of bank pass book by him beyond the date of vesting. Therefore, in terms of the policy, the Insured-Complainant is entitled to the Special Surrender Value with bonus. Hence the O.P. is directed to pay to the Complainant the Special Surrender Value with bonus due on the policy treating the case as one of surrender before the date of vesting of the policy.

BHUBANESWAR OMBUDSMAN CENTRE
COMPLAINT NO- 24-001-1347 Maturity Claim

Sri Narahari Dash Vs. L.I.C. of India, Bhubaneswar II B.O.

Award Dated 12th September, 2011

FACT :- This complaint is filed for delay in payment of maturity claim.

It is the case of the Complainant that he had taken three policies of Insurance from the O.P.. In the month of October, 1992 mortgaging his three above policies he availed himself of a Housing Loan from LIC HFL, Bhubaneswar. He continued to deposit all premiums on the policies and also repaid the loan installments regularly till December, 2009 when all his loan dues were cleared up by him and his loan account was closed. Consequently, the LIC HFL, Bhubaneswar returned two policies to him and sent the other policy to O.P.'s Cuttack Divisional Office on 13.02.2009 by Regd. Post for settlement of the Maturity Claim as the policy which was taken under Plan 14-23 for the sum assured of Rs.25,000/- matured in February, 2009. But, inspite of his several contacts with the O.P. the maturity value of his afore-noted policy has not yet been paid to him. Being thus aggrieved, he has filed this Complaint for getting early release of maturity value along with interest @25% and compensation amount for mental agony and harassment.

In the Self-Contained Note, the O.P. has stated that since the Policyholder had assigned his policies to LIC HFL for the loan, the Policy Bond was not available with it then for payment of the Maturity Claim after the same became due. It is further stated in the SCN that in the meanwhile the Maturity Claim amounting to Rs.62,375/- has already been sent to the Policyholder vide cheque dated 23.04.2011 which has also been delivered to the policy-holder on the same date. In the additional SCN filed by the O.P. on 19.08.2011, it is further stated by the O.P. that it has also paid the penal interest to the Complainant @ 8% amounting to Rs.10,133/- after deduction of income tax and surcharge amounting to Rs.1,164/- therefrom and the cheque has been dispatched to the Complainant by post on 19.08.2011. With the above contentions, it asks for the closure of the case.

At hearing, the Complainant while admitting about the receipt of the maturity claim cheque has submitted that no interest has been paid to him for the delay. He claimed interest @25% for the period of delay. be allowed to him. On the other hand, the O.P.'s representative submitted that interest computed at the penal rate for the period of delay amounting to Rs.10,133/- after deduction of income tax has also been paid to the policy-holder on 19.08.2011 by cheque.

AWARD :- Hon'ble Ombudsman observed that as per Regulation 8 (5) of IRDA (Protection of Policyholders Interests) Regulations, 2002, interest on the claim amount at the rate which is 2% above the Bank Rate prevalent in the beginning of the financial year is to be allowed for delayed settlement of claim. At the relevant point of time the prevalent Bank Rate was 6% and hence interest rate of 8% per annum as has been allowed by the O.P. is only payable. The claim of the Complainant for payment of interest @25% is not tenable.

Hence, Hon'ble Ombudsman dismissed the complaint as the Complainant was not entitled to any further relief.

BHUBANESWAR OMBUDSMAN CENTRE
COMPLAINT NO- 24-001-1350 Maturity Claim

Sri Ananda Prasad Mahunta Vs. L.I.C. of india, Cuttack II B.O.

Award Dated 29th July, 2011

FACT :- This complaint is filed against delay in settlement of maturity claim.

It is the case of the Complainant that he had taken a policy of insurance from the Insurer under Salary Savings Scheme. His policy matured on 28.02.2007. As the policy was somewhere lost by him, he could not submit the original policy to the servicing Branch of the O.P. for payment of maturity value of his policy to him. Upon intimation about the loss of the policy the O.P. sent him on 13.03.2007 two forms i.e., Forms Nos. 3807 and 3815 for resubmission of the same after compliance. As instructed by the servicing Branch, he drew up the above forms in non-judicial stamp papers worth Rs.100/- and sent those to it. Subsequently, being asked further, he also submitted copies of his Voter Identity Card, PAN Card, Official Identity Card & Electricity Bills etc. Yet, the maturity value of the policy is not paid to him despite several correspondences.

In the counter, the O.P. has stated that submission of policy bond with Discharge Voucher is required under the rules for settlement of the Maturity Claim. As the policy bond was lost by the policy-holder, as per the rule the latter was asked to submit Indemnity Bond in Form No-3815 and Surety Consent Letter in Form No-3807. In spite of being reminded many times, the Complainant has not yet furnished the required documents for settlement of the maturity claim. It is stated that as soon as the required materials would be received by the servicing Branch from the Complainant, his claim would be settled.

The Complainant did not turn up for hearing. The O.P.'s representative submitted that when called for the Indemnity Bond, the policy-holder filed an affidavit and insisted on acceptance of the same in lieu of the indemnity bond. Subsequent to the hearing, a letter of the Complainant dated 16.08.2011 has been received in this forum by post wherein he has added that a few days back documents submitted by him in the Branch have been traced out from the Claim section of the said office. But, no supporting material is filed by him to confirm his statement regarding recovery of the required documents which he claims to have been submitted to get payment of the maturity claim.

AWARD :- Hon'ble Ombudsman observed that there is no material available before this forum to conclude that the Complainant had in fact submitted all the requisite documents. As per the papers submitted by him, his version is not consistent all throughout in this regard. As against the above varying version of the Complainant, it is consistent stand of the O.P. that no such document has been filed by the Complainant. As per O.P.'s circular, these requirements are necessarily to be satisfied for settlement of maturity claim where policy is lost. The O.P.'s

contention is that on fulfillment of the requirements by the Complainant, the claim would be settled.

Hence, Hon'ble Ombudsman directed the O.P. to once again make the blank requisite forms available to the Complainant with a covering letter clearly specifying therein the other requirements to be complied by him with regard to his photo-identity and residence proof etc. and on receipt of the above documents complete in all respects from the Complainant, to dispose of the matter within 15 days from the date of receipt of the papers failing which the O.P. would be liable to pay penal interest on the maturity claim amount for the delayed period at the rate as prescribed. He also directed the Complainant to comply the requirements as indicated above as early as possible.

KOLKATA

AWARD IN THE MATTER OF

**Mr. Aditya Chhaparia
AND
Life Insurance Corporation of India**

Date of Award - 7th July, 2011

Complaint No. : 81/24/001/L/04/2011-12.
Nature of Complaint : Non-payment of maturity claim.
Category under RPG : 12 (1) (e)
Rules, 1998.
Date of Hearing : 4th July, 2011.

Facts and Submissions:-

1. **Complainant**

The complainant had taken the above policy from CBO-17 of the insurer on 28th February, 1988 for sum assured of Rs.50,000/= for a term of 17 years. He stated that the said policy matured on 28th February, 2005 but he continued receiving the premium notice from the insurer. He also continued paying the premium till February, 2010 i.e. after the maturity date of 28th February, 2005. In spite of several follow-ups, the maturity claim was not paid to him by the insurer. So, he approached this Forum for justice and submitted "P" Forms giving his

unconditional and irrevocable consent for the Insurance Ombudsman to act as a mediator between the insurer and the complainant for resolution of the complaint.

2. **Insurer**

The insurer has submitted their SCN dated 27th June, 2011 confirming the fact that the policy master was wrongly written as 25 years instead of 17 years. They have duly corrected the term as 17 years and sent the blank Discharge Voucher (D/V) to the policyholder along with the maturity amount payable plus the refund of excess premium paid by the Life Assured (LA) on 29th April, 2011. Since the executed D/V along with the original policy bond has not been received by the insurer, they are not in a position to settle the claim of the complainant.

3. **Hearing:**

Both the parties attended the hearing on 04/07/2011. The complainant explained the ground of his complaint. He stated that he could not submit the discharge voucher because the maturity amount mentioned in the discharge voucher is not correct. He requested that his computation of the maturity amount should be considered by the Insurer. The representative of the insurance company, on the other hand stated that the company is ready to make full payment towards maturity claim along with refund of excess premium provided the discharge voucher is executed and returned to the insurer at an early date.

4. **Decision**

We have heard the submissions of both the parties. The complainant is directed to return the executed discharge voucher along with the policy bond to the insurer. The insurer is directed to reconcile the difference pointed out by the complainant in the computation of maturity amount payable. They are further directed to pay the maturity claim and refund the excess premium along with penal interest as per company's rules within 15 days of the receipt of the Discharge Voucher and consent letter of the complainant. The complaint is allowed.

**OFFICE OF THE INSURANCE OMBUDSMAN,
4, C.R. AVENUE, HINDUSTHAN BUDG. ANNEXE
4TH FLOOR, KOLKATA – 700 072**

ORDER IN THE MATTER OF

Complaint No. : 114/24/001/L/04/2012-13

Nature of Complaint : Delay in settlement of maturity claim

Category under RPG Rules, 1998 : 12 (1) (e)

Policy No. : 414763167

Name & Address of the Complainant : Shri Dilip Kumar Sen,
64/5, Garfa Main Road,
2nd Floor (Front Side),
Senpara,
Kolkata – 700 075.

Name & Address of the Insurer : Life Insurance Corporation of India,
Howrah D.O., Rallis Building,
16, Hare Street,
Kolkata – 700 001.

Present on behalf of the Insurer : Shri B. Patra,
Manager (Claims)

Present on behalf of the Complainant : Shri Dilip Kumar Sen

Date of Order : 21st August, 2012

ORDER

Facts and Submissions

1. Complainant

The complainant has mentioned in his complaint letter dated 17th April, 2012 that the “Jeevan Suraksha” policy bearing no.414763167 issued to him by Life Insurance Corporation of India, Howrah D.O. on 21st February, 2000, matured on 21st February, 2005. Despite his sending

7 reminder letter as also paying personal visits to the concerned Branch of the insurer on several occasions, the insurer has not yet settled the maturity claim under the policy. Finding no other alternative, he approached this Forum with the appeal for settlement of maturity claim with 18% yearly interest on the total maturity proceeds from March, 2005. He also submitted 'P' Forms and gave his unconditional and irrevocable consent for the Hon'ble Insurance Ombudsman to act as a mediator between the insurer and himself for resolution of the complaint.

2. **Insurer**

The insurer in their written submission (SCN) dated 30th May, 2012 has informed that as per their records, the policy stands matured but they could not make the payment due to technical problems. They will be in a position to settle the claim subject to submission of necessary papers by the policyholder for ratification, as no papers regarding ratification are available with them.

3. **Hearing:**

Both the parties were called for a personal hearing on 17.08.2012. The complainant submitted that he has already submitted the original policy bond and option form on 21.03.2005 and produced the acknowledgement of the branch office for the receipt of these documents.

The representative of the insurance company stated that these documents are not available at their end. They requested the complainant to submit the Xerox copy of the policy bond and duly signed discharge voucher along with option form, so that his case can be settled.

4. **Decision**

The complaint is pending for last 7 years due to negligence of the insurance company. The complainant has co-operated in all possible manners and has submitted all the relevant papers, but no decision has been taken by the company so far. The insurance company is directed to settle the claim on the basis of the copy of the policy bond (original having been misplaced) and the complainant is advised to submit a fresh option form and discharge voucher as required by the insurer. The claim should be settled within 15 days of the receipt of the discharge voucher and option form under intimation to this forum. The complaint is dismissed.
