

Maturity Claim

Ahmedabad Ombudsman Centre

Case No. : 21-001-0143

Mr. N S Upadhyaya

Vs

Life Insurance Corporation of India

Award Dated : 25-10-2006

Recovery of excess interest on Policy Loan on maturity of the Policy: The Complainant had applied and was granted a Policy Loan on 5-5-1971. Loan Interest thereon was paid by him only upto 10-7-1973. When the Policy matured on 10-7-2005, the Respondent recovered the Loan Amount and the Half-Yearly Compounding Interest at 7½% on the Loan for 32 years. The Respondent exhibited the Loan Endorsement and the Application of the Loan which contained all the rules applicable for cases where Loan is granted to Policyholders. Since, the Respondent had complied with all the conditions as per the said documents, the decision of the Respondent was upheld.

Ahmedabad Ombudsman Centre

Case No. : 25-001-0066

Mr. R P Pithadia

Vs

Life Insurance Corporation of India

Award Dated : 24-11-2006

Partial Payment of Maturity Claim under Life Insurance Policy: While making the payment of Maturity Claim, the Respondent recovered an amount of Rs.110/- towards difference in premium. It was observed that the Mode of payment of the Policy was modified from Quarterly to Yearly. While calculating the revised premium, the rebate was taken at 3% of the Premium. However, for Policies commencing prior to 1988, the rebate was Re. 0.75 per thousand SA. This mistake in application of the Rebate led to under-charging the Insured by Rs.22/- per year which was detected on maturity of the Policy. The Complainant was not made entitled to get any benefit of the genuine bonafide mistake of the Respondent.

Ahmedabad Ombudsman Centre

Case No. : 24-001-0267

Mr. N D Vaidya

Vs

Life Insurance Corporation of India

Award Dated : 24-1-2007

Delay in settlement of Maturity Claim: The excess remittances of premiums by the Employer of the Complainant under the Policy under Salary Savings Scheme were refunded with 8% interest. The Complainant pressed for higher rate of interest. However since the Corporate Office directive indicated the concerned rate to be made applicable to all the Branches in India to be 8%, a still higher rate was not considered

reasonable in the circumstances. As such, the Complaint was taken to be disposed with no further relief to the Complainant.

Ahmedabad Ombudsman Centre

Case No. : 21-001-0269

Mr H N Buddhdev

Vs

Life Insurance Corporation of India

Award Dated : 13-2-2007

Short settlement of Maturity Claim under Life Insurance Policy: The Insured had a Bima Sandesh Policy. The Complainant desired that the full Sum Assured with Bonus be paid on maturity of the Policy. As per the conditions of the Plan, only premiums paid upto the date of maturity less the premiums paid towards Accident Benefit could be refunded on Maturity without interest. The provision being clearly mentioned in the Contract, no interpretative intervention can be made. As such, the decision of the Respondent in the matter of the Claim was upheld.

Ahmedabad Ombudsman Centre

Case No. : 21-001-0272

Mrs S D Murarka

Vs

Life Insurance Corporation of India

Award Dated : 13-2-2007

Short settlement of Maturity Claim under Life Insurance Policy: The Insured had a CDA Plan 41 which vests on the Policy Anniversary subsequent to the Life Assured completing age 21. The Insured completed age 21 on 15-2-1998. As such, the Deferred Date mentioned in the Policy Document should have been 28-11-1998 instead on 28-11-1997. The Respondent admitted to the error in the date. The error is a bonafide error in printing the Policy Document. The shortfall in payment of Vested Bonus due to this error, though unfortunate, was explained to the Complainant by also giving him a copy of all the types of Bonus Instructions of LIC. The discussions having been done threadbare, the infirmities having been admitted by the Respondent, there being no financial deficiency in the proceeds disbursed, no order to that effect was given. However the Respondent was advised to tone up its working.

Bhopal Ombudsman Centre

Case No. : LI-1073-21/10-07/BPL

Shri Subhash Amdekar

Vs

Life Insurance Corporation of India

Award Dated : 22.12.2006

Shri Subhash Amdekar, resident of Gwalior (hereinafter called Complainant) took a life insurance policy No. 200210611 under Jeevan Suraksha Policy Table/Term 122-06 on 26-04-1999 from LIC of India, DO: Gwalior, Branch: P&GS Gwalior under the Central Zonal Office, Bhopal (hereinafter called Respondent). The Complainant stated that the Policy matured on 26-06-2005 and the Pension was due as per provisions of the said Plan w.e.f. 26-04-2005 at rate of Rs. 843=00 as mentioned on the policy bond. The complainant has informed that there has been short-remittance of pension payment by Rs 90=00 from the Respondent. The Complainant added that he has to pay the pension @ Rs. 843=00 but the same is being paid @ Rs 753=00 from 7/2005 to 8/2006. Where as the option given by him vide letter dated 11.10.2004 was for the mode of annuity

'monthly' and Type of annuity "Option-(F), life pension with Return of purchase price on death." The Term & Conditions of the policy can not be altered without the consent of the policy holder once decided. Aggrieved by the same, the Complainant has lodged a complaint with this Office seeking directions to Respondent to settle the balance amount of pension along with interest.

Observations of Ombudsman: I have gone through the materials on records and submissions made during the hearing and my observations are summarizing below.

There is no dispute that the Policy No. 200210611 was issued to the Complainant by the Respondent on 26-04-1999 under Jeevan Suraksha Annuity Plan.

During hearing, the Respondent has stated that the amount of pension of Rs. 843 shown on the policy bond is according to the Option 'D' The Respondent further informed that usually they obtain the consent from the annuitant before the maturity of policy for making the payment of pension. In this case the Complainant has also submitted the letter dated 13.10.2004 to opt the Option 'F' and accordingly the pension amount Rs 753=00 became payable till survival with another benefit of Notional Cash Value payable to the Nominee after the death. The Respondent also contented that they have sent a letter dated 13-10-2006 to the Complainant stating the benefits of both the option to take the decision to opt either of it which may be corrected accordingly. But the Complainant has not submitted any reply in this regard.

It is clear from records that the difference in annuity amount is due to the change of option exercised by the Complainant at the time of maturity.

In view of the above circumstances, I am of the considered opinion that the decision of the Respondent is fair and justified. I found no reason to interfere with the decision taken by the Respondent. Hence the Complaint is dismissed without any relief.

Bhopal Ombudsman Centre
Case No. : LI-1072-24/10-07/JBP
Shri R.P.Soni
Vs
Life Insurance Corporation of India

Award Dated : 22.01.2007

Shri R.P.Soni, Resident of Kareli Distt Narsinghpur (M.P.) [hereinafter called Complainant] took life insurance policy No. 341366513 & 341369904 from LIC of India, Branch Office: CAB Jabalpur DO, Jabalpur under salary saving scheme against paying authority M.P.E.B.

[hereinafter called Respondent]. The policies became due for maturity claim. The premium of both the policies has been sent to The CAB Jabalpur by his employer through RAO MPEB Narsinghpur regularly every month but the premium posting was not up dated by the Respondent. The complainant has complained that he has not received the maturity claim due in January 2006 under the policy 341366513 and pension due from May 2006, till the date of complaint. Aggrieved by the delay in payment of maturity claim, the complainant has lodged a complaint with this Office seeking directions to Respondent to settle the maturity claim amount against policy. no. 341366513 and pension against policy no. 341369904.

The Complaint was registered & necessary forms were issued to both the parties and reply was received from both the parties.

Observations of Ombudsman : I have gone through the materials on records and submissions made during hearing and my observations are summarized as follows:

There is no dispute that the Policies number 341366513 and 341369904 were issued to DLA by the Respondent.

During hearing, the Complainant informed that he has not received the maturity claim due in January 2006 under the policy 341366513 and pension due from May 2006 under policy no. 341369904 so far where as the premiums were remitted regularly by his employer, in spite of his several correspondences and visits to the office of the respondent.

During hearing, the Respondent stated that the policies were pertaining to the salary saving scheme and the premiums were remitted through their respective RAO's of MPEB where the Life Assured was posted. Accordingly the efforts have been made to trace out the gaps under the policies. Now they have settled the maturity claim under the policy no. 341366513 vide cheque no. 153275 dated 15.01.2007 for Rs. 142562=00 including the interest for delay in settlement of the maturity claim.

Regarding another policy no. 341369904 the Respondent replied that they are under the process of payment of pension but unable to proceed further in absence of option desired by the life assured which led to the amount of pension. The Respondent further added that they shall proceed for the payment of pension on receipt of the option from the Life Assured.

During Hearing, the Respondent has handed over the maturity claim cheque no.153275 dated 15.01.2007 for Rs. 142562=00 to the Complainant which was received by him during the hearing. In respect of the another policy no. 341369904 the Respondent has obtained the letter of option " F " for pension from the life assured.

It is observed that the maturity claim under the policy no. 341366513 has been paid to the Complainant and the Complainant has also submitted the option letter dated 17.01.2007 for the calculation of pension amount to the Respondent.

In view of the above, the Respondent is directed to settle the payment of pension under the policy no. 341369904 within the 15 days from the receipt of this order.

Bhubaneswar Ombudsman Centre
Case No. : 21-001-0169
Sri Durga Charan Behuray
Vs
Life Insurance Corporation of India

Award Dated : 11.11.06

The Complainant had obtained a Bima Nivesh(Single Premium) Policy under Table & Term 132-05 on payment of Rs.94972/- on 12.11.99 for an assured sum of Rs.100000/- from Rourkela Branch of LIC of India vide Policy No. 591067046 on the assurance that he will get guaranteed addition and may get loyalty addition on the maturity value. The policy matured on 12.11.2004. The insurer paid maturity value of Rs.150366/- on 12.11.2004 which includes Guaranteed Additions of Rs.50366/-. But no loyalty addition was paid on the ground interalia that it was not declared by the Insurer. The representation for payment of loyalty addition of Rs.14246/- was rejected by the Insurer. Being aggrieved the Complainant moved this forum for redressal.

The complaint was taken up for hearing on 19.6.2006. It was contended by the Complainant that before opening the policy, a Development Officer of Rourkela Branch of the Insurer had assured him that the maturity benefit shall include loyalty addition. He had given him a printed leaflet containing emblem of the Insurer and official seal of the Development Officer showing loyalty addition of Rs.14246/ . It was submitted by

the Insurer that no loyalty addition was declared on the policy hence the representation of the Complainant was rejected.

Neither party has submitted the policy document and related papers. The representative of the Insurer stated that the policy docket containing the policy document is not traceable. It appears from the special provisions contained in a sample copy of similar policy that on the life assured surviving the stipulated date of maturity, the policy may be eligible for payment of loyalty addition at such rate and on such terms as may be declared by the Corporation.

On a plain reading of the special provision it is manifest that loyalty addition may be paid if declared by the Insurer as per their own terms. The leaflet produced by the Complainant bears emblem and official seal of a Dev. Officer of the Insurer. It contains a chart showing payment of loyalty addition of Rs.14246/- on the date of maturity of the policy. It does not bear signature of the Dev. Officer concerned or for that matter signature of any other official of the Insurer. But the fact remains that the Complainant was assured of loyalty addition by circulation of such leaflet either by the Dev. Officer or any of the officials of the Insurer which needs investigation by C.V.O of the LIC.

The representative of the Insurer have neither admitted nor disputed the leaflet. Was it a ploy by the local officers of the Insurer to rope in good business? The Complainant is therefore assuaged by an ex-gratia award of Rs.6000/- under Rule 16 of R.P.G. Rules'1998.

Bhubaneswar Ombudsman Centre

Case No. : 24-001-0343

Smt.Martina Soreng

Vs

Life Insurance Corporation of India

Award Dated : 12.12.06

The Complainant while working as Asst.Teacher in Govt.Girls High School, Sundergarh had obtained one Endowment Assurance with Profit Policy under Table & term 14-25 for an assured sum of Rs.15000/- from Cuttack Divisional Office of LIC of India under Govt.Salary Savings Scheme mode of payment of premium @ Rs.51.33 commencing from 28.3.69 vide policy no. 10781627. The policy matured on 28.3.94. The Complainant lodged maturity claim with the Insurer in time. As the Insurer sat over the claim the Complainant moved this forum for redressal.

The complaint was taken up for hearing on 30.10.2006 at Jeypore camp. The Complainant remained absent on the ground of old age. The representative of the Insurer contended that the claim could not be settled by the servicing branch (at the time of maturity) due to non availability of policy docket and premium deduction particulars as the life assured had worked in different places during the 25 years term. However, the Branch is taking necessary steps to collect the aforesaid documents and they shall finalise the claim within one month.

The Insurer was orally directed to settle the claim within 15 days, but the claim has not yet been settled even more than one month time has elapsed by now. It speaks of negligence on the part of the Insurer in settling the claim of a retired teacher. The Insurer is directed to pay the maturity claim along with bonus and penal interest thereon to the Complainant within 15 days from the date of receipt of her consent letter.

Bhubaneswar Ombudsman Centre

Case No. : 21-001-0162

Sri Ganeswar Sahoo
Vs
Life Insurance Corporation of India

Award Dated : 09.10.07

The Complainant while serving in the Finance wing of OSEB Head Office, Bhubaneswar had obtained an Endowment Assurance with Profit policy under Table & Term 14-15 for an assured sum of Rs.50000/- commencing from 6.12.89 vide policy no. 580252655. The policy matured on 6.12.04 and the Insurer sent D.V. for full maturity amount of Rs. 96810/- but ultimately paid a cheque for Rs. 85731/- On the ground of excess payment of Rs. 11698.40 ps. to him in a convertible whole life policy no. 60481628 under Table & Term 27-22 obtained from another branch of the Insurer. Being aggrieved the Complainant moved this forum for redressal.

The complaint was taken up for hearing on 28.11.2006. The Complainant contended that after issuing the D.V. for full maturity amount of Rs. 96810/- the Insurer arbitrarily deducted a sum of Rs. 11698.40 ps. Therefrom with out prior notice to him. The Insurer admitted that on the basis of audit report dtd. 12.8.2004 excess payment was recovered from the maturity claim of policy no. 580252655.

There is no dispute that maturity value of policy no. 580252655 was Rs. 96810/- and a D.V. for the like amount was issued to the complainant. The Question centers round whether there was excess payment of Rs. 11698.40 ps. In policy no. 60481628 to the Complainant and whether the said amount should not have been adjusted from the maturity value of the policy in question.

The audit slip produced by the Insurer shows excess payment of Rs. 11698.40 ps. to the Complainant in policy no. 60481628. The Insurer contended that notice of excess payment was issued to the Complainant vide letter ref: BLS/Claims/AO dtd. 8.11.2004 which is disputed by the Complainant. The Complainant has expressed anguish for deduction of the excess payment in earlier policy without notice to him. The Insurer no doubt has committed impropriety by not noticing the complainant before deducting the excess payment in previous policy.

The payment of excess amount having not been refuted the Complainant is not entitled to any relief.

Delhi Ombudsman Centre
Case No. : LI-DL-I/106/06
Sh. Anand Sharma
Vs
Life Insurance Corporation of India

Award Dated :29.12.06

My office has received a complaint on 23.08.2006 from Shri Anand Sharma, against the Life Insurance Corporation of India, Divisional Office-I, Delhi, regarding delayed payment of Maturity claim under Policy No.113126031.

Life Insurance Corporation of India, Delhi, Divisional Office-I, has informed by their letter that they have settled maturity claim within stipulated time. The maturity was due on 11.06.2006 and the complainant has received the cheque on 29.6.2006 i.e. within 30 days from the due date. Hence, due to this timely payment no penal interest is payable.

In the circumstances, there is no further relief to be granted to the complainant. The complaint is disposed of finally.

Guwahati Ombudsman Centre
Case No. : 23/01/059/L/06-07/GHY
Sri Prabodh Ch Borah
Vs
Life Insurance Corporation of India

Award Dated : 16.11.2006

Grievance

The allegation of the complainant is non-payment of the maturity-claim in connection with the policy in question.

Reply

The Insurance Company has submitted that due to mistake of the clerical staff wrong directions were issued to the insured with regard to maturity of the policy. That policy in question was under table and term 2 (whole life plan) and not under table and term 14-15.

Decisions & Reasons

The proposal form has clearly mentioned the table and term of assurance as T-2, sum assured Rs.50,000/-, D.O.C. : 28/03/91, Mode of premium : HLY and amount of premium Rs.979.50. Similar facts were recorded in this policy copy (whole life policy with profits) issued on 19th September, 1991 and it is stated therein against the wordings — “the period during which premium is payable” as @ “till the death of the life assured”. In their correspondences dated 08/06/2006, the insurance company has stated that the maturity discharge voucher due for 03/2006 was wrongly issued to the insured. It is also submitted vide letter dated 16/10/2006 addressed to Insurance Ombudsman that the The error in the premium receipt is due to some clerical mistake and if the policyholder produces his earlier receipts, we may detect at what stage the mistake occurs.

In the policy the date of maturity has not been mentioned and therefore, the matter is to be settled as per the insurance terms and conditions and the insured is to be informed accordingly upto which dates he has to pay the premium, if not for the whole life or till death.

Incidentally, in case of table and term 14-15, at age 43 of the proposer, total premium for 15 years will be, say, Rs.979.50 (HLY) x 30=Rs.29,385.00 which will not be consistent with the sum assured of Rs.50,000/-. Therefore, we find that there was definitely a mistake in issuing the discharge voucher and appropriate action may be taken against the concerned employee of the insurer but that cannot give rise to any right in favour of the insured to claim the amount mentioned in discharge voucher or to insist upon that because there is no possibility of changing terms and conditions of the original policy etc.

The matter stands closed with a direction to the insurer/LICI to make necessary corrections of the mistake committed by it and inform the insured accordingly. For clarification, copy of the terms and conditions with instructions may be issued to the insured afresh for his knowledge and guidance etc. at the earliest.

Guwahati Ombudsman Centre
Case No. : 21/01/048/L/06-07/GHY
Sri Prakash Ch Baruah
Vs
Life Insurance Corporation of India

Award Dated : 18.12.2006

Grievance

The grievance of the complainant/Insured is that he has not received the maturity claim against the policy in question. That on his visit to the LIC Office with intent to make an enquiry, he could come to know that the policy status was 'surrendered' but he has neither received any cheque nor any intimation from the LIC in this context on the fate of the policy.

Reply

The LIC has communicated this authority by letter dated 12/12/06 to say that the policy was surrendered in the year 1991 as per records, but since surrender payments were done manually during that period and since it destroys old records after expiry of 5 years, payment details is not available either in the computer or in the old register.

Decisions & Reasons

On perusal of the status report of the policy, it appears that it was a policy of sum assured of Rs.25,000/- with monthly mode of premium @81.80 under Plan-Trm-PPtm: 14-25-25, the D.O.C. was 20/03/1981, maturity date 03/2006 , last due 02/2006, FUP-04/1990, the last account dt:31/7/2001 (Date of computerization of system). So, from the aforesaid figures, it appears that the complainant/insured did not take any step to keep the policy in force after the policy status FUP 04/1990.

Thus, we find that the complainant/insured was not taking up any step towards the running of the policy or claiming the benefit for last 15 to 16 years making it a 'stale claim' by now and has approached this authority too belatedly for such relief. It is significant that he has absolutely no document of any kind in his possession including the copy of the policy in order to substantiate his claim. LIC is also not in a position to say definitely, in absence of records, whether the claim was settled by payment or otherwise. But then, presumption under the facts and circumstances aforesaid will be that the claim was most desiredly settled around the year 1990-91 as there is nothing in rebuttal from the side of the complainant. The question would have been different if complainant could produce any document in connection with the said policy. Generally, as per the Law of Limitation the claim of money due is to be made within three years from the date it becomes due and in this present case, no claim was submitted for a long period of 15 years.

Consequently concluding, no scope to give relief to the complainant. Matter stands closed.

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

Award Dated : 26.02.2007

Grievance

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

Reply

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

Decisions & Reasons

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

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

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

Hyderabad Ombudsman Centre
Case No. : L-21-001-0337-2006-07
Sri Francis Joseph
Vs
Life Insurance Corporation of India

Award Dated : 22.02.2007

Facts of the Case:

The complainant is the LA under policy no.33836647 and his complaint is about short payment of maturity value of the policy on account of recovery of interest on policy loan. The LA obtained the policy for a sum assured of Rs.70,000 from Kolkata Division of LIC in the year 1981. He borrowed a loan of Rs.14,700 on 1.8.1988 from City branch-19, Kolkata @ 10.5% interest and executed necessary loan papers. The LA shifted to Bangalore in 1996 and got his policy file transferred from Kolkata to Bangalore. The policy matured for final payment on 28.3.2006 and in the initial claim intimation letter, LIC did not show any recovery against loan. The LA was asked to give a final discharge for Rs.205870.00 and was asked to return the original policy bond for cancellation. At this point of time it came to light that the LA was not in possession of the bond and about existence of loan. The maturity payment under the policy was made by LIC after deducting the outstanding loan and a total interest of Rs. 74,890. The

complainant raised the present complaint against LIC about the huge amount of Rs.74890 recovered as interest on compound basis. He claimed that LIC was at fault in not intimating him about the loan and interest outstanding against the policy. He contended that even though there was a provision to show details of loan in the premium notices, LIC never indicated any loan details in the notices sent to him and he forgot about the loan. He contended that it is highly irregular for LIC to levy such a huge amount as compound interest without ever reminding him. He requested for charging of simple interest on the loan and not compound interest as LIC was at fault in not reminding him about loan.

The insurer contended that the LA executed a loan bond and he was given the loan cheque under a covering letter. As per the loan sanction letter dated 29.7.1988, the LA was advised to pay half yearly interest @ Rs.771.80 regularly and he was also advised about the broken period interest of Rs.257.30 payable on 28.9.1988. They contended that the LA did not pay even the broken period interest and they are justified in recovering the total interest as per loan agreement.

DECISION

The LA admitted that he availed the loan in 07/1988 and forgotten about the same. His main complaint is that he was not reminded by LIC till the policy matured and he never knew that he would be asked to pay such a huge amount as interest. During the course of personal hearing held on 14.2.2007, the LA admitted that he requested for transfer of his file to Bangalore and LIC acted accordingly. As per record the LA stayed at Kolkata for about eight years after sanction of loan and he did not pay even a single rupee towards the loan account. Hence, shifting of residence is not the immediate reason for non-payment of interest. Further, the insurer contended that there is no discretion to waive any part of interest, even in the case of their regular employees in similar situations. In view of the clear terms of loan agreement, the complaint was dismissed.

Kolkata Ombudsman Centre
Case No. : 167/24/001/L/06/2006-07
Shri Baban Prasad
Vs
Life Insurance Corporation of India

Award Dated : 28.11.2006

Facts & Submissions:

The complainant, Shri Baban Prasad purchased the above LIC policy, which got matured on 07.11.05. He stated that even after surrender of the policy bond and discharge form on 25.11.05, he did not receive the maturity amount till date. Hence, this complaint was filed before this forum seeking relief for the maturity amount plus interest thereon.

However, before the order could be passed, the complainant sent a letter dated 18.11.06 stating that he would like to withdraw the above complaint against the insurance company. He further stated that he would take appropriate steps against the insurance company and he prayed for withdrawal of the complaint.

As the complainant had requested for withdrawal of the complaint, the same was dismissed as per his request.

Kolkata Ombudsman Centre
Case No. : 429/24/001/L/09/06-07

Smt. Lalita Singh
Vs
Life Insurance Corporation of India

Award Dated : 08.03.07

Facts & Submissions:

This petition was filed by the complainant Smt. Lalita Singh for non-payment of maturity claim by LIC.

Smt. Lalita Singh purchased an insurance policy, which was due for maturity on 21.07.2006. According to the petition, she requested LIC for a transfer of the policy from Jamshedpur but she was informed on 24.04.06 that the policy was going to mature within 3 months and that there was no provision for transfer of records of policies where maturity intimations were sent. They requested her to furnish her current address for their needful action. Since the maturity claim was not settled, she has requested this forum for relief.

HEARING :

A hearing was fixed to sort out the matter. The representative of the insurance company attended but the party did not attend. The representative of the insurance company informed this office that maturity claim was paid by cheque dated 08.12.06 for a sum of Rs. 1,92,915/- (including penal interest of Rs. 4,958).

Decision :

The absence of the complainant at the time of hearing indicated that she must have received the payment and does not have any more grievances. Since the grievance was satisfactorily redressed, no interference was called for.

Mumbai Ombudsman Centre
Case No. : LI-251 of 2006-2007
Shri Narayan Bhaskar Joshi
V/s.

Life Insurance Corporation of India

Award Dated : 18.12.2006

Shri Narayan Bhaskar Joshi took policy no. 17614973 from Life Insurance Corporation of India, Bombay Divisional Office for Rs. 10,000 with effect from 23.12.1970 under plan 14 for a term of 34 years through his proposal dated 23.12.1970. The policy was originally taken on yearly mode of premium and later converted to SSS policy. The policy matured on 23.12.2004 and LIC settled the claim for Rs. 26,434 against the amount of Rs. 34,409.30. They stated that the final additional bonus of Rs. 6800 was not payable to him since as per the policy terms and conditions final additional bonus was payable only in case of inforce policies. Not getting favourable reply from SSS Division, Shri Joshi approached this Forum with his complaint seeking justice. After perusal of the records parties to the dispute were called for hearing

The documents on record have been gone through. It is noted that LIC has not informed the policyholder anytime regarding non-receipt of gap premiums or for revival of the policy, but adjusted the subsequent premiums as and when received leaving the old gaps. Even at the time of sending the maturity intimation he was not specifically informed about the 14 gap premiums and get necessary certificate from the Employer. It is observed and admitted that they had not informed about the gaps anytime in writing. However he was orally asked to bring the certificate from the Employer. Even in the letter dated 17.12.2004 the unpaid premium was shown as '0' and no reason for

deduction of Rs 7973.30 from the claim amount of Rs.34,409 was given, but gave the details and reasons thereof on taking up the matter. The gap premium was pertaining to the period 12/99 to 7/2001, but premium for the month 2/2000 to 5/2000, 7/2000, 2/2001 and 8/2001 to 9/2004 were received and adjusted by LIC. How the subsequent premiums were adjusted when the premium for earlier months were not received and adjusted was unexplained by LIC. Even when the maturity intimation was sent instead of sending a detailed letter, LIC chose to send a stereotype letter without specifically informing about the gap premium and asking him to obtain a certificate from his Employer. After getting the maturity intimation the Complainant had not made sincere efforts to get a certificate from his Employer for having deducted the said premia from his salary. Instead, he chose to write to them only on 4.1.2006, nearly after one year and that too instead of asking for a certificate, he asked them to make good the loss suffered by him and thereafter no reminders were sent to them. Even on the date of hearing he could not produce such a certificate for claiming the full maturity proceeds.

In view of the above analysis, I do not find any justifiable reason to deny the maturity claim benefits to the policyholder except the gap premium amount, for which policyholder has not made any sincere attempt to get a certificate from the employer are to be deducted from the maturity proceeds.

Life Insurance Corporation of India is hereby directed to treat the policy in force till the date of Maturity and settle the balance maturity benefits under policy no. 17614973 to Shri Narayan Bhaskar Joshi alongwith Final Additional Bonus after deducting the gap premium amount. The case is disposed of accordingly.