

### *3. Miscellaneous Policy*

**Ahmedabad Ombudsman Centre**

**Case No. LIC/2/142**

**Mrs. & Mr. Manish Parikh**

**Vs.**

**Life Insurance Corporation of India**

**Award Dated 16.1.2004**

**Policy No. 87285548/49, 873251158/59**

Complainants' request for cancellation of Policies under Plan New Jeevan Shree and Jeevan Anand was refused by the Respondent since the cancellation request was received after the expiry period of 15 days provided under the provisions of cooling off period in the IRDA Regulations. Respondent submitted that they had despatched the Policy documents alongwith a standard covering letter as per IRDA Regulations to the Complainant and the documents were received by them in time. Therefore, their action of refusing the cancellation request was in consonance with the IRDA Regulations. It is observed that IRDA has not allowed any relaxation for dispensation of the cooling off period of 15 days either to the Respondent or to any authority and hence, only IRDA may have authority for dispensation. This office also has no jurisdiction to waive or extend the said period. Respondent's decision upheld. Complainants can approach IRDA if they so desire.

**Ahmedabad Ombudsman Centre**

**Case No. LIC/2/130**

**Shri S. S. Shah**

**Vs.**

**Life Insurance Corporation of India**

**Award Dated 9.2.2004**

Complainant held two Policies (861981824, 861979280). Both the Policies lapsed. He requested for revival of the Policies and paid the required premiums with interest on 11.10.02. Fresh medical reports submitted on 29.4.03 as required by the Respondent for revival. Respondent's central office approved the revival subject to change in plan & Term with class I extra premium. The complainant was not agreeable to pay extra premium and change in Plan. He did not get any reply on the status of revival, hence, filed the complaint. During the hearing the Complainant confirmed that the Respondent has revived his Policies as on the date of hearing. However, he complained during the hearing that the interest calculated by the Respondent was wrong and also the IT rebate of Rs.12,000/- on revival premium could not be claimed by him due to non-revival of Policies in time. Respondent submitted that the procedure of revival of a Policy was as good as a new contract and hence, they had the prerogative to impose fresh conditions or to refuse the revival altogether and the delay in revival of the Policies was procedural delay at their central office. This office did not find any reason to interfere in the underwriting procedure of the Respondent. They agreed to look into the matter of wrong calculation of interest, if any. It is observed that the original cause of complaint is extinguished since both the Policies were revived by now. Delay in revival was unavoidable and hence, Complainant's demand for monetary loss granted. Respondent shall refund with interest if they have charged any excess interest.

**Ahmedabad Ombudsman Centre**

**Case No. LIC/2/134**

**Mr. Shailesh D. Parikh**  
**Vs.**  
**Life Insurance Corporation of India**

**Award Dated 25.2.2004**

Non-issuance of Policy - Complainant submitted two Proposals for SA of Rs.5,00,000/- each under Jeevan Shree Plan 112 and deposited the premiums on 25.1.02. Respondent issued Policy against Proposal No. 9571, but the Proposal No. 9687 was registered only on 28.3.02 and referred to their central office for acceptance. Central Office advised them only on 1.8.02 to accept the Proposal with modified terms and extra premium though the Scheme was withdrawn w.e.f. 31.3.02 by them. The premium already collected was insufficient and the Policy could not be issued before the cut off date. Complainant refused to accept the refund of premium or the New Jeevan Shree Plan 151. The representative of the Complainant submitted that an excess amount of Rs.1,981/- had been lying with the Respondent under BOC No. 8694 which was sufficient to cover the extra premium. Respondent admitted this fact, but contended that the Complainant did not instruct them to adjust the amount towards extra premium. They submitted that they had requested their higher office to accept the proposal and issue the Policy even after the cut off date of withdrawal of the Plan, but they could not complete the Proposal due to software problem involved. Perused the submission and documents and observed that there is nothing on record to establish that the Respondent had ever asked the Complainant to pay the extra premium to complete the proposal. The set of instructions issued by the RM (IT) and the procedures to be followed to process the pending proposals under Plan 112 had not been taken into account by the Respondent. If they had followed the instructions, the proposal could have been completed and the Policy could have been issued. Prima facie there is deficiency in their service due to lack of initiative, interest and professional care. This office does not see much difficulty to overcome the software problem in issuance of the Policy under Plan 112 and opined that Respondent's Competent Authority has to find out ways and means to issue the Policy, otherwise it is complete in all aspects. Respondent's decision not sustained. They have to find out the ways and means to issue the Policy under old Jeevan Shree Plan 112 against the pending proposal No. 9687. No costs or other reliefs granted.

**Bhubaneswar Ombudsman Centre**  
**Case No. I.O.O./BBSR/24-189**  
**Dr. Damodar Bhuyan**  
**Vs.**

**Life Insurance Corporation of India**

**Award Dated 10.10.2003**

**Happened** that Dr. Damodar Bhuyan had taken a Jeevan Suraksha Policy (pension plan) from Uditnagar B.O on 15.3.1997, for a term of 5 years on deposit of Rs.10,086/-. The monthly pension as mentioned in the policy was Rs.663/- payable from 15.4.02. But it was not paid till the date of complaint lodged on 14.7.03.

**Complained** that pension payment was delayed for about three months in spite of his submitting the required option papers in time. However, subsequently the pension cheques were released with delayed interest but the pension amount was reduced to Rs.589/- instead of Rs.663/- as mentioned in the policy.

**Countered** by LIC that the pension amount was Rs.663/- calculated on the basis of option D exercised by the policyholder at the inception. But subsequently, before start of pension, he made a choice for option F under which pension was calculated to be Rs. 589/- and was paid

accordingly. In fact the amount of pension varies with the different options available under the policy.

**Observed** that the policyholder did exercise option F i.e. pension for life with return of purchase price on death when asked by LIC for the same before start of pension payment. The pension amount under option F is Rs.589/- as per LIC provisions.

**Held** that LIC was right in paying pension at monthly rate of Rs.589/-. Hence, no further relief was granted.

**Bhubaneswar Ombudsman Centre**

**Case No. I.O.O./BBSR/22-109**

**Sri R. K. Jena**

**Vs.**

**Life Insurance Corporation of India**

**Award Dated 24.12.2003**

**Happened** that Sr. R. K. Jena had LIC policy No. 584009426 under plan and term 112-25(16) (Jeevan Shree) for a Sum Assured of Rs.5 lacs. The Policy commenced from 28.7.01 and Hyl. premiums @ Rs.13,422/- continued to be paid upto July, 02 due. Mr. Jena requested LIC to cancel his policy and refund the premiums paid, expressing inability to continue the policy. LIC refused to do so.

**Complained** that the agent of LIC misguided and misinformed him about the terms and conditions of the policy. Had he known the truth, he would not have gone for such a high sum policy due to his financial inability. He therefore wanted refund of premiums under the provisions of IRDA regulations.

**Countered** by LIC that the provisions of IRDA Regulations, 02 (Protection of Policy Holder's Interests) come into force from 26th April, 02, whereas the complaint was lodged on 21.9.01. Hence, the said provision did not apply to this case, Moreover, the complainant continued to pay subsequent premiums confirming his agreement to the terms and conditions of the policy. Further the agent or Dev. Officer had correctly explained him about the terms and conditions.

**Observed** that the IRDA (Protection of Policy Holder's Interests) Regulations, 02 was in fact effective from 26.4.02, whereas the dispute pertained to an earlier period. There was nothing on record to ascertain the date of receipt of policy by complainant and the date of return of the same to LIC for cancellation. Thirdly, the subsequent renewal premiums were paid regularly.

**Held** that there was no justification to interfere with the LIC's decisions in the present case. Dismissed the appeal and confirmed LIC's action in rejecting the request for refund of premiums.

**Bhubaneswar Ombudsman Centre**

**Case No. I.O.O./BBSR/22-111**

**Sri. D. K. Das**

**Vs.**

**Life Insurance Corporation of India**

**Award Dated 24.12.2003**

**Happened** that Sri Dilip Kumar Das had a LIC Policy No. 584009427 under plan and term 112-25(16) (Jeevan Shree) for a Sum Assured of Rs. 5 lacs. The policy commenced from 28.7.01 and only the 1st Yearly Premium @ Rs.26,412/- remained paid. The policy was in lapsed condition, as no subsequent premiums were paid. Sri Das requested for cancellation of the policy and

refund of the premium as it was beyond his capacity to continue the policy. LIC refused to agree with the request.

**Complained** that the Dev. Officer of the LIC mis-informed and misguided about the terms and conditions of the policy for which he took the policy. Subsequently he came to know the truth about the policy terms. He was told that he could take back his money at any time. Only he was required to pay premiums for 3 years. Being aware of IRDA regulations 02, he sought relief under the provisions which provided for refund of premiums, if request is made within 15 days of receipt of policy.

**Countered** by LIC that the IRDA Regulations, 02 (Protection of Policy Holder's Interests) was not applicable in this case as the Regulations were effective from 26.4.02, whereas the complaint pertained to a policy commencing from an earlier date i.e. 28.07.01

**Observed** that the policy was received by the complainant on 8.10.01 and the same was returned to LIC on 15.10.01 thereby fulfilling the requirements under regulation 6(2) of the IRDA Regulations, 02. At the time of complaint the regulation was not there. But LIC has not responded in any way to the request. Since the matter is still pending the regulation can be made applicable as the complainant has complied with the requirements of the provisions.

Held that benefits could be given to the complainant on non-standard ex-gratia basis. Recommended to the LIC of India, Cuttack Divl. Office for refund of all premiums paid to the complainant Sri D.K.Das

**Delhi Ombudsman Centre**

**Case No. LI/JD/1075**

**Shri Roop Chand Ranka**

**Vs.**

**Life Insurance Corporation of India**

**Award Dated 17.2.2004**

The complaint of Shri Roop Chand Ranka is that he paid his yearly premiums due in March, 02 and in March, 03 on 19.4.02 and 23.4.03 respectively, under his Policy No. 182286576, in the State Bank of Bikaner and Jaipur, ( which is authorised by LIC to collect premium). LIC has, however, not issued to him the premium receipts for the payments. LIC, Jodhpur Division has informed the Office of Insurance Ombudsman that although the complainant policy holder deposited the premium due to March, 02 in time, the bank had erroneously written the Policy no. as 182286526. As a result, the premium collected by the bank was credited to the account of another policy holder. Now, LIC has since rectified the error and issued appropriate premium receipts to the complainant on 6.1.04 against both the payments made by him. In this case, it should be clearly understood and noted that the complainant had deposited the premium due in time. The mistake made by the bank was not the fault of the complainant. The bank acted as the agent of LIC and any mistake committed by the bank should be regarded as a mistake committed by LIC itself. There is no lapse of the policyholder in any real sense here. However, LIC is using the sinister word "revived". As if the policy had lapsed due to non-payment of premium by the complainant. This is wholly incorrect.

Hon'ble Insurance Ombudsman passed the Award that all the benefits of continuity of the policy shall be given to the complainant. At no time in the future shall the mistake committed by the bank be held against the complainant. This Award is intended to give protection to the complainant in future.

**Guwahati Ombudsman Centre**  
**Case No. L/LIC/24/50/03-04/GHY**  
**Trustee N.F.Rly. employees consumers' Co.operative Society**  
**Vs.**  
**Life Insurance Corporation of India**

**Award Dated 5.12.2003**

The complainant, society consisting members of N.F. Railway opened one gratuity scheme (GGCA-26129) with the opposite party, LIC & paid premiums as per quotations. The members claimed due payment from the society & thereafter, they were informed that the opposite party is not in a position to entertain any claim due to shortage of fund. The opposite party asked further sum of Rs.1,50,000/- because lower rate was charged erroneously. The complainant trustee was not in a position to deposit as the complainants were not at all in faults & deposited the premium in accordance with the quotations served by the opposite party. Evidence discussed. The complainant deposited premiums regularly as per quotations. As per master policy terms the opposite party have the right to vary rates upon giving to the grantee 3 months previous notice in writing expiring on or before annual renewal date. But in the present case no such procedure was adopted. Direction was given to deposit an amount of Rs.54,939.96 as demanded by the opposite party vide letter dtd. 11.08.03 & opposite party thereafter disburse the claim of 20 persons forthwith.

**Hyderabad Ombudsman Centre**  
**Case No. JS-001-2003-04**  
**Shri G. Venkata Siva Reddy**  
**Vs.**  
**Life Insurance Corporation of India**

**Award Dated 26.12.2003**

**FACTS OF THE CASE**

One Sri G.V. Siva Reddy resident of Guntur paid a sum of Rs.10,000/- on 4.2.2000 under BOC No. 926 and Rs.10,000/- on 15.11.2000 under BOC No. 625 respectively at LIC P & GS Office, Vijayawada. These amounts were paid to LIC by the insured for purchase of Jeevan Suraksha Policies. The mode of payment of premium under the policies was Single Premium only. In spite of several representations, the corresponding policy bonds were not issued by LIC. It was alleged by LIC that the respective proposals duly executed by the life assured were not submitted to LIC and therefore, policy bonds were not issued. Aggrieved with the decision of LIC, the complainant represented to this office. A personal hearing was arranged on 16.12.03 at Guntur. The complainant Sri G.V. Siva Reddy himself attended the hearing. Sri D. S. Ramana Kumar, AAO (P&GS) and Sri K. Mohandas, ABM (Sales), (P&GS), LIC, Vijayawada represented the LIC.

**DECISION**

I have carefully perused the papers placed before me and heard the arguments presented by both the sides.

- i) The life assured paid a sum of Rs.10,000/- each on 4.2.2000 vide BOC No. 926 and 15.11.2000 vide BOC No.625 respectively. These amounts were paid by the life assured at P&GS Office of LIC, Vijayawad;
- ii) According to the insured, he had submitted the respective proposals also to LIC through their Agent Sri K. Gopalakrishna Gandhi who was a responsible

intermediary of LIC and member of prestigious Chairman's Club of LIC. The said Agent had also submitted letter dated 26.2.03 to LIC, Guntur to this effect;

- iii) Though the amounts were received by LIC well in time, it is very sad to note that there was no communication from LIC to the insured advising him to submit the proposals for issue of policy bonds. Since the Code Numbers of Agent and Development Officers are printed on the deposit receipts, the insurer could have taken up the matter through them for securing the proposal papers and issued the policy well in time;
- iv) As could be seen, the premiums are only single premiums for purchase of annuity policies. The purpose of taking such policies is not only to secure annuity payments for the individuals/family members but importantly, tax relief under sec.80 (cc). The insured also already claimed relief from Incometax for the payments he had made in 2/2000 and 11/2000 for the respective financial years;
- v) Since the amounts were already with LIC for more than two years and as the respective policies also do not cover any risk on the life of the insured and as the policyholder is also very particular for obtaining the old Jeevan Suraksha Policies as he had already claimed relief from government for income- tax purpose, it would be more ideal and purposeful if the insurer issues old Jeevan Suraksha Policies to the insured which would definitely fulfil their social obligations to their clientele.

In view of the above facts, I direct the insurer to issue the old Jeevan Suraksha Policies to the insured after fulfilling the usual requirements as applicable to the policies in question.

**Hyderabad Ombudsman Centre**

**Case No. L-1083-03-04**

**Shri Bh. Lakshminarayana**

**Vs.**

**Life Insurance Corporation of India**

**Award Dated 16.2.2004**

Sri Bhagavathula Kakshminarayana, S/o Sri Sitarama Murthy, presently working as Baranch Post Master at Katakoteswaram in West Dodavari District took an Asha Deep life insurance policy, as per details minetioned below :-

Policy	:	801420017
Sum Assured	:	Rs. 50,000
Plan & Term	:	121-25
Date of commencement of risk	:	28.02.1996
Date of Acceptance of Risk	:	28.02.1996
Date of Operation	:	24.06.02
Date of Repudiation/Rejection	:	08.09.03
Nature of Benefit claimed	:	Open-heart surgery

**FACTS OF THE CASE**

One Shri Bhagavathula Lakshminarayana, W/o. Sri B. Sitarama Murthy, working as Branch Post Master at Katakoteswaram in West Godavari District took an Asha Deep life insurance from Kovvuru Branch of LIC, under Rajahmundry Division. As per the terms and conditions governing this policy, it covered Sickness Benefits for

four major diseases Cancer, Paralytic Stroke, Renal Failure and Coronary Artery Diseases, where By-pass surgery has been actually done. The life assured underwent Closure (Dacron Patch) of VSD and RSOV and Aortic Valve Replacement (23 MM TTK - Chitra Tilting Disc Prosthetic Valve) surgery on 24.06.02 at Nizam Institute of Medical Sciences (NIMS), Hyderabad. The life assured submitted all the necessary documents which confirmed the surgery underwent by him to LIC and claimed the sickness benefits payable under the policy. But LIC repudiated/rejected the sickness benefits claimed by the life assured as the said operation was not covered under the Asha Deep Sickness Benefits. According to LIC, only Coronary Artery Grafting Surgery was covered under the policy.

## **DECISION**

I heard the contentions of both sides and also perused all the documents, placed before me.

- i) The life assured took an Asha Deep-II Policy for a Sum Assured of Rs.50,000/- in 2.1996. The said Asha Deep-II Policy with profits covered sickness benefits for four major disease viz. (1) Cancer (2) Paralysis (3) Renal Failure and (4) Coronary Artery By-pass Surgery;
- ii) According to letter dated 14.10.01 of the life assured addressed to LIC, Kovvuru Branch, he informed them that as per the advice of the doctors, he wanted to undergo surgery to his heart, as he was advised by the doctors to undergo the operation immediately;
- iii) The life assured went to Nizam Institute of Medical Sciences, Hyderabad and underwent "**Closure (Decron Patch) of VSD and RSOV and Aortic Valve Replacement (23 MM TTK - CHITRA Tilting Disc Prosthetic Valve operation**". The life assured obtained all the necessary hospital reports and submitted them to LIC for their consideration
- iv) In this connection, it is profitable to mention here the relevant policy condition dealing with consideration of sickness benefits under the policy. Policy Condition 11 (b) "**the benefit shall be payable on the occurrence of the following contingency - (a) The life assured undergoes Open Heart By-pass Surgery performed on significantly narrowed/occluded coronary arteries to restore adequate blood supply to heart and the surgery must have been proven to be necessary by means of coronary angioplasty. All other operations (eg. angioplasty and thrombolysis by coronary artery catheterization) are specifically excluded**".
- v) Further, according to the policy conditions, **only Coronary Artery By-pass Grafting is covered the under the policy;**
- vi) The life assured at the time of submitting the proposal for Asha Deep-II Policy had also executed an addendum to the proposal, wherein, under Part-A, the definitions of the diseases covered under the policy and their exclusions were clearly mentioned. The life assured is a literate person and working as a Branch Post Master. His contention that he was not aware of the terms and conditions of the policy governing sickness benefits under the policy could not, therefore, be accepted;
- vii) The construction of the Insurance Policy including its terms and conditions will form the basis of Contract of Insurance;

viii) In view of the above facts and the policy conditions, the repudiation/rejection of the sickness benefit claim by the insurer is correct and proper and does not call for any interference at my hands.

The complaint is, therefore, not allowed.

**Kolkata Ombudsman Centre**

**Case No. 3/4/L/2003-04**

**Shri Swapan Kumar Nandi**

**Vs.**

**Life Insurance Corporation of India**

**Award Dated 3.11.2003**

**Nature of Complaint :** Charging of extra premium vis-a-vis cancellation of existing policy.

**Facts/Submissions :** The complainant L.A. deposited Rs.24,873/- in C.B.O - 4, L.I.C.I. on 14.11.02 for a policy on his life with special medical reports like E.C.G., X-Ray, BST, S. Cholesterol etc. with LIC for underwriting & accepting the proposal under T/T 47-10. The same was accepted by LIC with Class - IV extra @ Rs. 22.8% per % amounting to Rs.1,140/- with consent of the complainant under the instant policy & 1st premium receipt was issued to the L.A. on 28.12.02 with enhanced total premium of Rs.26,013/-. The L.A. got his E.C.G. examined by other Cardiologist which was found normal. DLA returned the Policy Bond to LIC, City Br. No. 4 on 13.2.03 and requested them to refund the whole amount of Rs.26,013/- adjusted towards premium under the policy. LIC refused to act upon the LA's request on the ground that this should have been done before processing of the proposal and adjustment of the premium. LIC further stated that the complainant-L.A. had accepted the decision of the LIC and nothing had been done contrary to his consent. The Insurer had intimated their inability to consider the L.A.'s request in this behalf. The Insurer also denied the allegation that LIC had any malafide intention to impose extra premium as it was wholly done on health ground.

**Held :** The L.A. had misconceived the interpretation in the matter of extra premium on health ground. His impression that it was due to abnormal E.C.G. that extra premium had been imposed was totally wrong. The Insurer had called for several other special reports save E.C.G. and the proposal was underwritten at Zonal Underwriting Section and in their turn class - IV extra was imposed. The payment of extra premium by the Insured amounted to giving consent on his part. The decision of LIC **not** to cancel the policy and to refund the premium paid was upheld.

**Kolkata Ombudsman Centre**

**Case No. 672/2/L/2002-03**

**Shri Saikat Bhushan**

**Vs.**

**Life Insurance Corporation of India**

**Award Dated 24.11.2003**

**Nature of Complaint :** Extra premium imposed by LIC of India on health ground.

**Facts/Submissions :** The complainant related to imposition of extra premium @ 1.5% under T/T 153-20 for SA Rs. 10,00,000 on the life of the complainant. The proposal with special reports like CBC, ECG, ESR etc. were obtained and forwarded to the Divisional Underwriting Section, Jalpaiguri Divisional Office for

underwriting decision. The DMR examined the special reports and decided to impose extra as stated above for fixing EMR on health ground which amounted to 61% loading on original premium with consent of the party. Accordingly, a letter was sent to the proposer intimating him the total amount of extra to be remitted Rs.1,500/- under cover of their letter dated 24.1.03. The proposer on receipt of the letter opined that the special reports were not having any abnormality and these should be examined by any other Division without consulting Jalpaiguri D. O. and sought relief for waiver of extra premium imposed. The insurer regretted their inability to concede to the request of the proposer as the decision was given by DMR.

**Held :** Considering the facts of the case, it was held that the proposer was at liberty not to accept any policy with extra premium by not giving his consent. LIC does not review the decision arrived at by Medical Referee. The action of LIC was upheld.

**Mumbai Ombudsman Centre**  
**Case No. LI-35**  
**Shri Sanjay Londhe**  
**Vs.**  
**Life Insurance Corporation of India**

**Award Dated 28.10.03**

Shri Sanjay P. Lodhe, had submitted the proposal to LIC for insurance cover under Jeevan Shree Policy on 31.3.01 and the initial amount (Proposal Deposit) was deposited vide BOC No. 18928 dated 31.3.01 for Rs.56,377/- and BOC No. 18654 dated 31.3.01 for Rs.6,264/- amounting to a total of Rs.62,641/-. Subsequently, Shri Londhe's proposal was postponed till December 2001. Hence, he changed his decision and as per Agents advice, submitted an application to transfer the deposit towards the proposal of his mother, Smt. V.P. Londhe, for a Bima Nivesh Policy. A proposal was reportedly submitted to LIC by Smt. V.P. Londhe. According to the Written Statement of LIC Nasik Divisional Office, instead of submitting the proposal under Bima Nivesh Policy on the life of Smt. V.P. Londhe, the Development Officer, Shri D.R. Yeolekar, submitted another 4 proposals belonging to altogether different people giving the BOC Nos. of Shri Londhe. Thereafter, Shri Londhe received a letter dated 7.10.03 from Divisional Manager, Nasik that the Zonal Office Mumbai, had informed that in the absence of any request from his side as well as the proposal on his mother's life for Bima Nivesh, the question of issuing new policy did not arise and in view of the same, they were instructing their Branch Office 961 to refund the deposit amount @9% interest as a special case.

Subsequently, during the hearing on 30.6.03, Shri Londhe had contended that if it was not possible to issue the policy to Smt. Londhe, she should be compensated for mental harassment and also stated that the rate of interest offered on refund of deposit was low.

It is obvious that the Bima Nivesh Policy cannot now be issued as it stands closed. However, the complainant also cannot be left high and dry when his deposit was unauthorisedly adjusted by LIC towards the proposal of other proposers. We gather that the said Bima Nivesh Policy, closed in June 2001, against which the deposit was to be reportedly adjusted, had a higher yield. The dispute is, therefore, resolved as under :

Insurance Ombudsman vide his Award dated 28.10.03, directed Life Insurance Corporation of India, to refund the deposit amount of Rs. 62,641/- to Shri Sanjay Londhe alongwith simple interest @ 10.50% p.a. from 1.5.01 till the date of refund. There is no order as to cost or other compensation.