

Survival Benefit

Chandigarh Ombudsman Centre
Case No. : LIC/43/Ludhiana/ Unit-I, Ludhiana/24/08
Karuna Bhardwaj
Vs
Life Insurance Corporation of India

Award Dated : 13.06.07

Facts : Smt. Karuna Bhardwaj purchased a policy bearing number 160294217. The payment of survival benefit of Rs.20,000/- was due on 01.09.2000. It has not been paid so far. Had she received the amount in time, she would have invested in Bima Plus policy and had gained Rs.54,980/-. Payment of 2nd Survival Benefit of Rs.20,000/- was due on 01.09.2005 but it was paid on 22.02.2007. Had it been given in time, she would have purchased Future Plus Policy and had gained Rs.10,000/-. In all she had not received Rs.85,840/- consisting of Survival Benefit due on 01.09.2000 and the profits which would have accrued to her by purchasing the unit linked insurance policies. She urged intervention of this forum in getting the compensation to the tune of Rs.85,840/-, at the earliest.

Findings : On referring the matter to the insurer, Manager (PS/SSS/EDMS) has informed vide letter dated 18.05.2007 that Survival Benefit payment of Rs.20,000/- due on 01.09.2000 was paid to her vide Cheque No. 66724 dated 04.09.2000. The cheque was sent by Registered Post on 15.09.2000 by B.O. Unit-I, Ludhiana at her Phillaur address. Regarding the other payment of Survival Benefit of Rs.20,000/- due on 01.09.2005, he informed that it was paid on 22.02.2007. An amount of Rs.2,350/- has been paid for delay from 01.09.2005 to 22.02.2007 @ 8% vide Cheque No. 405298 dated 11.05.2007. In view of the payment of both the SB's and the penal interest has been made, he has requested for closure of the complaint.

During the course of hearing on 13.06.2007, the complainant explained the case by stating that his wife had purchased a policy bearing no.160294217. Payment of Survival benefit was due on 01.09.2000 and 01.09.2005 for an amount of Rs.20000/- each. The payment for both the SB instalments due on 01.09.2000 & 01.09.2005 had not been paid so far. In respect of the SB due on 01.09.2005, the same had been paid on 22.02.2007 and penal interest upto the date of payment has been made @8% on 11.05.2007. However no payment had still been made in respect of SB due on 01.09.2000.

The insurer clarified the position by stating that a cheque for Rs.20000/- dated 04.09.2000 was sent to the complainant as survival benefit by registered post on 15.9.2000. However the same was not received undelivered and ultimately it became stale. No further action was taken in this regard as the complainant did not approach for the non payment of survival benefit. The records available with them had been scrutinized and there was no proof of any payment to the complainant which could establish that a fresh cheque in lieu of the stale cheque stood issued.

Decision : Held that the contention of the complainant for non receipt of SB of Rs.20000/- due on 01.09.2000 is in order. It was ordered that an amount of Rs.20000/- be paid by the insurer to the complainant as SB installment due on 01.09.2000 alongwith interest @8% per annum w.e.f 1.10.2000 till the date of payment, after obtaining an indemnity bond from the complainant to the effect that the amount will be

refunded by her if it is later on revealed that she had already received the payment. Payment should be made by 30.6.2007 under intimation to this office.

Guwahati Ombudsman Centre
Case No. : 21/01/138/L/06-07/GHY
Sri Prakash Damoder Gadre
Vs
Life Insurance Corporation of India

Award Dated : 14.02.2007

Grievance

The grievance here is non-receipt of full penal interest due to delay in settlement of the survival benefit due on 25/08/2002 in connection with the policy in question. The survival benefit, however, was released and paid on 24/08/2005 with penal interest from February, 2005.

Reply

The LIC Branch concerned has come with a reply that due to non-submission of the requirement, the claim was pending with the LIC and the amount has been paid on 22/08/2005 along with penal interest from February, 2005 on the strength of C.O. Circular effective from February, 2005 which provides that survival benefit may be paid upto Rs.60,000/- without insisting D.V. & policy document.

Decisions & Reasons

It cannot be denied that it is a duty of the Insurance Company/LICI to make payment of the survival benefit when due. Undisputedly, in the present case, an amount of Rs.40,400/- as survival benefit of the connected policy was due on 25/08/2002 but the amount could not be paid at that time and there was a delay of about 2 years 11 months 27 days when the part payment was made on 22.08.05. The complainant alleged that the GBO-III Branch of LIC issued D.V. on 08/08/2002 for Rs.40,400/- but the same was not sent to him. On the contrary, it was cancelled by the Branch concerned with the reasons best known to the Branch and the said cancelled D.V. was lying with the policy docket and that the plea of the Branch that 'DV was sent to the life assured but the same was not returned to the Branch with copy of policy' was a false plea. No document is coming from the LIC to counteract this allegation of complainant. The contention/plea of the LIC that 'due to non-submission of the requirement the claim could not be settled earlier' could not be substantiated before us by the LIC by production of sufficient materials. Therefore, the allegations of the complainant have remained unrebutted in order to presume that due to the fault of LIC, full payment was not made on time.

In view of the discussions aforesaid, it is hereby directed that the complainant will be paid balance of penal interests as per the LIC rules calculated w.e.f. the 'due date', i.e., 25/08/2002, till final and full payment is released and make payment accordingly. The compliance of this directions to be intimated to us within reasonable time by LIC.

Kolkata Ombudsman Centre
Case No. 676/23/001/L/01/06-07
Smt. Chandana Kundu
Vs
Life Insurance Corporation of India

Award Dated : 21.06.07

Facts & Submissions :

This petition was filed by the complainant against violation of policy clause regarding the claim.

The complainant purchased a policy no. 433454114 with date of risk 28.08.2000 and in terms of policy clause, 20% of the sum assured (SA) was payable as Survival Benefit (SB) to the life assured after 5 years from the date of commencement (DOC). The life assured may exercise an option to reinvest the SB amount @ 10.5%. The complainant stated that she informed LIC vide her letter dated 08.02.04 that she wished to reinvest the SB due. However, the SB was paid to her on 25.08.2005 without reinvestment, but she returned the cheque immediately. Since there was no action from the LIC authorities, this petition has been filed before this forum. She also gave her unconditional and irrevocable consent to the Insurance Ombudsman to act as a mediator between herself and the insurance company for the resolution of the complaint.

Hearing :

A hearing was fixed where both the parties attended. The representative of LIC gave a copy of the letter addressed to Smt. Chandana Kundu, in which it was mentioned that her request for reinvestment of SB of Rs. 10000/- due on 28.08.05 has been approved by the competent authority and that she was entitled to withdraw the proceeds at any time hereafter at the approved rate of interest. This copy of the letter dated 12.06.07 was handed over to the husband of the complainant.

The complainant was satisfied with the action taken by LIC authorities and since the grievance was redressed, no further intervention was called for by this office.

**Kolkata Ombudsman Centre
Case No. 852/24/001/L/03/06-07
Shri Ramesh Chandra Majumder
Vs
Life Insurance Corporation of India**

Award Dated : 16.07.07

Facts & Submissions :

This petition was filed by the complainant against non-receipt of Survival Benefit (SB).

The complainant purchased a policy no. 460507646 with date of risk 25.10.1986. In terms of policy condition, 20% of the sum assured was payable every 5 years from the date of risk if the policy was in-force. The policy matured on 25.10.2006. According to the petition, the complainant did not receive the 3rd SB instalment due on 25.10.2001. His repeated representations did not yield any result. Hence, this petition has been filed for relief. He submitted the "P" forms and also gave his unconditional and irrevocable consent for the insurance ombudsman to act as a mediator between himself and the insurance company for the resolution of the complaint.

The insurance company sent a letter dated 24.04.07 stating that the SB amount was paid by demand draft no. 570115 dated 07.11.2001. However, they are not sure of the encashment of the demand draft.

Hearing :

In response to a notice of hearing, both the parties attended. The complainant stated that he had received a letter dated 10.06.04 from the insurance company, in which the Sr. Branch Manager had informed that they were agreeable to issue a fresh demand draft on submission of indemnity bond. He further stated that he had filed the indemnity bond to the insurance company, but there was no response from them. The representative of LIC stated that they do not have these letters and the indemnity

bond. He further stated that they would consider issuing a fresh draft, if these formalities are once again fulfilled.

Decision :

Since the representative of LICl stated that they would issue a fresh demand draft on fulfilling the formalities like filing of indemnity bond, etc., LICl were directed to issue a fresh demand draft towards the payment of 3rd SB along with penal interest thereon.