BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED: 21.09.2016

C O R A M

THE HONOURABLE MR.JUSTICE V.BHARATHIDASAN

W.P.(MD)No.15199 of 2016

T.Nachiar .. Petitioner

Vs

1. The Executive Director(CRM),
   CRM Department, Central Office,
   5th Floor(Link), "Yogakshema",
   Jeevan Bima Marg, P.B.No.19953,
   Mumbai - 400 021.

2. The Senior Divisional Manager,
   LIC of India, Divisional Office,
   Jeevan Prakash Bridge Station,
   Sellur, P.B.No.16,
   Madurai. .. Respondents

Prayer: Writ Petition is filed under Article 226 of the Constitution of India, to issue a Writ of Mandamus, directing the respondents to pay Rs.2,50,509/- (Rupees Two Lakhs Fifty Thousand Five Hundred and Nine only) being the surrender value of the insurance policy and compensation of Rs.2,00,000/- (Rupees Two Lakhs only) for the belated settlement of claim with 18% interest per annum till the amount is settled by the respondents.

For Petitioner : Mr.P.Ganapathi Subramanian

For Respondents : Mr.G.Prabu Rajadurai

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O R D E R

This Writ Petition has been filed seeking a direction to the respondents to pay Rs.2,50,509/- (Rupees Two Lakhs Fifty Thousand Five Hundred and Nine only) being the surrender value of the insurance policy and compensation of Rs.2,00,000/- (Rupees Two Lakhs only) for the belated settlement of claim with 18% interest per annum till the amount is settled by the respondents.

2. Heard the learned counsel appearing for the petitioner and the learned Government Advocate appearing for the respondents.

3. According to the petitioner, on 28.06.2012, he has taken Jevan Akshay VI Policy from the second respondent by paying a single premium of Rs.2,43,000/-. Under the said policy, he is eligible for pension. Further, now he was diagnosed with cancer. In order to meet out the expenses towards medical treatment, he has applied for surrender of the said policy. But the second respondent informed her that as per the Central Office Circular dated 01.12.2012, all pension policies issued on or after 16.05.2012 will not be eligible for surrender. In the above circumstances, the petitioner has made an appeal to the Chairman, L.I.C., of India on 15.06.2015. But no order has been passed.

4. In the above circumstances, the petitioner has filed a petition before the Insurance Ombudsman, Chennai and the Insurance Ombudsman has also passed an order, dated 31.12.2015, directing the second respondent/L.I.C., of India to pay a sum of Rs.2,43,000/- as a special case and refund the purchase price on ex-gratia basis, in full and final settlement of the claim. Subsequently, the second respondent by a letter dated 16.07.2016, informed him that the petitioner is only eligible to receive the surrender value of 1,84,776/- and requested the petitioner to send the consent letter, since the respondents failed to honour the award passed by the Insurance Ombudsman, the petitioner has filed the present petition.

5. The respondents 1 and 2 have filed a counter affidavit stating that as per the policy condition, no surrender benefit available under the policy and as per the condition of the policy, the policy did not acquire any surrender value. Even though the Insurance Ombudsman passed the order, directing the second respondent to refund Rs.2,43,000/-, the respondent has already paid a sum of Rs.58,224/- to the petitioner towards interest. Hence, in order to honour the award of Ombudsman, the respondent decided to refund the purchase price after deducting the said sum of Rs.58,224/- which has been already paid to the petitioner. Since the second respondent already paid the amount of Rs.58,224/-, they are eligible to deduct the amount and the petitioner is entitled for the remaining amount.

6. The learned counsel for the petitioner would submit that a sum of Rs.58,224/- which has already been paid by the second respondent was towards the interest payable to the amount deposited by the petitioner. But the respondents have no right to deduct the interest amount in the award passed by the Insurance Ombudsman.

7. The learned counsel for the respondent would submit that the Insurance Ombudsman passed the award for a sum of Rs.2,43,000/- and the interest amount has necessarily been

deducted from the award.

8. I have considered the rival submissions. The Insurance Ombudsman passed the award, directing the second respondent to allow the surrender of the above policy as a special case and directed the respondents to refund the purchase price of Rs.2,43,000/- on ex-gratia basis, in full and final settlement of the claim, so now the second respondent cannot refund the purchase price after deducting the said sum of Rs.58,224/- which has already been paid to the petitioner, as the award does not permit the second respondent to deduct the interest amount and this Court is of the opinion that the second respondent cannot deduct the interest in the award passed by the Insurance Ombudsman and the second respondent necessarily has to obey the award passed by the Insurance Ambudsman.

9. In the above circumstances, the Writ Petition is allowed and the second respondent is directed to honour the award passed by the Insurance Ombudsman and to pay a sum of Rs.2,43,000/- (Rupees Two Lakhs and Forty Three Thousand only) to the petitioner within a period of two weeks from the date of receipt of a copy of this order. No costs.

Sd/
Assistant Registrar(C.S-I)

/TRUE COPY/

Sub Assistant Registrar

To

1. The Executive Director(CRM),
   CRM Department, Central Office, 5^{th} Floor(Link), "Yogakshema",
   Jeevan Bima Marg, P.B.No.19953, Mumbai - 400 021.

2. The Senior Divisional Manager,
   LIC of India, Divisional Office,Jeevan Prakash Bridge Station,
   Sellur, P.B.No.16, Madurai.

+1cc to M/S.P.Ganapathi Subramanian, Advocate in SR.No.54394.

+1cc to M/S.G.Prabhu Rajadurai, Advocate in SR.No.54835

W.P.(MD)No.15199 of 2016
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