IN THE HIGH COURT OF JUDICATURE AT PATNA

Civil Writ Jurisdiction Case No.22125 of 2014

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Ranjana Jha widow of Late Arvind Jha resident of Village - Asha Tola Nirpur, P.O. Bariarpur, P.S. - Bariarpur, District - Munger.

.... Petitioner/s

Versus

1. The Chairman, Bihar Gramin Bank, Head Office, Begusarai.
2. The Branch Manager, Lohchi Bihar Gramin Bank, District - Munger.
3. The Manager, Life Insurance Corporation of India, Division Patna.

.... Respondent/s

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Appearance :

For the Petitioner/s	:	Mr. Indu Bhushan Advocate
For the Bank	:	Mr. Ranjeet Kumar Pandey Advocate
For the Respondent No. 3	:	Mr. Abhimanyu Vatsa Advocate Mr. Abhishek Singh Advocate Mr. Sudhanshu Trivedi Advocate Mr. Neeraj Kumar Advocate

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CORAM: HONOURABLE MR. JUSTICE AJAY KUMAR TRIPATHI
ORAL JUDGMENT
Date: 10-08-2017

Heard learned counsel for the petitioner, counsel for the LIC and counsel for the Bank.

Failure on the part of the LIC to settle the amount of insurance under master policy i.e. GSLI No. 203669 in favour of husband of the petitioner is the cause of action for filing of the present writ application. Death of the employee happened on 05.06.2013.

It is not in dispute that a master policy for all the

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employees of the Bihar Gramin Bank was taken, for which the admitted premium in lump sum for the employees assured used to be deposited every month on the due date. There is some controversies with regard to the so called default for the month of April and May. The stand of the LIC is that since the premium were not made in time, the LIC has no obligation to honour the claim under the policy. However, the Bank has denied such a dishonest kind of stand of the LIC in the counter affidavit, which has been filed on their behalf by annexing certain communications, which are dated 21.05.2013 and 15.05.2013 as Annexure-B and C. These letters have not been denied or rebutted by the LIC and a reading of the two letters indicates that there was no default in payment for the month of April, 2013. The LIC was negligent in handling the cheque, which became traceless. Therefore, a fresh cheque was issued in favour of the LIC, which was encashed.

From Annexure-D it is evident that for the month of May, there was some delay for which the Bank was compelled to pay a delayed amount of Rs. 537/- along with the premium, which has also been accepted by the LIC. Therefore, the Bank’s stand is that the LIC is deliberately making a misleading kind of statement that there was default in payment and premiums were not paid for the month of April and May.

Learned counsel representing the petitioner as well as the Bank bring to the notice of this Court a decision rendered by a

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Learned Single Judge in similar circumstances relating to a master policy, which was the case of ***Sarita Verma versus the State of Bihar & Ors., which is C.W.J.C. No. 10282 of 2006, decided on 30.07.2007***, a copy of which has been produced before this Court.

The submission, which is being made by the LIC in the present case, drawing analogy from a judgment rendered in the case of ***Chameli Khatun Vrs. The State of Bihar and Ors., reported in 2000(2) PLJR 286***, was considered and answered by the Learned Single Judge in following terms, which is reproduced hereinbelow:

> ***"Further more, the Clause, which grants an option to L.I.C. to terminate the policy for non-payment of premium for a particular month, also grants yet another option to L.I.C. to accept delayed payment of premium on such terms and conditions as may be imposed by L.I.C. Therefore, while accepting the premium for the months of August and September, 2000 on 24th October, 2000 L.I.C. could impose any term and condition and thereby could put some hindrance to the otherwise entitlement of the deceased employee of the benefit of his life assurance covered by the policy, but the L.I.C. did nothing.***
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> ***In those circumstances, the conclusion would be that once the policy has been issued and the same is for one year, during the period of one year if death of a member covered by the policy occurs, L.I.C. is bound by the contract of the policy to compensate such member or his heirs with the benifit of life assurance it has covered by the said policy, unless prior to coming to an end of the period of one year, the policy has been terminated by L.I.C. for non payment of monthly premium or it has accepted delayed payment on such terms and conditions imposed by it***

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which prevents such life coverage. That being not the situation in the instant case, the one and the only conclusion would bet that it was unjust on the part of the L.I.C. in refusing to pay the life assurance benefit covered by the said policy payable to the petitioner on account her deceased husband.

The learned counsel appearing on behalf of the Life Insurance Corporation of India has cited a judgment of a learned Single Judge rendered in the case of Chameli Khatun Vrs. The State of Bihar and others reported in 2000 (2) PLJR 286. The purpose of citing that judgment was to show that when a similar policy remains in lapsed condition, L.I.C. is not liable to pay the amount covered by the policy to the heir of the deceased member. This judgment does not consider the Clauses of the policy as was considered therein. In that case, an affidavit was filed on behalf of the employer wherein it was contended that the contributions were to be paid by the employees in full and the employer was only acting as a conduit as the monthly contributions are deducted from the salaries of the employees and remitted to L.I.C. The question, therefore, that cropped up in that case was whether the employer was a mere conduit in between the members and the L.I.C. or the employer by reason of not paying the premium to L.I.C. even after collecting the same from the members became obliged to pay the life assurance benefit as covered by the policy, when the L.I.C. has refused to pay the same. The Court did not take notice of the clauses of the policy and the undertakings and promises made by L.I.C. under the policy.

In the instant case, there is no dispute that the employer itself, in the absence of L.I.C. is liable to pay the benefits of the life assurance covered by the policy to the petitioner. In addition to that, the question that cropped up in the instant case and sorted out on the basis of the clear words used in the

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> ***policy was, whether L.I.C. was right in contending that it is not liable to pay the life assurance benefits covered by the policy to the heir of the deceased employee? The answer having been given above, the writ petition is allowed. The L.I.C. is directed to pay the appropriate amount payable in terms of the policy for the death of the deceased employee to the petitioner within a period of two months from today together with interest @ 10 % per annum from the date of the death until payment. The interest, as above, shall be calculated on simple basis.***
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> ***This disposes of the writ petition. There shall be no order as to costs.”***

The present case, therefore, is squarely covered by the ratio of the decision rendered in the case of Sarita Verma (supra). The writ application is allowed. LIC is directed to make settlement of the left over claim in favour of the present petitioner without further delay. If they failed to make the settlement within a period of two months, she will also be entitled to interest of 10 per cent per annum from the date of death till payment.

Writ application is allowed with observation / direction as above.

(Ajay Kumar Tripathi, J)

SKM/-

AFR/NAFR	N.A.F.R.
CAV DATE	
Uploading Date	12.08.2017
Transmission Date	

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