IN THE HIGH COURT OF PUNJAB AND HARYANA AT

CHANDIGARH.

CWP 26238 of 2016

Date of Decision: January 23, 2017

Branch Manager, LIC of India and ors.

…..Petitioners

Vs.

Annu and ors.

…..Respondents

CORAM: HON'BLE MR. JUSTICE M.M.S. BEDI.

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Present:- Mr. Puneet Sharma, Advocate
for the petitioners.

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M.M.S. BEDI, J. (ORAL)

Through instant writ petition, the LIC has sought the quashing of order dated May 14, 2016 passed by Permanent Lok Adalat by issuing a direction to the petitioners to disburse the maturity value of Rs.2.50 lacs along with benefits pertaining to the insurance policy of Rampal who had insured himself with the petitioner Corporation for a sum of Rs.2.50 lacs vide policy No.179703590 on September 28, 2013. Rampal expired on November 19, 2014. The claim filed by the respondents, his heirs, was sought to be defeated by the petitioner Corporation alleging that the deceased had not paid the premium which was payable on September 8,

2014. It is admitted fact that the instalments as per the policy were to be paid on quarterly basis. The last but one instalment was due on June 28, 2014. The said instalment was to be paid on July 11, 2014. Thereafter the next instalment was to be paid on or before September 28, 2014. As the instalment was not paid on September 28, 2014, the same could have been paid by October 28, 2014.

Counsel for the petitioners has vehemently contended that on expiry of 30 days, the policy would automatically lapse. In the present case, the policy holder had died on November 19, 2014 after the same had lapsed. The Permanent Lok Adalat could not have passed an order directing the payment of maturity value on the basis of Section 50 of the Insurance Act. Counsel has also argued that the said Forum does not have any jurisdiction to adjudicate the matter but is only required to decide the cases on the basis of settlement and compromise. No attempt having been made, the order passed is not sustainable.

When confronted with provisions of Section 22 C (d) of the Legal Services Authority Act, 1986 and the judgment of **Bar Council of India Vs. UOI and others**, 2012 (4) RAJ 379, the counsel for the petitioners has argued that the proper procedure having not been followed and the wrong parameters having been applied, the order warrants interference in the exercise of writ jurisdiction, as the jurisdiction has been exercised in illegal manner.

I have considered the contention of learned counsel for the petitioners. There is no dispute that in case the parties do not reach at an agreement, the Permanent Lok Adalat can decide a case taking into consideration the merits. In the present case, the said authority has relied upon Section 50 of the Insurance Act, which reads as follows:-

> *"50. Notice of options available to the assured on the lapsing of a policy.—An insurer shall, [before the expiry of three months from the date on which the premiums in respect of a policy of life insurance were payable but not paid,] give notice to the policy-holder informing him of the options available to him [unless these are set forth in the policy]."*

Counsel for the petitioners submits that on account of contractual obligations arisen out of the policy, copy of which has been placed on record as annexure P-1, provisions of Section 50 of the Insurance Act, will not be applicable in the present case.

I have considered the contention of learned counsel for the petitioners carefully. Section 50 of the Insurance Act imposes a statutory obligation on the Insurance Company to issue a notice before the expiry of 3 months from the date on which a premium in respect of a policy of life insurance is payable and has not been paid and give a notice to the policy holder informing him of the options available to him.

Counsel submits that unless said condition is set-forth in the policy, the same cannot be enforced against the rights of the claimants.

The statutory obligation under Section 50 of the Insurance Act cannot be waived of by the terms of the policy as it is settled principle of law that estoppel against a statute cannot be claimed by contracting party. The Insurance Act is a beneficiary legislation and has to be construed liberally.

I do not find any ground to interfere in the order passed by the Permanent Lok Adalat for Public Utility Services, Rewari, as such the petition is dismissed.

January 23, 2017 (M.M.S.BEDI)
sanjay JUDGE

Whether speaking/ reasoned:	Yes/ No.
Whether Reportable:	Yes/No.