IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

CWP No.8468 of 2014
DATE OF DECISION: February 1,2017

Bajaj Allianz Life Insurance Co. Ltd. and another

…Petitioners

versus

Naseeb Singh Sandhu and another

…Respondents

CWP No.8491 of 2014
DATE OF DECISION: February 1,2017

Bajaj Allianz Life Insurance Co. Ltd. and another

…Petitioners

versus

Manjit Kaur and another

…Respondents

CORAM:- HON'BLE MR. JUSTICE AMIT RAWAL

Present: Mr.Varun Chawla, Advocate for the petitioners.
Mr.Bhavnik Mehta, Advocate for respondent No.1.

AMIT RAWAL, J.

These two petitions are being taken up together for hearing and decided by this common judgment involving similar questions of law and fact.

The Insurance Company Bajaj Allianz Life Insurance Co. Ltd. is aggrieved of the order dated 20.11.2013, Annexure P.1, passed by the Permanent Lok Adalat (Public Utility Services), Union Territory, Chandigarh whereby the petition filed by invoking the provisions of

Section 22C(1) of the Legal Services Authorities Act, 1987 has been accepted and amount of premium after deduction of the usual charges has ordered to be refunded.

Learned counsel appearing for the petitioner submits that the insurer and insured are bound by the terms and conditions of the Insurance Policy. He draws the attention of this Court to the clauses 3 and 4 of the Insurance Policy, Annexure P.5, to contend that after payment of premium of one year, the insured did not honour the commitment of the policy, in essence, the insured did not pay the premium for terms of three years and, therefore, he is not entitled for the surrender value which has been referred to in the `non-forfeiture' clause of the aforesaid policy. He further submits that the findings of the Permanent Lok Adalat cannot deviate the terms and conditions. In fact, the policy notification dated 1.7.2010 relates to the Unit Linked Life Insurance Policy, whereas, the policy in the present controversy is with regard to Non-Unit Linked Life Insurance Policy. There was no consensus to the conciliation proceedings, therefore, the parties were required to be relegated to the Civil Court.

Per contra, learned counsel for respondent No.1-claimant submits that the Permanent Lok Adalat by invoking the provisions of Section 22D of the Act ordered for refund of premium amount after deduction of usual charges and, therefore, no prejudice would be caused to the insurer as the claimant did not continue with the insurance policy. Though the aforesaid notification pertains to the Unit Linked Life Insurance Policy, but keeping in view the special circumstances, the terms and conditions itself of the insurance policy cannot be read in a strict sense.

I have heard learned counsel for the parties.

For the sake of brevity, clauses 3 and 4 of the Insurance Policy, Annexure P.5, reads as under:

> "3. Non-forfeiture. In the event of non payment of premiums due under this policy within the grace period the policy will continue in paid up form provided that it has acquired a surrender value.
>
> 4. Surrender value. The policy can be surrendered provided three full years premiums have been paid. In case of premium payment terms of 2 and 3 years the policy can be surrendered after 1 year from the date of commencement. For premium payment terms of 5 and 6 years the policy can be surrendered after two full years premiums are paid. The guaranteed minimum surrender value (GSV) will be as per the table given below:

Premium term	Surrender value after	Guaranteed Surrender Value
Two years	One year from commencement	60% of the paid Premiums excl. the premiums for all additional benefits and extra premiums if any.
Three years	One year from commencement	60% of the paid Premiums excl. the premiums for all additional benefits and extra premiums if any.
Five and six years	Two full years premium payment	30% of the Premiums paid excluding the first year premiums and the premiums for all additional benefits and extra premiums if any.
Seven and above	three full years premium payment	30% of the Premiums paid excluding the first year premiums and the premiums for all additional benefits and extra premiums if any.

A conjoint reading of the aforementioned clauses leaves no doubt that the insured is entitled to seek the refund of the premium in case there is payment of three premiums in respect of seven years policy. The non forfeiture clause envisages the continuation of the policy even on the non payment of the premium provided that it had acquired a surrender value, in essence, as noticed above, only one year premium had been paid, thus, it had not attained the surrender value, therefore, the amount ordered could not have been refunded.

Be that as it may, the notification dated 1.7.2010 relied upon by the Permanent Lok Adalat though provided the payment of the amount pertaining to the Unit Linked Life Insurance Policy, but keeping in view the special circumstances, equity, fair play, it as exercised the provisions of Section 22D of the Act.

Prima facie, I am in agreement with the submissions of the learned counsel for the petitioners, but keeping in view the special circumstances of the case, particularly, the circumstances explained before the Permanent Lok Adalat, I am of the view that the order impugned herein requires no interference.

Consequently, both the writ petitions are dismissed.

Needless to say that this order shall not be treated as precedent for any future case(s) enabling the similarly situated persons claiming the aforesaid relief, inasmuch as, it shall be considered as an exception.

February 01,2017 (AMIT RAWAL)
KD JUDGE

Whether speaking/reasoned: Yes/No
Whether reportable: Yes/No