IN THE HIGH COURT OF PUNJAB & HARYANA AT CHANDIGARH

**CWP-16206-2017 (O&M)**
**Date of Decision: 03.07.2019**

Anita Devi & others --Petitioners

Versus

Permanent Lok Adalat & others --Respondents

**CORAM:- HON'BLE MR.JUSTICE TEJINDER SINGH DHINDSA.**

Present:- Mr. Vinay Kumar, Advocate for the petitioners.

Mr. Sudhanshu Makkar, Advocate for respondents no.2 & 3.

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**TEJINDER SINGH DHINDSA.J**

Challenge in the instant petition is to the order dated 20.1.2015 (Annexure P-1) passed by the Permanent Lok Adalat (Public Utility Services), Narnaul, whereby an application moved by the petitioners herein under section 22-C of the Legal Services Authority Act, 1987 for settlement of their claim with the respondent Life Insurance Corporation of India, has been dismissed. A Writ of Mandamus is prayed for directing the respondent-Corporation to pay a sum of Rs.10,69,500/- towards settlement of the claim along with interest @ 18% per annum as also Rs.1 lakh towards mental harassment.

Brief facts as have been stated in the petition are that Hoshiar Singh, husband of petitioner no.1 and father of petitioners no.2 and 3 had taken a life insurance policy bearing no.176975347 on 13.7.2009 from the respondent-Corporation for a period of 21 years. The date of maturity of the policy was in July, 2030. Unfortunately Hoshiar Singh died on 13.4.2012 due to electrocution. It is asserted by the petitioners that the respondent-Corporation has only released a sum of Rs.2,50,000/- towards ex-gratia even though, deceased husband of petitioner no.1 had been regularly depositing the premium amount towards insurance policy in question.

Counsel for the petitioners would argue that the Permanent Lok Adalat has erred in taking a view that since payment of premium which was due on 13.1.2012 had been deposited on 13.4.2012 i.e. three months after the due date, therefore, the policy had lapsed as on the date of death of Hoshiar Singh and the claim of the petitioners, as such, cannot be accepted. Further contended that the Permanent Lok Adalat has overlooked the provisions of the Manual for Policy Serving Department issued by the Life Insurance Corporation of India and wherein the claim of the petitioners was admissible.

Mr. Sudhanshu Makkar, Advocate for the respondent-Corporation has, at the very outset, raised the objection of delay. It is submitted that the instant petition has been instituted on 14.7.2017 i.e. after a delay of 2 ½ years from the date of passing of the impugned award dated 20.1.2015. It is urged that under such circumstances the relief which has been claimed in the writ petition is beyond a reasonable time frame and as such, the writ petition be dismissed on such count alone.

On merits the impugned award passed by the Permanent Lok Adalat is defended by submitting that the policy obtained by husband of petitioner no.1 for a sum insured value of Rs.5 lakh on a half yearly premium of Rs.12,713/- had already lapsed as on the date of death of the life assured i.e. on 13.4.2012. It is submitted that the last premium was due to be paid on 13.1.2012 and a grace period of 30 days is permissible under the policy, whereas the premium amount was deposited only on the date of death of the life assured i.e. on 13.4.2012. It is argued that as per DDR got recorded the life assured died on 13.4.2012 on account of electrocution at

9.15 A.M, whereas the premium amount was deposited on 13.4.2012 itself at 10.53 A.M. Counsel further states that the petitioners have already been granted ex-gratia amount of Rs.2,50,000/- under the claim relaxation as per para 4(1)(b) of Chapter 3 of the Policy Serving Manual issued on 31.12.2005. It is stated that such relaxation is admissible in case of death claim where premium amounts were paid for full two years and if the death of the life assured was to occur between 3 and 6 months of the due date of the first unpaid premium. Mr. Makkar has submitted that in the present case the policy of the life assured had run for two years and 6 months before it lapsed and the premium payment was made after expiry of 3 months on the date of death and after death had actually occurred and accordingly the nominee was granted relaxation in settling the claim by giving the ex-gratia amount of Rs.2,50,000/- which was half of the sum insured amount of Rs.5 lakh. On behalf of the Corporation a stand is taken that no further amounts would be due and payable to the petitioners.

Counsel for the parties have been heard at length and the pleadings on record have been perused.

It is the conceded case on behalf of the Corporation that the policy of the life assured had already run for two years and six months and the last premium was due to be paid on 13.1.2012. Para 4 contained in Chapter 3 of the Policy Serving Manual dated 31.12.2005 would be relevant to the issue at hand and is reproduced hereunder:-

> *"4. Relaxation in the matter of settlement of Death Claim under Policies where premiums were paid for full two years:*
>
> *1. The following relaxations are now made in respect of Death claims arising by the Death of the Life Assured on or after 1.10.1987:*

*After at least two full years premiums have been paid under a policy,*

*a) If the death of the Life Assured were to occur after expiry of Days of Grace but within three months of the due date of the first unpaid premium, consideration of claim to the extent of the full sum assured together with the declared bonuses subject to recovery of the unpaid premiums.*

*b) If the death of the Life Assured were to occur between three and six months of the due date of the first unpaid premium, consideration of claim to the extent of half the sum assured.*

*And*

*c) If the death of the Life Assured were to occur between six months and one year of the date of the first unpaid premium, consideration of claim to the extent of a proportionate notional paid up value on the basis of actual premiums paid.*

*2. XXX."*

Under para 4 (1)(a), it is envisaged that if the death of the life assured were to occur after expiry of the days of grace but within three months of the due date of the first unpaid premium, consideration of claim to the extent of the full sum insured together with the declared bonuses subject to recovery of the unpaid premiums would be admissible.

In the facts of the present case the last premium that was due to be paid was on 13.1.2012. A 30 days grace period was available for deposit of the premium. Death of the life assured has concededly occurred after expiry of the days of grace i.e. on 13.4.2012. Furthermore, the death has occurred on the penultimate day of expiry of three months from the due date of the first unpaid premium i.e. the date of the premium being due on 13.1.2012 and the death having occurred on 13.4.2012. Clearly the claim of the petitioners herein would be squarely covered under para 4 (1)(a) of the Policy Serving Manual as referred to herein above.

The submission advanced by counsel for the Corporation that the death had occurred on 13.4.2012 at 9.15 A.M as per DDR and the last premium had been paid a few hours later i.e. at 10.53 A.M on 13.4.2012 would be of no consequence. Under para 4(1)(a) itself the claim to the extent of full sum insured together with declared bonuses would be admissible if the death of the life assured were to occur after expiry of days of grace but within three months of the due date of the first unpaid premium. This very clause makes the claim admissible subject to recovery of the unpaid premiums. In other words even if the last unpaid premium had not been deposited on 13.4.2012, still, the claim of the petitioners had to be settled and released after recovery of the unpaid premium. Even otherwise, if, two views are possible as regards interpretation of para 4(1)(a) of the Policy Serving Manual, this Court would be inclined to follow the view that favours the claimant in such matters.

The objection as regards delay in filing the instant writ petition is overruled. The Corporation instead of releasing the benefit as admissible under para 4(1)(a) of the Policy Serving Manual has sat over the money and denied the same to the hapless claimants. The delay of 2 ½ years in filing the instant writ petition against the impugned award cannot stand in their way in claiming the due benefit as per policy issued by the Corporation.

For the reasons recorded above, writ petition is allowed. Impugned award dated 20.1.2015 (Annexure P-1) passed by the Permanent Lok Adalat (Public Utility Services), Narnaul, is set aside. The respondent-Life Insurance Corporation of India is directed to calculate and release to the petitioners herein the benefits as admissible by applying para 4(1)(a) of the Policy Serving Manual contained in Chapter 3 along with interest @ 6%

per annum within a period of two months from the date of receipt of a certified copy of this order. However, while calculating the component of interest, the period i.e. date of passing of the impugned award and the date of institution of the instant writ petition would be excluded.

Writ petition is allowed in the aforesaid terms.

**(TEJINDER SINGH DHINDSA)**
**JUDGE**

**03.07.2019**
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Whether speaking/reasoned: Yes/No
Whether Reportable: Yes/No