IN THE HIGH COURT OF PUNJAB & HARYANA AT CHANDIGARH

CWP-23961-2019 (O&M)
Date of Decision:02.09.2019

Rakesh Jain ... Petitioner

Versus

The Insurance Ombudsman & another ... Respondents

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

Present:- Mr. Parminder Singh, Advocate for the petitioner.

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TEJINDER SINGH DHINDSA, J.

Challenge in the instant writ petition is to the order dated 18.06.2019 passed by the Insurance Ombudsman (Annexure P-6), whereby complaint of the petitioner as regards less maturity value having been paid by the Life Insurance Corporation pertaining to a Jeevan Shree Policy has been dismissed.

Brief facts emanating from the pleadings on record are that the petitioner had purchased the Policy in question bearing No.121685932 in the year 2002. On 22.09.2008, petitioner raised a loan of Rs.2,64,000/- on the Policy. He purchased a new Policy bearing No.176186481. Subsequently, on 12.11.2013, he surrendered the new Policy and cleared the loan under the Old Policy resulting in release of the Policy from LIC. When he sought the maturity claim, he was given Rs.8,31,250/-. As per petitioner, another policy holder who had purchased an identical policy received a much higher sum on maturity.

Counsel for the petitioner submits that upon perusal of the account statement, the policy holder became aware that the last premium installment of July, 2011 had remain unpaid and it is due to such reason that the policy lapsed and the full maturity benefit was not given to the petitioner. It is argued that there was no fault on the part of the petitioner. The blame for not depositing the premium installment was solely on the part of the LIC Agent, namely, Rakesh Gupta. It is urged that the premium installment amount was given to Rakesh Gupta for depositing the same with the office of LIC Karnal. But subsequently, petitioner has learnt that such amount was not deposited by the LIC Agent. Reliance has been placed upon the guidelines issued by IRDA in exercise of powers under Section 42 of the Insurance Act, 1938 and which reads as follows:

> *"VIII (3) Every Insurance agent shall, with a view to conserve the insurance business already procured through him, make every attempt to ensure remittance of the premiums by the policy holders within the stipulated time, by giving notice to the policy holder orally and in writing.*
>
> *(5) The insurer shall be responsible for all acts and omissions of its agents including violation of code of conduct specified under these guidelines, and shall be liable to a penalty which may extend to one crore rupees."*

It is contended that the petitioner cannot be denied the full maturity value on account of the lapse of the LIC agent concerned. Yet another submission raised by counsel is that no notice had been served upon the petitioner calling upon him to deposit the premium installment amount and in case such a notice had been served the petitioner who had deposited the previous 19 installments would have certainly deposited the last 20th installment as well.

Counsel for the petitioner has been heard at length.

As per Section 50 of the Insurance Act, 1938, the Insurance Company is mandated to give notice to the policy holder informing him of the options available unless the same are set forth in the Policy itself. In the facts of the present case, the policy in question was purchased on 02.01.2002 for a half yearly premium of Rs.25,599/- to be paid for 10 years. The date of maturity of the policy was 02.01.2017. Petitioner concededly did not deposit the last premium which was due on 02.07.2011. Counsel does not dispute that the condition of depositing premium payable in January and July of the relevant year was mentioned on the policy cover itself. It was towards compliance of such term and condition that the petitioner had deposited the previous 19 installments. Under such circumstances, the contention raised by counsel that the respondent/Life Insurance Corporation was bound to issue a prior notice even as regards the 20th installment due is without merit.

The submission as regards the premium installment amount having been given to LIC agent Rakesh Gupta and who in turn having not deposited the same is also not well founded. Petitioner had taken such plea for the first time in the complaint dated 29.12.2017 (Annexre P-5) that was filed before the Insurance Ombudsman. Prior thereto, the petitioner had submitted a representation dated 30.01.2017 (Annexure P-3) to the Branch Manager, Life Insurance Corporation, Karnal and in which there is not even a whisper as regards the premium installment amount having been handed over to agent Rakesh Gupta and the same in turn being not deposited. This Court would have no hesitation in observing that the petitioner had defaulted in the deposit of the premium installment amount which was due on 02.07.2011 and on account of which the policy lapsed. The plea of default at the hands of the LIC agent is clearly an afterthought and raised only at the stage of filing a complaint before the Insurance Ombudsman.

There is no infirmity in the order dated 18.06.2019 (Annexure P-6) passed by the Insurance Ombudsman.

Claim of the petitioner for release of full maturity value in respect of the Policy in question is held to be not tenable.

Writ petition is dismissed.

02.09.2019 **(TEJINDER SINGH DHINDSA)**
harjeet **JUDGE**

i) Whether speaking/reasoned? Yes/No

ii) Whether reportable? Yes/No