IN THE HIGH COURT OF JUDICATURE AT PATNA
Civil Writ Jurisdiction Case No.5593 of 2021

==

The Oriental Insurance Company Limited, through Mr. Niraj Kumar, aged about 45 years, Male, son of Shri R.V. Prasad, Authorized Signatory / Duly Constituted Attorney, Regional Office, The Oriental Insurance Comapny Limited, Pirmuhani, Patna

... ... Petitioner/s

Versus

1. Life Insurance Corporation of India through the Zonal Manager, East Central Zone, Jeevan Deep Building, Exhibition Road, Patna, Bihar
2. The Zonal Manager, Life Insurance Corporation of India, East Central Zone, Jeevan Deep Building, Exhibition Road, Patna, Bihar
3. The Senior Divisional Manager, Life Insurance Corporation of India, Divisional Office-2, Jeevan Deep Building, Frazer Road, Patna, Bihar
4. The Manager (P and IR) Life Insurance Corporation of India, Divisional Office-2, Jeevan Deep Building, Frazer Road, Patna, Bihar
5. The Manager (P and GS) Life Insurance Corporation of India, Divisional Office-2, Jeevan Deep Building, Frazer Road, Patna, Bihar
6. The Manager (OS) Life Insurance Corporation of India, Divisional Office-2, Jeevan Deep Building, Frazer Road, Patna, Bihar
7. The Chief Manager, Life Insurance Corporation of India, Patna Branch Office-2, Jeevan Deep Building, Frazer Road, Patna, Bihar
8. The Senior Branch Manager, Life Insurance Corporation of India, Patna Branch Office-2, Jeevan Deep Building, Frazer Road, Patna, Bihar
9. Kumari Pushpanjali Wife of Late Ashutosh Kumar Permanent Resident of Pathari Ghat, Peepal tal, Tripoliya, Gulzarbagh, P.s.- Sultanganj, District- Patna, Bihar, At present residing at New Navin Engineering works, Chitragupt Nagar, Parwati Path, Kankarbagh, P.s.- Patrakar Nagar, P.o.- West Lohanipur, District- Patna-20

... ... Respondent/s

==

Appearance :

For the Petitioner/s	:	Mr.Durgesh Kumar Singh, Advocate
For the Respondent/s (LIC)	:	Mr. Rakesh Kumar, Advocate
		Mr. Abhimanyu Vats, Advocate
		Mr. Rajnikant Singh, Advocate
		Mr. Sameer Sawarn, Advocate

==

CORAM: HONOURABLE MR. JUSTICE ASHUTOSH KUMAR
and
HONOURABLE MR. JUSTICE NAWNEET KUMAR PANDEY

ORAL JUDGMENT
(Per: HONOURABLE MR. JUSTICE ASHUTOSH KUMAR)

Date : 30-11-2022

Heard Mr. Durgesh Kumar Singh, learned counsel for the petitioner/Oriental Insurance Company Limited and Mr. Abhimanyu Vats for the respondent/LIC.

The insured, an employee of LIC, met with an accident on 29.05.2011, about which the LIC received the information on 30.05.2011, i.e., a day after. Be it noted that the Group Personal Accident (GPA) Policy of the insured was undertaken by the LIC as an employer for which insurance amount was regularly being paid by the LIC to the Oriental Insurance Company Limited. The insured met his death on 05.06.2011 which, according to the LIC, was communicated to it on 14.06.2011. However, such information was provided to the OIC on 25.07.2012, i.e., after a delay of 13 months. In the interregnum, under the orders of this Court, the heir of the deceased/insured, who in the present case is his widow, was paid the insured amount by the Oriental Insurance Company Limited.

The present litigation is for the indemnification of the Oriental Insurance Co. Ltd. (OIC) for such amount by the LIC, which had undertaken the insurance on behalf of its employee, for the reason of LIC not having supplied the information of death to the OIC on time.

The LIC contends that, no doubt, the information of death of its employee/insured was intimated to it, but for making the payments, certain other facts were required to be collected. It has further been submitted that, according to the own showing of the OIC, the wife of the deceased/insured came to learn about the policy and her obligation to part with certain material information only in the month of July 2012, which information was promptly provided by the widow to the LIC which, in turn, was communicated to the OIC.

Mr. Durgesh Kumar Singh, learned counsel for the OIC, however, contends that this explanation is not acceptable for the reason that all payments due to insured/deceased were made and all the information about the insured was available with the respondent/LIC which ought to have been communicated to the OIC. Mr. Singh further submits that an Insurance Company is required to be intimated about the accident/death within a specified number of days because such timely information is necessary for the insurer to effect various post-claim activities like investigation, loss assessment, provisioning, claim settlement etc. The insurer is also to see whether the claim is genuine or not. In the present case, the delay of 13 months in providing necessary information by the LIC which had under-written the policy in favour of the deceased employee, the LIC stands obligated to indemnify the OIC.

After having heard the counsel for the parties, we find that there can be no dispute about the death of the insured, whose Group Personal Accident

(GPA) Policy was undertaken by the LIC, the employer of the deceased.

There is substance in the submission of the LIC that for collecting complete information from the family of the deceased, some time is always taken, but while doing so, the importance of timely intimation to the insurer for certain activities to be performed for finding out the correct state of affairs and processing payments for the benefit of the insurer, cannot be underestimated. This Court has been shown a letter addressed to all the insurance companies by the Insurance Regulatory and Development Authority (IRDA) that the insurer's decision to reject a claim must be based on sound logic and valid grounds. Though essence of time remains at the root of any contract but such limitation clause, in cases of insurance, does not operate in isolation and is not absolute. The timely reporting clause is to be understood in the context of the set of facts available in any particular case of the insured.

Equally important is the gate-keeping mechanism for bad claims.

A request therefore was made by the IRDA to all the insurers to develop a sound mechanism of their own to handle such claim with late reporting with utmost care and caution and the claim ought not to be repudiated unless and until the reasons of delay are specifically ascertained and recorded and the insurers are satisfied that such delayed claims would have otherwise been rejected, even if reported in time. The guiding spirit, therefore, as it appears to us, is that only bad claims, by and large, ought to be repudiated regardless of the time-frame not being followed.

In the present case, the death of the insured was known to the employer/LIC, but for all information to be sent to the insurer, which in this case is the OIC, some extra time was consumed. The delay shown is not of such kind which would obligate the LIC to indemnify the OIC.

This writ petition therefore lacks merit and is rejected.

However, the dismissal of this writ petition would not prevent the OIC from agitating its cause before the IRDA.

(Ashutosh Kumar, J)

(Nawneet Kumar Pandey, J)

SONALI/HR

AFR/NAFR	AFR
CAV DATE	NA
Uploading Date	07.12.2022
Transmission Date	NA