BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

ORDER RESERVED ON : 14.09.2022

ORDER PRONOUNDED ON : 21 .09.2022

CORAM:

THE HONOURABLE MR.JUSTICE R.VIJAYAKUMAR

W.P.(MD).No.16898 of 2015
and
MP(MD).Nos. 1 & 2 of 2015

N.Raji ....Petitioner

Vs

1.The Chairman
Life Insurance Corporation of India
Central Office " Yogakshema"
Jeeva Bima Marg
Mumbai

2.The Zonal Manager
Life Insurance Corporation of India
Southern Zonal Office
L.I.C.Building
Anna Salai
Chennai 600 002

3.The Senior Divisional Manager /Branch Manager (P&GS)
Life Insurance Corporation of India
Bridge Station Road
Sellur, Madurai ....Respondents

Prayer: This Petition filed under Article 226 of the Constitution of India, to issue a Writ of Certiorarified Mandamus, calling for the records relating to the impugned order passed by the third respondent in Ref.No.P&GS/GI/File No.3382 dated 01.07.2015 and quash the same as illegal and consequently directing the respondents to pay Group Insurance Coverage to the petitioner on the death of her husband who has an Agent of LIC with License No. 225401 and Code No.02104749 from the date of death of her husband on 03.11.2014 with reasonable interest.

For Petitioner : Mr.D.Selvanayagam

For Respondents : Mr.G.Prabhu Rajadurai

ORDER

The present writ petition has been filed challenging an order passed by the third respondent herein under which the request of the petitioner for payment of claim amount under Group Insurance Policy due to the death of the petitioner's husband was rejected.

2.According to the petitioner, the petitioner's husband was a full time LIC agent from the year 1980 onwards. His licence as an LIC agent was about to expire on 26.06.2016. However, the petitioner's husband had passed away on 03.11.2014 due to cardiac arrest. According to the petitioner, her husband being a confirmed tied agent of Life Insurance Corporation, he was a member of the Group Insurance Scheme from the year 2007 onwards. The scheme is a compulsory one for the agents unless they have opted out by way of a consent letter.

3.The petitioner had further contended that her husband's agency was terminated for a brief period from 05.07.2013 to 13.10.2013 and he was reinstated on 14.10.2013 and the Group Insurance Premium was deducted continuously even during the said period of termination. She had further contended that her husband was terminated for the second time from 05.07.21014 to 12.09.2014 and he was reinstated on 13.09.2014. Even during the period of second termination, there was a coverage of Group Insurance Policy. Hence on the date of his death namely 03.11.2014, there was a coverage in view of the fact that premium was collected from him.

4.The petitioner had further contended that after the death of her husband, several representations were made to the respondent authorities. Finally, the third respondent herein has passed the impugned order that rejecting the request for payment of claim amount on the ground that the agency should be in force as on 01.09.2014. However, the petitioner's husband was not an agent on 01.09.2014. Hence, the Group Insurance Policy is not applicable to him. On the said ground, the request of the petitioner was rejected. The said order is under challenge in the present writ petition.

5.The learned counsel for the petitioner had contended that the said Insurance Policy is compulsory in nature for all the confirmed agents who have completed one year from his date of appointment. In the present case, the petitioner's husband had joined in service in the year 1980 and he was confirmed in the year 1981. When the Group Insurance Scheme was introduced in the year 2007, he was already a confirmed as tied up LIC agent and right from the said date, he is the member of the Group Insurance Policy.

6.The learned counsel for the petitioner had further contended that premium has to be recovered from the Commission bill of August every year which is generated in the month of September every year and it should be credited to the account of Group Insurance Scheme for agents. He had further contended that in case if termination of agent, no premium will be refunded. If such terminated agent gets reinstated within the policy year, he will be covered for the insurance from the date of reinstatement till the next annual renewal date without any payment of further premium. Hence, it is contended that the petitioner's husband was terminated on 05.07.2014 and he was reinstated on 12.09.2014 namely within a policy year and hence, without any further payment of premium, he is entitled to be covered by the Group Insurance Policy.

7.The learned counsel for the petitioner had further contended that the Life Insurance Corporation has deducted the premium in August 2013, even during his first termination period. Hence, by mistake, if Corporation has not deducted the premium during the second termination period, the petitioner cannot be faulted with. The learned counsel had further contended that the petitioner's husband has put in unblemished services of more than 34 years and agency was in force on 01.09.2014 and he was reinstated on 12.09.2014 itself. Hence, he prayed for allowing the writ petition.

8.Per contra, the learned counsel appearing for the respondents had contended that the Group Insurance Policy is attached to the employment. As long as an L.I.C agent is in service, the policy coverage will be alive. On his termination, the policy coverage also gets terminated. The policy year is from 1st September of every year to 31st of August next year. Whenever an agent is terminated during the policy year, they will be covered for Insurance from the date of his reinstatement till the next annual renewal date without any further payment of premium. The annual renewal date of premium is 1st September of every year. Unless an LIC agent is in service on 1st of September, he will not be covered under the Group Insurance Policy for the said policy year starting with 1st of September and ending with 31st of August next year. In the present case, the petitioner's husband's agency was terminated on 05.07.2014 and he was reinstated only on 13.09.2014. Therefore, on 01.09.2014, he was not an LIC agent and hence, there cannot be any coverage for the period between 01.09.2014 to 31.08.2015. The petitioner's husband had passed away on 03.11.2014. Hence, the respondent authorities have rightly rejected the claim of the petitioner relating to the payment of insurance policy. Since the petitioner's husband was not a member of the Group Insurance Policy on the annual renewal date namely 01.09.2014, he cannot be covered for the policy year covering from 01.09.2014 to 31.08.2015. Hence, the authorities have rightly rejected the claim of the petitioner and he prayed for dismissal of the writ petition.

9.I have considered the submissions made on either side and perused the materials available on record.

10.Admittedly, the petitioner's husband was an LIC Agent from the year 1981 onwards and he was a member of the Group Insurance Policy from the year 2007 onwards. The petitioner's husband has been terminated on 05.07.2014 from his agency and he was reinstated on 13.09.2014. He had passed away on 03.11.2014. These facts are not in dispute.

11.An Insurance Policy including a Group Insurance Policy is always subject to the terms and conditions as specified in the policy. The rules for group insurance scheme for agents of the Corporation is published by the Corporation on 16.08.2007. The relevant portion is extracted as follows:

> *".... if any agent is terminated after Annual Renewal Date (ARD) and it reinstated after ARD, then he will not be covered for that policy year. He can re-join the Group Insurance scheme from the next Annual Renewal date. Please note that the Insurance Cover ceases from the date the agent is terminated."*

12.A perusal of the details of coverage will clearly indicate that if any agent is terminated before the Annual Renewal Date (ARD) and he is reinstated after ARD, then he will not be covered for that policy year. He can re-join the Group Insurance scheme from the next Annual Renewal date. Admittedly, in the present case, the Annual Renewal Date is 1st of September every year. The petitioner's husband was not a L.I.C agent on 01.09.2014 namely on the date of Annual Renewal Date. He was reinstated only on 13.09.2014. As per the condition of the policy, he cannot be covered for that policy year namely from September 2014 to August 2015. The petitioner's husband had passed away on 03.11.2014 during the period in which he was not covered by the Insurance Policy. As per Rule, the Insurance cover ceases from the date on which the agent is terminated. In the present case, the policy got terminated on 05.07.2014 itself. It cannot be revived during the middle of the policy year. The agent can rejoin the Insurance Scheme only from the next annual renewal date namely 01.09.2015. Hence, it is clear that the petitioner's husband was not covered by the policy on the date when he passed away. The third respondent herein has rightly passed an order rejecting the claim of the petitioner on the ground that the petitioner's husband's agency was not in force on 01.09.2014.

13.In view of the above said discussion, I do not find any illegality or infirmity in the order impugned in the writ petition. The writ petition is devoid of any merits and the same is dismissed. No costs. Consequently, connected miscellaneous petitions are closed.

21 .09.2022

Internet : Yes/No
Index : Yes/No
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R.VIJAYAKUMAR, J.

msa

Pre-delivery order made in

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