



W.P. No.23247/2023

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATE : 04.11.2025

CORAM

THE HONOURABLE MR. JUSTICE M.DHANDAPANI

W.P. NO.23247 OF 2023

AND

W.M.P. NO. 22786 OF 2023

Life Insurance Corporation of India
Rep. By its Senior Divisional Manager
Divisional Office – II
C-47, Second Avenue
Anna Nagar Plaza, Anna Nagar
Chennai 600 002.

.. Petitioner

- Vs -

1. The Insurance Ombudsman
Office of the Insurance Ombudsman
(Tamil Nadu & Puducherry)
IV Floor, Fathima Akthar Court
453 – Anna Salai, Teynampet
Chennai 600 018.

2. S.Sundar Raj

.. Respondents

Writ Petition filed under Article 226 of the Constitution of India praying this Court to issue a writ of certiorari calling for the records relating to the Award No.IO/CHN/A/LI/0228/2022-23 dated 23.11.2022 passed by the 1st respondent and quash the same.

For Petitioner : Mr. R.S.Anandan



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ORDER

Assailing the order of the 1st respondent in and by which the petitioner has been directed to refund the premiums paid along with interest as prescribed under the regulations framed under the Insurance Regulatory & Development Authority of India Act, the present petition has been filed by the petitioner.

2. It is the case of the petitioner that the 2nd respondent had taken a policy, viz., Jeevan Saral and after proper underwriting, the policy was issued to the 2nd respondent, viz., the life assured based on the proposal dated 23.09.2009 with the date of commencement of the policy as 28.10.2009 and date of maturity as 28.10.2022. The policy, while provided for a death benefit of Rs.12,50,000/- during the period of policy cover, but, in the event of the life assured surviving the policy period, maturity amount along with loyalty addition is payable, which, however, has not been quantified in the policy document, which has been issued by the petitioner. There is no dispute with the fact that the policy was issued with a quarterly premium of Rs.15,312/- payable by the life assured, which also included accident benefit.



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3. It is the further case of the petitioner that the life assured, viz., the 2nd respondent, survived the policy term of 13 years upon which the maturity amount became payable to the life assured and based on the conditions of the policy, the maturity amount was calculated in a sum of Rs.3,00,200/- along with loyalty addition in a sum of Rs.1,80,120/- in all totalling to a sum of Rs.4,80,320/-, which was offered as maturity benefit to the life assured.

4. It is the further case of the petitioner that vide letter dated 25.9.2020, the maturity amount payable to the life assured/2nd respondent was communicated and the 2nd respondent, not being satisfied with the said intimation, preferred a complaint with the 1st respondent u/r 13 (1)(d) & (1) of the Insurance Ombudsman Rules, 2017 r/w Section 24 of the Insurance Regulatory & Development Authority Act, 1999.

5. The 2nd respondent contended that though an amount of Rs.7,96,224/- was paid under the policy as premium amount, however, the amount paid by way of maturity benefit was less than the premium amount paid by the 2nd respondent and, therefore, sought for return of the premium amount paid along with interest at 9.5%. The 1st respondent, on the said complaint, forwarded the same to the petitioner to which the petitioner



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submitted the details of the policy in the form of a self-contained Note along with the copies of the policy document and proposal form. The 1st respondent upon receipt of the note, passed the impugned award directing the petitioner to return the premium paid by the 2nd respondent along with interest at the rate specified in Rule 17 (7) of the Insurance Ombudsman Rules, 2017 after deducting the earlier settlement made towards maturity benefit. Aggrieved by the said award, the present writ petition has been filed by the petitioner.

6. Learned counsel appearing for the petitioner submitted that prior to the plan being floated for being availed by the consumers, the features of the plan, including the product details, benefits, pricing and other terms and conditions were placed before the Insurance Regulatory and Development Authority (for short 'IRDAI') and only after approval of the authority, the plan was introduced in the market.

7. It is the further submission of the learned counsel that the plan was introduced on 12.2.2004 after following the aforesaid procedure and the benefits under the plan, pricing, viz., premium charged and other terms and conditions are in consonance with the settled principles of public welfare. Further the product brochures for advertisement of the product was also



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approved by the authority. However, without taking into consideration all these aspects about the salient features of the policy as also the manner in which the policy has been introduced in the market, the 1st respondent has passed the impugned order, which is perverse and reveals non-application of mind to the materials.

8. It is the further submission of the learned counsel that the insurance policy provides coverage against the risk of untimely death and premium amount is charged based on the age of the proponent and higher the age, higher is the premium, as the higher age at entry is directly proportional to higher risk of death. Higher the risk of death, the higher the element of risk cover, which leads to higher mortality charges.

9. It is the further submission of the learned counsel that as per the circular of IRDAI, the mortality tables used for fixing the premium is one prescribed by the Institute of Actuaries of India and the mortality tables used for computing premium in the present policy by the petitioner is the one prescribed by IRDAI and as such there is no violation of any of the settled principles of insurance.



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10. It is the further submission of the learned counsel that insofar as the present plan taken by the 2nd respondent is concerned, unlike regular insurance plans, wherein higher premium is charged for proponent higher in age, under this plan, premium amount is decided by the policy holder irrespective of the age of the proponent at the start of the policy and the death sum assured is equal to 250 times of monthly premium amount irrespective of age. Therefore, irrespective of the age of the proponent, the higher aged proponents will get the very same insurance cover in same premium amount as that of proponents of lower age, but the maturity value will differ according to age at entry of the insured.

11. It is the further submission of the learned counsel that in respect of Jeevan Saral policy taken by the 2nd respondent, it provides for a higher death cover along with return of premium barring the first year premium along with loyalty additions if the life assured meets with death during the tenure of the policy and if the life assured survives the period of the policy, the life assured will be given the maturity value along with loyalty additions for the completed term, which is a variable component depending on the age of the policy holder at the time of taking the policy.

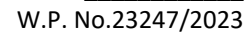


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12. It is the further submission of the learned counsel that the policy provides for auto cover for one year in case premium amount has been paid for a period of three years and, thereafter, if the due premium is not paid within the due date or even during the period of grace, the policy does not lapse, but the basic risk cover, excluding rider benefits continues to be available to the life assured for a period of 12 months from the due date of the first unpaid premium.

13. It is the further submission of the learned counsel that the 2nd respondent had submitted the proposal form only after getting acquainted with the terms and conditions of the plan and the petitioner had admitted the proposal form from the 2nd respondent for the 13 year term. It is the further submission of the learned counsel that to a Question No.14 in the proposal form *"Have you understood fully the terms and conditions of the plan you propose to take"* had answered in the affirmative as *"Yes"*. This clearly shows that the 2nd respondent had understood the terms and conditions of the policy and had understood the benefits that would be available to him in the event of his survival or on death to his nominee and, therefore, he is estopped from contending that he was not aware about the benefits available upon maturity of the policy.



16. It is the further submission of the learned counsel that in the policy bond issued to the 2nd respondent, the field Maturity Sum Assured in the Schedule of Policy has been left blank inadvertently and the non-mentioning of the maturity amount in the policy no way changes the scope and benefits under the policy, as all the terms and conditions are approved by IRDAI. It is



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the further submission of the learned counsel that the policy bond also provides in the 4th page for the policy holder to examine the policy and if any mistake is found, to return it immediately for correction. The 2nd respondent having received the policy and having knowledge about non-printing of the maturity sum assured had not returned the policy and, therefore, cannot seek to gain advantage at a later stage.

17. It is the further submission of the learned counsel that even if the maturity sum assured column is left blank inadvertently, the conditions in the policy provides that in the event of the life assured surviving on the date of maturity, a sum equal to maturity sum assured in force after partial surrenders, if any, along with corresponding loyalty additions would be payable. Therefore, the life assured would be entitled only to the maturity sum assured as per the schedule of the policy, even if the maturity sum assured column has been left blank due to error in the computer program and that error cannot be put against the petitioner to even refund the entire premiums paid along with interest.

18. It is the further submission of the learned counsel that two different component of benefits are involved in the policy, viz., one on account of death



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during the term of the policy in which case the nominee will receive the death sum assured and in case the life assured survives the term, then the second benefit of maturity sum assured would be payable to the life assured at the end of the policy term. Therefore, there are two different benefits involved, which is payable on two different occasions. However, even if the inadvertent error has crept in the policy in not printing the maturity sum assured, presuming but not admitting that there was no consensus on the policy, even then the life assured/2nd respondent had not taken any steps to return the policy and had utilised the benefit of the risk cover under the policy till the term of the policy, which fact has not been properly adjudicated by the 1st respondent while passing the award.

19. It is the further submission of the learned counsel that the concept of life insurance is founded on the principle that a small contribution from every one is ringed in to avert the financial crisis suffered due to the death of a breadwinner of a family, which is covered by the policy of insurance, inspite of the fact that the larger denomination do not receive anything in return for the said contribution, which is the sole intention under the Term Assurance concept plans of which the present policy Jeevan Saral is one, but which includes a better benefit of a portion as maturity sum assured to the life

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assured well. Therefore, once the policy holder has accepted the concept and entered into a contract of insurance with the petitioner, he cannot turn back and claim that even the amount paid by him by way of premium has not been realised by him, as such is not the concept of term assurance plans.

20. It is the further submission of the learned counsel that the non-printing of the maturity value in the policy schedule was informed to the 2nd respondent vide letter dated 25.09.2020 and the 2nd respondent having been provided with two different benefits under the policy, viz., life coverage and maturity and having enjoyed the benefit of life coverage till the maturity of the policy cannot now turn back and claim that the maturity sum assured is not commensurate with the premium amount paid by him.

21. Referring to Section 64 and 65 as also Section 20 of the Contract Act, learned counsel for the petitioner submitted that the parties both having committed a mistake, in that the maturity sum assured has not been spelt out by the petitioner in the policy document and the life assured/2nd respondent not having properly gone through the same and brought it to the notice of the petitioner, both are equally liable for the mistake and it cannot be fastened on the petitioner alone, as has been done through the order passed by the 1st



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respondent, directing refund of the premium paid by the 2nd respondent along with interest, which, if allowed to subsist, then it would not only open a Pandora's Box for similar claims being made against the petitioner, but would also work hardship to the petitioner, as the amount of premium refunded to such life assured would have an impact on the other policy holders in getting better benefits under their policy, as any additions, which are published by the petitioner on the basis of the profit earned by them would be drastically reduced and the bona fide policy holders would not be able to realise the proper benefits.

22. The 1st respondent, without properly appreciating all the aforesaid aspects, has travelled beyond the scope of the policy conditions and ordered refund of the entire premium paid by the policy holder with interest after having enjoyed the risk cover for the entire term of the policy, which is grossly perverse, arbitrary and unreasonable and the same deserves to be interfered with.

23. Since the whole issue revolves around the documents that have been placed before this Court, which is not in dispute, putting the 2nd



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respondent on notice does not arise and this Court is inclined to consider the documents and pass orders.

24. This Court gave its careful consideration to the submissions advanced by the learned counsel appearing for the petitioner and perused the materials available on record to which the attention of this Court was drawn.

25. This Court is conscious of the concept of insurance and the social and societal benefit that it passes on to the families in case of unforeseen events happening. But that cannot alone be the sole determinant factor to look at all the insurance policies as one and the same, as the policies are of varying nature catering to varying segments and it takes within its fold different risk options, including maturity options. Normally, the policies are segregated into three categories, viz., conventional, market oriented and term assurance. Though all the policies cover the risk aspect as a specific criteria, however, built within it are certain salient features, which are the main reason for attracting the customers. Therefore, of necessity, the customers should be made known of the salient features, which distinguishes one policy from the other so that of the very many policies, the intending proposers would be able to choose the best plan, that would suit their specific needs.



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26. There is no necessity to state that risk coverage is the main fruit in respect of an insurance policy. However, insofar as conventional policies are concerned, maturity benefit along with additions, are relevant considerations in the mind of any person, who proposes to take a policy of insurance. Leaving aside the market linked policy, the other form of policy is a term assurance policy in which for a very low premium, the risk alone is covered benefitting the nominee in case of any unforeseen happening and if the life assured survives the term, no amount is paid to the life assured.

27. The present policy, which is the subject matter of the present petition, is a combination of a conventional and term assurance policy. However, the said factum is not spelt out either in the policy document or in the affidavit filed by the petitioner, but it could be deciphered from the terms of the policy.

28. According to the petitioner, inadvertently, the amount of the benefit payable at the time of maturity, which is shown as “Maturity Sum Assured” has been erroneously been omitted to be entered in the policy.

However, in clause 14 of the proposal, the 2nd respondent/life assured has



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given an undertaking that he has fully understood the terms and conditions of the plan, which he is taking and, therefore, he cannot try to wriggle out of the same by claiming that the maturity amount is not even equivalent to the premium paid by him and, therefore, the premium paid should be refunded to him along with interest, moreso, when the life assured, over the term of the policy has enjoyed the risk coverage.

29. In the aforesaid backdrop, the whole case lingers upon the policy document and the benefits which is committed to be provided to the life assured during the subsistence of the policy and at the time of maturity.

30. True it is that the life assured has enjoyed risk coverage under the policy during the entire extent of the term. However, can his enjoyment be the ground to negate his case when the error in the policy is due to the omission/error on the part of the petitioner.

31. A careful perusal of the policy bond reveals that in the 'Schedule' the maturity sum assured payable, the death benefit sum assured payable, the accident benefit sum assured payable along with the instalment premium and instalment rider premium have been shown. While the death benefit sum



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assured and accident benefit sum assured have been shown as Rs.12,50,000/-, however, there is a conspicuous absence of any figure relating to 'Maturity Benefit Sum Assured', which according to the petitioner, is an inadvertent slip.

32. To wriggle out of this predicament, the petitioner wants this Court to advert to page-4 of the policy bond, wherein, according to the petitioner, the following is printed in bold letters :-

"YOU ARE REQUESTED TO EXAMINE THIS POLICY, AND IF ANY MISTAKE BE FOUND THEREIN, RETURN IT IMMEDIATELY FOR CORRECTION."

33. True it is that the above disclaimer is provided in the 4th page of the policy document. This is a document, which is, day-in and day-out, being handled by the petitioner and even according to the petitioner, about 1,20,985 death claims have been settled in this policy, meaning thereby, that there are more number of maturity claim cases and that the petitioner has been dealing with this policy document daily. However, a document, which is dealt with by the petitioner daily does not result in the petitioner finding an error in the issued policy; rather the petitioner puts the ball in the court of the life assured to find out the error and inform the petitioner by returning the policy.



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34. In case of a contract, both the parties are equally liable for any mistake and in a case of this sort, the petitioner being the author of the document with which it is more conversant, out to have been more careful while issuing the policy as it is bound by the terms of the policy and any error crept in due to its own act, cannot be fastened on the other party, who has taken the policy by adverting to the last page of the document, where a disclaimer is given to the effect that if any error or mistake is found, the policy document is to be returned back to the insurer.

35. Merely because the 2nd respondent has not returned the policy to the insurer, it cannot be taken to mean that he has accepted the terms of the policy or that he has found the mistake and still has retained the policy with himself. The error or mistake, which has crept in could also be found out and corrected by the petitioner, but the petitioner only puts the blame on the 2nd respondent that he has accepted the terms of the policy, when it is the petitioner who is the author and who of its own volition has accepted over affidavit that an inadvertent error in not mentioning the maturity sum assured had crept in, in the policy. In spite of the petitioner having issued lakhs of similar policy, yet the error in the maturity sum assured not being mentioned



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has not passed the eyes of the petitioner, yet the petitioner wants to rely upon a disclaimer in the 4th page to tie the hands of the policy holder by stating that the error/mistake has not been pointed out, which would be a deemed acceptance by the policy holder. The petitioner cannot mulct the responsibility on the 2nd respondent alone for this act, as it is the author of the document and ought to have been more careful, while handling public money and now it cannot now turn back and claim that returning the premium back to the 2nd respondent would cause grave prejudice to the other policy holders, as it is the duty of the petitioner to have been vigilant and the sufferance of the other policy holders is the look out of the petitioner and not that of the 2nd respondent.

36. Coming to the other contention relating to the undertaking of the 2nd respondent that he has fully understood the terms and conditions of the plan, which he had proposed to take, for which, the answer of the 2nd respondent has been in the affirmative and, therefore, the 2nd respondent is bound by his undertaking, however, the said contention cannot be accepted for the simple reason that the terms and conditions of the plan, which the 2nd respondent had taken is not part and parcel of the proposal form nor it is the case of the petitioner that a copy of the terms and conditions of the plan had



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been provided to the 2nd respondent. The policy has been procured through an agent by the petitioner by filling the proposal form of which the terms and conditions are not part of it. At best, the terms of the proposal form alone could be held to be binding on the 2nd respondent along with his answers to the questions which have been given in the proposal form, but in respect of certain terms and conditions relating to a policy, which the proposer wishes to take, which are not part of the proposal form, the answer in the affirmative to the question in clause 14 of the proposal form cannot be taken to mean that the terms and conditions of the plan are accepted by the proposer, as it is the agent, who has given the details about the policy and there is no material on which the proposer is basing his understanding. Therefore, the proposer cannot be mulcted with any responsibility in the absence of any material to show that the details of the plan was within the knowledge of the proposer/2nd respondent.

37. The last of the contention relates to the maturity sum assured payable on the maturity of the policy in the event of the policy holder surviving the term of the policy.



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38. In this regard, it is the claim of the petitioner that the higher the age, the higher the premium, but lower the maturity benefit, in case of survival of the policy holder till the maturity of the policy, though the death benefit is 250 times of the monthly premium payable excluding the return of premium paid less the first year premium.

39. In this regard, a careful perusal of the policy issued by the petitioner reveals that the 'Schedule' to the policy details about the maturity benefit and benefit on death and for better appreciation, the same are quoted hereunder:-

<i>Maturity Benefit</i>	<i>In the event of the Life Assured surviving the date of maturity a sum equal to Maturity Assured in force after partial surrenders, if any, along with the corresponding loyalty addition, if any, shall be payable.</i>
<i>Benefit on Death</i>	<i>A sum equal to the Death Benefit Sum Assured along with all premiums paid (excluding premiums paid for the first policy year, any extra premium and premiums in respect of Accident Benefit and Term Rider Benefits) shall be payable provided the policy is in full force on the date of death. Loyalty Addition, if any, shall also be payable. If the proposer and/or Life Assured had surrendered the policy partially, as per terms of this policy, the benefit shall be reduced in proportion of the reduction in premium for the main plan.</i>

40. There is no ambiguity with regard to the terms relating to maturity benefit and benefit on death. In this regard, a perusal of the policy, more particularly, the top portion of the Schedule when looked at, it reveals that



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Death Benefit Sum Assured under main plan is fixed at a sum of Rs.12,50,000/- and Accident Benefit Sum Assured is shown as rs.12,50,000/- and the instalment premium for the main plan and accident benefit premium is shown. However, there is a conspicuous absence with regard to the maturity sum assured as the column is empty. There is no amount specified against the maturity sum assured.

41. Even if it is to be taken, as provided in the tabular statement that a sum equal to maturity sum assured in force, after partial surrenders, if any, along with corresponding loyalty addition, if any, shall be payable, the entire policy document is silent on the maturity sum assured in force, if the stand of the petitioner is to be taken that it is based on the age of the policy holder coupled with the premium amount paid. It is the duty cast on the petitioner, as the issuer of the policy, to commit as to what would be the amount that would be payable to the policy holder on his surviving the term of the policy, excluding the loyalty addition.

42. The conditions and privileges, which are referred to within the policy, which are provided in the succeeding pages of the policy document is also silent on the aspect relating to maturity sum assured, though there is



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specific mention about the surrender value, guaranteed surrender value, accident benefit, if opted for, loans, partial surrenders, disability to the life assured and death of life assured. Even in the conditions, annexed to the policy document, except for the above, there is no specific mention about the maturity sum assured.

43. Though it is the submission of the petitioner that the maturity value payable per Rs.100/- monthly premium is provided in advance for each age and term of policy and the maturity value payable under the plan is well defined at the inception itself, however, as pointed out above, neither the proposal form nor the policy document which have been issued to the 2nd respondent clearly spells out the maturity value which would be payable under the plan and if at all it is well defined at the hands of the petitioner, it would not suffice as knowledge of the same should be had by the policy holder/2nd respondent and not the petitioner alone. Unless the policy holder/2nd respondent is provided with the details as to what is the maturity sum assured that would be receivable by him if he survives the term of the policy , the petitioner cannot attribute any responsibility on the 2nd respondent.



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44. When the manner in which the maturity sum assured would be payable, as is provided for in the schedule, it is incumbent on the petitioner, as the issuer of the policy, to provide the details as to the maturity sum assured that would be payable to the policy holder on his surviving the policy term in the policy document. Failure to spell out the same in the policy document would have to be mulcted on the petitioner and it cannot be fastened on the policy holder/2nd respondent.

45. In the present case, as pointed out above, there is a clear absence of all the necessary details relating to the maturity sum assured that would be payable to the 2nd respondent and there is also no material evidencing that the 2nd respondent/policy holder was provided with all the details with regard to the maturity sum assured that would be payable to him on his surviving the term of the policy and that being the case, the only inference that could be drawn from the incontrovertible materials is that the petitioner did not have the consent from the policy holder/2nd respondent with regard to the essential term of the agreement relating to the exact value of the maturity sum assured that would be payable on his surviving the policy term at the inception of the policy. Therefore, this mutual mistake would render the contract/agreement void ab initio in terms of Section 20 of the Indian Contract Act and, therefore,



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the fact situation warrants the liability to be fixed on the petitioner to refund the premium paid by the 2nd respondent as the contract itself is void, as the computable maturity sum assured has not been specifically spelt out.

46. Though an ancillary contention with regard to the prejudice that would be caused to the other policy holders in respect of the benefit that would be payable to them at the time of maturity/any unforeseen circumstances in the form of loyalty additions and other additions, has been placed before the Court on behalf of the petitioner if the petitioner is directed to refund the premium paid by the 2nd respondent, however, the failure of the petitioner to mention the maturity sum assured in the policy document or to spell out the terms to the proposer in the form of documents at the time of canvassing for the policy cannot form the basis to defeat the legitimate right of the 2nd respondent/policy holder in the absence of his explicit consent to accept the amount quoted towards the maturity sum assured. Therefore, the said contention deserves to be negated.

47. For the reasons aforesaid, this Court does not find any error or infirmity in the order passed by the 1st respondent and the said award



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necessarily has to succeed. This writ petition fails and, accordingly, the same is dismissed. However, there shall be no order as to costs.

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