Priya Soparkar

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICTION

WRIT PETITION NO. 6427 OF 2024

Life Insurance Corporation of India through Legal and HPF Department, Western Zonal Office, 2nd Floor West Wing, Yogakshem Building, Jeevan Bima Marg, Mumbai – 400021. **…Petitioner**

~ versus ~

1. The Office of Insurance Ombudusman Having Office at 2nd Floor, Jeevan Darshan, N.C. Kelkar Road, Narayanpeth, Pune- 411030.

2. Pratibha Sandeep Tarte, widow of Sandeep Tukaram Tarte, Residing at Dehu Road-Alandi Road, Near Hanuman Mandir, Gavthan, A/P-Chikhali, Tal-Haveli, Pune 411062. **…Respondents**

APPEARANCES

For the Petitioner	**Ms. Reshma Kurle** with Ms. Vedanti Gharat.
For the Respondent No. 2.	**Mr. Shubham S. Sane.**

CORAM	:	**SUMAN SHYAM & SHYAM C. CHANDAK, JJ.**
RESERVED ON	:	**21ST APRIL, 2026.**
PRONOUNCED ON	:	**29TH APRIL, 2026.**

JUDGMENT (*Per Suman Shyam, J*):-

1. This Writ Petition, instituted by the Life Insurance Corporation of India (LICI), is directed against the award dated 31st January, 2024 passed by the Insurance Ombudsman, Pune, allowing the claim of the Respondent No.2 who is the widow of the Life Assured viz. Sandeep Tukaram Tarte.

2. The facts of this case lie in a narrow campus and are as hereunder.

3. The deceased husband of the Respondent No. 2, viz., Sandeep Tukaram Tarte had obtained a life insurance policy from the Writ Petitioner bearing No.915262783, under plan 833 *Jeevan Laksha* from its Pimpri branch, on 28th January, 2020. The sum assured under the insurance policy was Rs.7,00,000/- and the yearly premium was Rs.34,033/-. It was a case of yearly premium. Since the insurance policy was procured on 28th January, 2020, hence, the next premium fell due on 28th January, 2021. However, the policy holder i.e. the deceased husband of the Petitioner, had failed to pay the premium on or before the due date. As per the conditions of the policy documents grace period of one month is available to the policy holder to pay the premium but the husband of the Petitioner had even failed to pay the premium within 28th February, 2021 i.e. the last date of the grace period. Consequently, the policy had lapsed due to non-payment of premium within the grace period. On 31st March, 2021, the Life Assured i.e. the husband of the Respondent No.2 had paid the premium i.e. the amount of Rs.34,033/- alogwith late fee of Rs.538.70 for revival of the policy. Upon receipt of the said amount, the policy was revived. The next premium fell due on 28th January, 2022 and the same was paid by the Life Assured on 05th February, 2022 i.e. within the grace period of one month. On 19th February, 2022, the Life Assured had committed suicide. After his death the Respondent No.2, i.e. his nominee, had lodged the insurance claim for early death of her husband claiming the amount of Rs.7,00,000/- which was the sum assured. However, the Petitioner-company had only paid Rs.79,831/- to the Petitioner being 80% of the premium received. Such amount was paid by the LICI by invoking clause (4) of Part-F of the "Other terms and conditions" of the policy documents. Aggrieved thereby, the Respondent No. 2 had lodged a complaint before the Respondent No.1 i.e. Insurance Ombudsman, which was registered under Rule 13(1)(b) of the Insurance Ombudsman Rules, 2017. By the impugned order dated 31st January, 2024, the Respondent No. 1 has directed the Petitioner Corporation i.e. the Insurer to pay the entire death benefit under the policy to the Respondent No.2 herein, after deducting any pay out already made. In the said order, it was further provided that if the payment is not made within 30 days of receipt of the award, the same will attract interest @ 2% above bank rate from the date of rejection to the date of actual payment. Assailing the award dated 31st January, 2024, the Petitioner-Corporation has instituted the present Writ Petition.

4. By inviting the attention of this Court to the materials on record, more particularly, the terms and conditions of the policy documents Ms. Reshma Kurle, learned counsel for the Petitioner has argued that in view of clause (4) of Part-F of the "Other terms and conditions" of the policy documents, the policy would be void in the case of suicide. Since the Life Assured in this case had committed suicide within 12 months from the date of revival of the policy, hence, only 80% of the premiums paid till the date of death of the assured was payable which amount, being Rs.79,831/-, has already been paid to the Respondent No.2 being the nominee of the Life Assured.

5. Contending that in view of the provisions contained in the policy document, no further amount was payable to the Respondent No.2 Ms. Kurle has argued that the Respondent No.1 has committed manifest illegality by granting relief to the nominee of the Life Assured i.e. the Respondent No.2, by going beyond the terms and conditions of the policy documents. She submits that since the Life Assured had committed suicide on 19th February, 2022 i.e. within a period of 10 months 18 days from the date of revival of the policy, hence, the learned Ombudsman has erred in law by issuing the impugned award.

6. Responding to the above arguments, Mr. Shubham Sane, learned counsel appearing for the Respondent No.2 has contended that the date of suicide of the Life Assured does not fall within the period of 12 months from the date of revival of the insurance policy. Therefore, the learned Ombudsman was wholly justified in passing the award. It is also the contention of the learned counsel appearing for the Respondent No.2 that due to severe economic crises the Life Assured could not pay the premium on time. However, subsequently, the premium was paid alongwith penalty, based on which, the policy was revived. Having done so, the Petitioner-Corporation cannot deny the benefits under the policy.

7. We have considered the submissions made at the Bar and have also gone through the materials available on record.

8. As would be apparent from the facts alluded to above, the sole controversy in this Writ Petition is pertaining to applicability of clause (4) of Part-F of "Other terms and conditions" of the policy documents which relates to applicability of the policy in case of suicide. Therefore, it would be relevant to reproduce clause (4)(i)(ii) of the Part-F policy terms and conditions of the policy is hereunder:-

> "4. Suicide
>
> The policy shall be void-
>
> > (i) If the Life Assured (whether sane or insane) commits suicide at nay time within 12 months from the date of commencement of risk, the Corporation will not entertain any claim under this policy except fro 80% of the premiums paid excluding any taxes, extra premium and
> >
> > (ii) If the Life (whether sane or insane) commits suicide within 12 months from dat of revival, an amount which is higher of 80% of the premiums paid till the date of death (excluding any taxes, extra

> premium and rider premium(s) other terms assurance rider. If any) or the surrender value shall be payable. The Corporation will not entertain any other claim under this policy. This clause shall not be applicable for a policy lapsed without acquiring paid-up value and nothing shall be payable under such policies."

9. From a plain reading of clause (4)(ii) it is clear that if the Life Assured commits suicide within 12 months from the date of revival of the policy, then in that event, the nominee will not get the sum assured under the policy but will receive only 80% of the premiums paid till date.

10. Clause 43 of the terms and conditions of the policy documents provides that the revival of policy means the restoration of the policy which was discontinued due to non-payment of premium by the insurer. Clause 43 is reproduced herein below:-

> "43. Revival of a policy means restoration of the policy, which was discontinued due to non-payment of premium, by the insurer as per underwriting decision, upon the receipt of all the premiums due and other charges/later fee, if any, as per the terms and conditions of the policy, upon being satisfied as to the continued insurability of the insured on the basis of the information, documents and reports furnished by the policyholder, in accordance with the then existing underwriting guidelines."

11. In the present case, it is no doubt correct that the Life Assured i.e. the deceased husband of the Respondent No.2 had failed to pay the first renewal premium which fell due on 28th January, 2021. Not only that he had even failed to pay the renewal premium within the grace period of one month as per clause (5) (b) of the conditions-"Payment of premiums" contained in (Part-C). However, it is the undisputed position of fact that the Life Assured had paid the renewal premium of Rs.34,033/- alongwith late fee of Rs.538.70 on 31st March, 2021, pursuant where to the policy was revived.

12. As per condition 43 as noted above, revival of the policy would mean restoration of the same to its original position. As such, pursuant to payment of the renewal premium and the late fee, the policy was revived, thus, restoring the same to its original position. Therefore, the policy became active, with effect from 28th January, 2021 i.e. the date on which the policy had lapsed as otherwise the continuity of the policy cannot be maintained even as per the terms of the policy documents. In view of condition No.43, although payment of the premium and late fee made on 31st March, 2021 might have activated the process of revival, yet, upon revival, the policy stood restored to its original position with effect from the date on which it had lapsed. There is nothing in the policy documents to suggest a different conclusion in the matter.

13. It is correct that the Life Assured had committed suicide on 19th February, 2022. Therefore, reckoned from 28th January, 2021 the date of committing suicide by the Life Assured i.e. 19th

February, 2022, in our opinion, would fall beyond the period of 12 months. As such, clause (4)(ii) of the Part-F of the terms and conditions would not be applicable to the facts of this case. If that be so, the Petitioner could not have denied that full payment of sum assured to Respondent No.2.

14. Taking note of the peculiar circumstances of the case, the learned Ombudsman had also made the following observations in the impugned award which are reproduced below:-

> "Observation and conclusions: During the hearing over video conference on 16.01.2024, both the parties reiterated their earlier submissions.
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> The complainant's husband was covered under subject policy purchased from the RI. He committed suicide on 19.02.2022. The RI treated the claim as early death claim. As the policy was revived on 31.03.2021 the claim was rejected as per the provisions of the clause pertaining to suicide. The RI submitted that the Life Assured died by an act of suicide and the duration between the date of revival and the date of committing suicide was within 12 months. The nominee was paid 80% of the premium received i.e. Rs.79,831/- as per the provisions of the said clause.
>
> Forum observed that the DLA took the policy with date of commencement as 28.01.2020. When the next premium was due on 28.01.2021, it remained unpaid. The premium was not paid even within the grace period of one month and finally was paid on 31.03.2021 and thus the subject policy was revived. On revival of the policy, it was considered to be in continuity during the period from 28.01.2021 to 31.03.2021 though without benefit. The next

> premium was due on 28.01.2022 which was paid on 05.02.2022 i.e. within grace period.
>
> From the above facts, it is clear that the policy was in continuation from 28.01.2020 to 27.01.2023 i.e. for three years. The premium which was paid on 31.03.2021, was for the complete twelve months period from 28.01.2021 to 27.01.2022, though the active portion of the policy was only ten months i.e. from 31.03.2021 to 27.01.2022. Now for the purpose of settlement of this claim, the application of the early death claim clause which puts restriction of lapse of minimum twelve months before the arising of the claim, had not been applied prudently by the RI. As the policy was revived on 31.03.2021 by providing continuity w.e.f. 28.01.2021, the benefit needs to be given to the complainant. Accordingly, the claim is payable and this Forum found the grounds for rejection by RI as not justified."

15. Having regard to the observations and conclusions recorded by the Respondent No. 1, in the light of the terms and conditions contained in the policy documents, as noted above, we are of the opinion that the view taken by the Respondent No.1 in the facts and circumstnaces of the case, is a plausible view. The learned counsel for the Petitioner also could not point out as to why, upon revival of the policy, the date of restoration should not be treated as 28th January, 2021 for the purpose of applicability of clause (4) (2) of Part-2 of terms and conditions of the policy documents. Viewed from that angle, we do not find any error in the conclusion drawn by the learned Insurance Ombudsman i.e. the Respondent No.1.

16. In view of the above and having regard to the peculiar facts and circumstances of the case, we are not inclined to interfere in the matter in exercise of our discretionary jurisdiction under Article 226 of the Constitution of India.

17. The Writ Petition is, therefore, held to be devoid of any merit. The same is accordingly, dismissed.

(SHYAM C. CHANDAK, J.) **(SUMAN SHYAM, J.)**