IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICTION

WRIT PETITION NO.13708 OF 2024

Life Insurance Corporation of India … Petitioner

Versus

The Office of Insurance Ombudsman,
& Anr. …. Respondents

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Adv. Reshma Kurle, for the Petitioner.
Adv. Dhanashri Kondkar (through VC) i/b. Adv. Prashant Deshmukh, for Respondent No.2.

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**CORAM : M. S. KARNIK &
S. M. MODAK, JJ.**

DATE : 13th FEBRUARY, 2026

ORAL ORDER (PER M. S. KARNIK, J.) :

1. Heard learned counsel for the parties.

2. The challenge in this Writ Petition filed under Article 226 of the Constitution of India is to the Award dated 21st June 2024 passed by the Respondent No.1-The Office of Insurance Ombudusman, Mumbai. The brief facts of the case are that the Respondent No.2 had taken policy dated 12th December 2012 from the Petitioner under Plan Jeevan Saral (165-10) from 12th December 2012 and the maturity was on 12th December 2022. The yearly premium was fixed at Rs.1,20,100/- to be paid on 12th

December every year till 12th December 2021 or in the event of death, whichever is earlier. The death sum assured was Rs.25,00,000/-. According to the learned counsel for the Petitioner – Life Insurance Corporation of India ('LIC', for short), the maturity sum assured was clearly mentioned as Rs.3,05,900/- along with double accident benefit @ Rs.25,00,000/- and death benefit @ Rs.25,00,000/-. Learned counsel for the Petitioner invited our attention to the first page of the policy bond. Learned counsel for the Petitioner-LIC submitted that this being a with-profit policy the loyalty addition of Rs.1,45,303/- has been paid in addition to maturity sum assured. In support of the submission that the order passed by the Respondent No.1 calls for interference, learned counsel for the Petitioner made the following submissions.

A) There was a free look period of 15 days after issuance of the policy. However the Petitioner did not receive any objection from the Respondent No.2 during this free look period and even till maturity. The Petitioner was satisfied with the maturity amount mentioned on the policy bond. Also, the policy provided the Respondent No.2 with a life cover of Rs.25,00,000/- for the entire policy period and she availed life coverage of Rs.25,00,000/- for all 10 years. The Respondent No.2 admitted the fact that she had noticed the maturity amount mentioned on the policy bond, when she received the same. This according to learned counsel for the Petitioner is admission on part of the Respondent No.2 that she was well aware of the maturity value of the policy and she still did not raise any objection about the maturity value with the Petitioner for entire period of policy. There is no complaint on record to show that she has ever raised her concern with the Petitioner or anyone else in respect of the maturity value. On maturity, the Petitioner paid Rs.3,05,900/- + Rs.1,45,303/- (loyalty bonus) on 12th December 2021 to the Respondent No.2.

B) On 21st September 2023 the Respondent No.2 filed a complaint for balance amount of Rs.7,49,797/- with Respondent No.1 for refund of full premium paid by her.

C) Learned counsel for the Petitioner submitted that under normal life insurance, the premium is determined by mortality rating, which is age dependent. Therefore, higher premium is charged for higher age and maturity or death cover benefit is accordingly fixed. Also higher the risk cover, higher is the expected cost of risk cover. Unlike regular insurance plans wherein higher premium is charged for proponent higher in age, under this plan the premium amount is the same for all the ages and can be decided by the policyholder at the start of the policy and the death sum assured is equal to 250 times of the monthly premium amount irrespective of the age. Further if the policyholder survives the terms of the policy, then he will get the maturity value and also the loyalty addition for the completed years of payment of the premium as printed on the policy. As such, the proponents higher in age will get same insurance cover for the same premium amount as of the proponent lower in age, but the maturity value would differ depending upon the age at entry of the insured. The higher the age at entry of insured, lower will be the maturity amount and vice versa. Accordingly, the amounts have been paid on the maturity considering her age.

D) Learned counsel submitted that the Respondent No.2 had taken full benefit of the life cover benefit throughout the terms of the policy, therefore, now she cannot demand full refund of the premium paid, as the Petitioner had insured her for the death benefit of Rs.25,00,000/- and incurred the relevant charges covering the risk and administrative charges. It is further submitted that if the Petitioner is asked to refund the premium paid to the insured against the terms and conditions of the insurance policy, then LIC cannot sustain such products as its cost and benefit dynamics will be affected. LIC has settled so many death claims based on this cost benefit nature and now asking to refund premium will disturb this model. It will not be possible for LIC to remain financially viable and it will not be in the position to grant insurance cover to the policyholders and is against the principle of the insurance. It is further submitted that the payment of any amount beyond the policy terms and conditions will be incorrect and burden on the other innocent, genuine policyholders who are contributing to the insurance pool. The insurance products are subject to the approval of Insurance Regulatory and Development Authority of India (IRDAI) (autonomous statutory body for regulating and promoting insurance industry in India). Accordingly, the said plan (Jeevan Saral) was submitted to IRDAI and IRDAI had approved the terms and conditions of the said plans. The benefits under the said plan, pricing i.e. premium charged and other terms and conditions were in line with the settled principles of insurance and in the public welfare. The Petitioner has correctly applied the provisions laid down in the said policy and Respondent No.2 has already received the maturity amount, along with loyalty additions from the Petitioner, which was correctly given as per the terms and conditions of the policy, as printed on the policy bond and the policy bond being the insurance contract between the Insurer (LIC) and Insured (Life Assured).

E) Learned counsel submitted that whenever a dispute arises in respect of an insurance policy, it has to be resolved only in terms of the policy terms and conditions. It is not open for this Court to travel beyond or invoke equitable considerations. The terms of a policy have to be interpreted strictly. It is held in **Export Credit Guarantee Corporation of India Limited vs. Garg Sons International**[1] that Insurance Contracts are in the nature where exceptions cannot be made on ground of equity and the Courts ought not to interfere with the terms of an insurance agreement. Learned counsel for the Petitioner was at pains to point out that the same view has been reiterated in **National Insurance Company**

1 (2014) 1 SCC 686

Limited vs. Chief Electoral Officer and Others[2].

F) It is therefore submitted that the impugned order passed by the Respondent No.1 travels beyond the policy terms and conditions and is against the contract document. It is submitted that such an order will set a wrong precedent in the high risk coverage policies, wherein the death of life assured has not occurred during the policy period.

3. We have heard learned counsel for the Respondent No2 in support of the impugned Order. Respondent No.1 while allowing the claim has made the following observations in the impugned order :-

> "**Observation and conclusions :**
>
> Both the parties are heard. In the hearing the complainant's husband Mr. Gopalkrishnan Iyer stated that he had taken the same Jeevan Saral policy on the life of his son (pol no.991294800) aged 26 years in the month of March 2012. The agent projected the good returns at maturity and shown a rosy picture, but as he underwent angioplasty, he took the same Jeevan Saral policy on the life of his wife, Jyothi Krishnan aged 60 years presuming that this is an endowment plan and policy will give life insurance coverage along with decent, reasonable maturity proceeds. When he received the policy document, he contacted the agent and enquired about the less maturity amount shown in the policy bond. But then he was convinced about good returns in the form of loyalty additions so he continued to make payment of premium for 10 years. He was not informed by LIC that the said plan was withdrawn in 2014. If it would have been informed to him, he would have surrendered the policy and would not have paid premiums till the end of term. As his wife received a very

2 (2023) 6 SCC 441

meagre amount as maturity value, he incurred a heavy financial loss and further stated that the insured was punished for not dying during the term. He requested forum to grant justice to him at least by refunding the premium paid.
The forum has noted that in the proposal form the object of Insurance was mentioned as savings but a term plan had been issued. The Benefit illustration under policy was called, to which the Respondent informed that at proposal stage the Benefit Illustration was not seen in records. It is confirmed from the status report that complainant's son Deepak had taken the same Jeevan Saral policy on 28.3.2012 through the same intermediary. It is evident that Intermediary had sold the policy (at a higher age of 60 years) and earned the commission thereon for his own motive.

After considering all these relevant facts, The Forum has come to the considered conclusion that the policy was not sold to the complainant in a transparent manner. It was a clear case of mis-selling. The insured deserves some relief. The award is as follows :

AWARD
COMPLAINT REF : NO : MUM-L-029-2324-0592

Under the facts and circumstances of the case and the submissions made by both the parties, the Insurer, Life Insurance Corporation of India, is directed to refund to Ms. Jyothi Krishnan Iyer, the total premium amount collected of Rs.12,01,000/- under the policy no.991603619 subject to deduction of Rs.4,51,203/- already paid as Maturity claim within 30 days from the date of this award in full and final settlement of the complaint. There is no other order for any additional relief. This award should not be quoted as precedent in future.
The complaint is treated as closed."

4. Having considered the rival submissions, we do find merit in the submissions of learned counsel for the Petitioner that in construction of insurance contracts/interpretation of policy, the Hon'ble Supreme Court in *Export Credit Guarantee Corporation of*

India Limited (supra) has held that the terms of the contract have to be construed strictly. It is further held that the insurance agreements have to be read as a whole for harmonious construction of their terms. We therefore are of the opinion that only based on the terms and conditions of the insurance policy the Respondent No.2 may not be able to get the relief.

5. What we find weighed with the Respondent No.1 is that the intermediary had sold the policy and earned the commission thereon for his own motive. In the impugned order what is recorded by the Respondent No.1 is that the policy was not sold to the Respondent No.2 in a transparent manner and it was a clear case of mis-selling. It is in this light of the matter that the Respondent No.1 was of the opinion that the insured deserves some relief. The Respondent No.2 at the relevant time was 61 years of age. The Respondent No.2 has already been paid an amount of Rs.4,51,203/-. The amount of premium collected from the Respondent No.2 was Rs.12,01,000/-. The Respondent No.1 has awarded the total premium paid of Rs.12,01,000/- subject to deduction of Rs.4,51,203/-. It is in the peculiar facts that we are not inclined to interfere with the impugned order passed by the

Insurance Ombudsman in the exercise of the writ jurisdiction of this Court. All questions of law which are raised in the Writ Petition are kept open. It is obvious that the order passed by the Insurance Ombudsman is in the peculiar facts of this case.

6. The Writ Petition is dismissed.

(S. M. MODAK, J.) **(M. S. KARNIK, J.)**