



CWP-5607-2026

**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

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Date of Decision: 17.04.2026

LIFE INSURANCE CORPORATION OF INDIA

...Petitioner

Versus

PERMANENT LOK ADALAT PUBLIC UTILITY SERVICES

BATHINDA & ANOTHER

...Respondents

CORAM: HON'BLE MR. JUSTICE JAGMOHAN BANSAL

Present:- Mr. Prateek Mahajan, Advocate and
Ms. Archie Anant, Advocate for petitioner

JAGMOHAN BANSAL, J. (ORAL)

1. The petitioner through instant petition under Articles 226/227 of the Constitution of India is seeking setting aside of award dated 17.10.2025 whereby Permanent Lok Adalat (for short 'PLA') has awarded assured sum along with interest to the respondents.

2. Mr. Raj Kumar Maheshwari purchased Policy No. 160783827 from petitioner-Insurance Company on 15.07.1995. The sum insured was Rs.1,50,000/- subject to payment of quarterly premium of Rs.463/-. The insured paid premium from 1995 to April' 2018. Quarterly premium became due on 15.07.2018. The insured was diagnosed with cancer on 14.06.2018. He remained admitted in hospital from 06.08.2018 to 14.08.2018. He was again admitted to hospital on 17.08.2018 where he died on 24.08.2018. He



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could not pay his quarterly premium on 15.07.2018. The petitioner-insurer repudiated his claim on the ground of non-payment of premium. Insured's wife preferred application under Section 22C of Legal Services Authorities Act, 1987 before PLA which vide award dated 17.10.2025 allowed respondent's application.

3. Learned counsel for the petitioner submits that policy expired on the date of death of the insured. Quarterly premium became due on 15.07.2018 and grace period expired on 14.08.2018. The insured did not make payment even within extended period and passed away on 24.08.2018. As insured did not make payment even within grace period, was not entitled to compensation.

4. Heard the arguments and perused the record.

5. The findings recorded by learned PLA read as:-

“13. The Insurance policy was purchased on 15.7.1995. The premium has been regularly paid since then. The applicant has established that, the deceased was diagnosed with cancer on 14.6.2018. He remained admitted in hospital from 6.8.2018 to 14.8.2018. He was again admitted to hospital from 17.8.2018 to 24.8.2018. Insured Raj Kumar Maheswary died on 24.8.2018, It is an admitted fact that the payment of premium was due on 15.7.2018. The same could not be deposited due to sickness of deceased insured, as per the case of the applicant. In case of death of the insured, after the grace period, the insurance company is liable to pay the claim. The claim was wrongly denied by the respondent company i.e. LIC.

14. As per the terms of policy, if the death occur within the grace period before the payment of premium due, the policy will still be valid and the death benefits be paid after deducting the said premium. Further, when the premium is



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not paid within the period of grace, the policy lapses without acquiring paid up value, but it may be revived during the life time of assured within a period of 5 years.

15. In the case on hand, the last premium instalment was due on 15.7.20i8, as per evidence adduced by the applicant last premium could not be paid as deceased, assured, was diagnosed with cancer on 14.6.2018, Therefore, he remained admitted in hospital thereafter and died on 24.8.2018. No reminder by the insurance company for payment of insurance premium is proved on file. It has also been made out from the record that, deceased had been regularly paying the premium since 1995. Thus the default in making the payment of last premium due is not made out intentional or willful rather due to sudden illness of the insured deceased.

16. Superior Courts in fact specific cases granted relief to nominees even when the insured died after grace period due to sudden death or medical emergency. However, such relief depends on insurer's conduct and equitable consideration etc.

17. In Vaishnu Devi Vs. Union of India, insured died shortly after grace period expired without paying last premium. The case of the claimant nominee was that death was sudden and delay was unintentional. The Court directed the insurer to consider the claim sympathically noting that death occurred within a short time after the grace period and the delay was not willful.

18. Similarly in Life Insurance Corporation of India Vs. Asha Goyal & Anr. (2001) 2 SCC 16, the Supreme Court emphasis that the insurance contract must be interpreted fairly and the insurer must not take technical pleas to deny the genuine claims.

19. In several cases, the forums relying upon the aforesaid precedent directed partial or full payment when delay was marginal and the insurer failed to notify or remind the insurer.



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20. *In view of aforesaid legal and factual matrix, the claimant nominee is entitled to the payment of the sum assured as per rules.*

21. *However, the applicant could not made out a specific case for damages but ends of justice would meet if the respondent is directed to make the payment @ simple interest of 6% p.a. from date of failure of reconciliation i.e. 21.2.2024 till actual payment. Accordingly both these points are decided in favour of the applicant.”*

6. From the perusal of record as well as findings of learned PLA, it is evident that insured got policy on 15.07.1995. The sum insured was Rs.1.5 lakhs. The insured paid premium till second quarter of 2018, meaning thereby, he made payment for 23 years. The sum insured was a meagre amount i.e. Rs.1.5 lakhs. He suffered from cancer which was diagnosed on 14.06.2018. He remained admitted in hospital from 06.08.2018 to 14.08.2018. He was again admitted to hospital on 17.08.2018 where he died on 24.08.2018. The respondent has adopted a very mechanical and hyper-technical approach. The Insurance Companies are accepting premium even beyond the grace period, however, subject to small charges. In the present case, amount of quarterly premium was Rs.463/-. The petitioner is not denying that premium can be paid even beyond grace period. The insured suffered from cancer and passed away within short span of two months from the detection of cancer. He remained hospitalized. In such circumstances, it could not be expected that he will deposit premium. The petitioner cannot ignore the fact that insured regularly paid premium for 23 years. There was a relation between insured and insurer. The insurer has adopted a very strange and unusual approach while repudiating insured's claim. The



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petitioner did not consider that there was long relation between parties and insured always honored that relation. The petitioner was also supposed to honor its commitment.

7. In the backdrop, this Court is of the considered opinion that petition deserves to be dismissed and accordingly dismissed.

8. Pending Misc. application(s), if any, shall stand disposed of.

(JAGMOHAN BANSAL)
JUDGE

17.04.2026
SDK

Whether speaking/reasoned	Yes/No
Whether reportable	Yes/No