

Divisional Manager, Lic of India and Others Vs. Angoori Devi and Another

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Court : Delhi State Consumer Disputes Redressal Commission SCDRC New Delhi

Decided On : Oct-03-1994

Judge : R.N. Mittal, President; the Honourable Ms. Justice S. Brar Member & the Honourable Ms. Justice Dr. a.N. Saxena, Member

Appeal No. : Appeal No. 101 of 1993

Appellant : Divisional Manager, Lic of India and Others

Respondent : Angoori Devi and Another

Judgement :

R.N. Mittal, President:

1. This appeal has been filed by the LIC against the order of the District Forum dated 18.3.93 by which the claim of the complainant has been allowed and the LIC has been directed to pay the amount of the policy with interest @ 18% p.a. w.e.f. 10.8.89 and Rs. 500/- as costs of the litigation, within 60 days from the date of the order.

2. Briefly, the facts are that Ramesh Chand, deceased, was working as a driver with M/s Technological Consultants OP-4, OP-1 is the Divisional Manger, OP-2 is the Chairman and OP-3 is the Branch Manager of the LIC. It is pleaded that OP-4 took a policy of the deceased on 12.2.88, for an amount of Rs. 10,000/- vide policy No. S-I 10658041. The last premium was paid by OP-4 on 12.6.89. The premium

for the month of July was due on 20.7.89 but before the payment of that premium the deceased died on 10.8.89. The complainant, it is alleged, is the heir of the deceased and she became entitled to the amount of policy after his death.

3. The complaint was contested by the LIC inter-alia on the ground that the premium for the month of July 89 had not been paid to them till the death of the deceased. They averred that the due date for payment of the premium according to the agreement between the parties was 20th of each month and it could be paid within a grace period of 15 days thereafter. Thus the premium for the month of July 89 could be paid by 5.8.89. Therefore, the policy lapsed on 5.8.89 and their liability ceased on that date. OP-4 pleaded that the deceased left the service on 10.5.89 and thus there was no duty enjoined upon the employer to make payment of the premium.

4. The learned District Forum held that the deceased did not leave the employment in May 89 as pleaded by the employer and he continued in their employment till his death. It further held that non-payment of the insurance amount on the death of the insured constituted deficiency in service. Therefore, it directed the LIC to pay the amount of policy to the complainant. The Divisional Manager and the other officers of the LIC have come up in appeal against the said order of the Commission.

5. It is contended by the learned Counsel for the appellants that the premium for the month of July 89 had not been paid by the employer within the prescribed period i.e. upto 5.8.89 and consequently the policy lapsed on that date. The deceased died on 10.8.89. Therefore at the time of his death he was not covered by the insurance policy and the LIC is not liable to pay the insured amount. On the other hand Mr. Saxena has argued that the premium had been paid by the employer in Sept. 89 and therefore the policy continued.

6. We have duly considered the argument. However, we agree with the contention of the learned Counsel for the appellant. It has been settled by the Commission in Vasanti Devi v. LIC, Complaint No. C-503/92 decided, on 22.11.93 that if the policy lapses on account of default of the employer in making payment of the premium the employer becomes liable to pay the insured amount to the legal

representatives of the deceased. In that case the policy had expired due to non-payment of the premium by the employer, and we hold that the employer was liable to pay the amount of the policy to the heirs of the deceased. The ratio in that case is applicable to the facts of the present case.

7. For the aforesaid reasons we partly accept the appeal and direct OP-4 (respondent No. 2) to pay the amount of Rs. 10,000/- with interest @ 18% p.a. w.e.f. 10.8.89 till the date of payment within a period of three months, failing which action shall be taken against them u/Sec. 27 of the Consumer Protection Act. The complaint is dismissed against the appellants. The complainant is further entitled to get the costs of the complaint and appeal from OP-4 (respondent No. 2) which we assess at Rs. 2,000/- The appellant shall bear their own costs throughout.

The learned Counsel for the appellants has brought to our notice that the appellants deposited a cheque of the decretal amount before the District Forum. The same be returned to the appellants.

Appeal partly allowed.

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