

Supreme Court of India

Smt. Shashi Gupta vs Life Insurance Corporation Of ... on 24 February, 1995

Equivalent citations: 1995 84 CompCas 436 SC, 1990 (1) Crimes 165 SC, 1990 18 ITR 481 SC, 1995 (2) SCALE 24, 1995 Supp (1) SCC 754, 1995 (1) UJ 779 SC

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Bench: K Singh, B Hansaria

ORDER B.L. Hansaria, J.

1. The appellant is the widow of one Vijay Kumar Gupta, who had obtained a Policy for an assured sum of Rs. 1 lakh from the respondent, Life Insurance Corporation of India (hereinafter 'the Corporation'). The Policy was obtained on 1.4.1989 and two yearly premiums had been paid by 1.4.1991. As the third annual premium could not be paid within the grace period of a month thereafter, the Policy lapsed on 1.5.1991. It however so happened that the Policy holder was assassinated on 30.5.1991 at Chandigarh. A claim for the sum assured, alongwith an additional sum equal to the sum assured, was lodged, as the Policy covered "DAB" (Double Accident Benefit) also. The Corporation paid a sum of Rs. 1,13,925/- on 19.7.1991 which according to it was by way of ex gratia payment, and taking a compassionate view the basic sum assured (Rs. 1 lakh), together with bonus which had accrued (the total of which came to Rs. 1,13,925/-) was paid. The grievance of the appellant is that under the terms of the Policy, an additional sum equal to the sum assured was payable because of the death of the Policy holder was in an accident. The respondent's stand, however, is that under the Policy no further amount is payable to the appellant.

2. Under normal circumstances, a Policy lapses unless three instalments are paid. The Corporation, however, relaxed this condition vide its circular dated 16.10.1987, according to which if the death of the assured were to occur after two premiums have been paid within three months of the due date of the next unpaid premium, "the full Sum Assured together with the declared bonuses" would be paid. Shri Rao, appearing for the respondent Corporation, contends that the expression "full Sum Assured" would really mean the sum assured, which is Rs. 1 lakh in the present case. According to the learned Counsel, the word "full" has been used because despite two premiums having been paid, by force of the aforesaid circular, the full amount assured was required to be paid, which otherwise would not have been so. Shri Mohan, however, draws our attention to the further provision in the aforesaid circular according to which for Policies issued under Multi-purpose Plan and Jeevan Mitra Plan, the concession visualised in the circular will be given with regard to the basic sum assured only. This indicates, according to the learned Counsel, that for other Policies concession is not confined to the basic sum assured.

3. As both the aforesaid interpretations are reasonably possible, we would accept the one which favours the Policy holder, as the same advances the purpose for which a Policy is taken and would be in consonance with the object to be achieved for getting lives assured. Had this been the only material before us, we would have ordered the respondent to pay a further sum of Rs. 1 lakh, but then Shri Rao brings to our notice a subsequent circular of the Corporation dated 4.1.1991 which clarifies what was held out in the circular of 16.10.1987. Para 5 of the second circular states that no DAB is payable under any plan for the claims admitted under the provisions of the circular even in those cases where the claim is considered to the extent of the full sum assured. This para further

states that the payments under lapsed Policies are purely on ex gratia basis.

4. From the impugned orders before us, it, however, appears that the subsequent circular was not brought to the notice of either the State Consumer Disputes Redressal Commission or the National Commission. Shri Rao submits it was on record, which is denied by Shri Mohan. Be that as it may, in the facts and circumstances of the case which includes the death of Vijay Kumar at the height of his youth at the hands of terrorists and his having been survived of his widow and three children, we are of the view that the interest of justice demands some further payment to be made to the appellant, which we quantify as Rs. 50,000/ -. We, therefore, order that a further sum of Rs. 50,000/- be paid to the appellant by the respondent on ex gratia basis. This would be done within a month.

5. The appeal is allowed accordingly. No order as to costs.