Chapter – IV
- Data Analysis, Interpretation and Hypothesis Testing -

4.1 Case Precedents -

4.1(a) Introduction -

The precedents i.e. decided legal cases, undoubtedly constitute a significant landmark in the legal literature and sphere to the extent that they act as one of the prominent sources of law. Unlike legislation, as a source of law, precedent means establishment of law by recognition and application of different legal rules by the Hon. courts themselves during the course of administration of justice.

A precedent is a statement of law found in the decision of a Superior Court. Such a decision is needed to be followed not only by that court but also by all the courts inferior to it. Clarity, uniformity and certainty in justice can only be achieved when all the Hon. judges would follow, as far as possible, the same piece of law as laid down by their fellow judge colleagues. The theory of precedents plays a pivotal role in the jurisprudence of a country.

The precedents also act as a relevant, significant and admissible piece of strong documentary evidence, as per the provisions of Indian Evidence Act 1882, so as to corroborate the arguments or grounds of objections raised in different cases. It may necessarily not be an exaggeration of a fact that certain facts initially interpreted as irrelevant and insignificant, therefore, inadmissible as a weak piece of evidence, only because of precedents subsequently turn out to be relevant, significant, therefore, admissible as a strong piece of evidence. of the judiciary. The precedents i.e. case law is created and declared in the same act of applying and enforcing it. Furthermore, there is no absolute scope for selective application or restrictive enforcement of a statute, if it is required in a particular case, in turn, due to its inherent rigid character. However, the precedents can certainly be meticulously molded, appropriately analyzed and selectively applied, depending upon situational legal necessity and restrictive enforceability.
4.1(b) Importance of Precedents –

The precedents are of paramount significance in the legal system of a country. A precedent is attached a position of a very high esteem since long past in all the countries. A judicial precedent speaks with authority. This legal situation makes the position of a judge quite powerful, authoritative and responsible. The Hon. judges themselves, are a compact body of legal experts, therefore, common law is, no doubt, a precious product of precedents. Although, the judgments of the Hon. Supreme court are binding on all other subordinate Hon. Courts, the proportionate percentage of legal cases, referred to the level of the Hon. Supreme Court is, in fact, relatively very less, for enumerable reasons. This is the legal social scenario irrespective of the fact, whether or not justice is obtained by the aggrieved party at the subordinate level of Hon. High Court or the case is decided on merit or otherwise.

Therefore, in respect of a few questions of law, there was no alternative with the researcher, but to rely on and study the judgments of the lowest Hon. courts in the judicial hierarchy. On this background, it was found necessary to study the precedents dealing with various questions of laws. After deeply studying several case precedents, very common questions of law were identified. This also acted as one of the dominating factors especially, while giving suggestions for development of a new legal framework.

Although, the number of case precedents, actually studied, during the course of present research was relatively high, in order to evade unnecessary and immaterial repetition which leads to monotony, only thirty four case precedents, as follows, have been included. All these case precedents cover the most common causes of disputes between the insured and the insurer. The details of other case precedents studied have been given in the annexture.

Case No. 1 :-


Question of Law :- Can the insurer avoid the claim on insurance policy for non disclosure of a material fact?

Facts of the Case:- The insured knowing a fact that he had suffered from a heart disease had stated in the insurance proposal that he did not suffer from any ailment. The insurer contended that this amounts to non disclosure of a material fact, on the part of the insured, therefore, the insurer intended to avoid the insurance claim.
Judgment: This was a statement on a material matter and the insured had fraudulently suppressed the fact which was material to be disclosed and the insured knew that the statement to be false, when he made the same. Thus, the insurer was entitled to avoid the claim on the insurance policy on the grounds available, under S. 45, I. A., 1938.

Reasons: A contract of Life Insurance is a contract of uberrimae fidei and therefore, full disclosure must really and necessarily be made to the insurer of every material circumstance which is well known to the assured.

The full disclosure of all the material facts, undoubtedly, influences the ultimate judgment of a prudent insurer in respect of the two factors, viz., whether or not to run the risk on sanctioning of the insurance policy and if the reply to the above question is in the affirmative what should be the amount of premium to be fixed for the insurance policy.

Observation: Any fact is material which goes to the root of the contract of insurance and which will affect the willingness or otherwise of the insurer to take up risk relating to the subject matter of insurance.

Case No. 2:

Title of the Case: Godfrey Vs Britannic Assurance company Ltd.

(1963) 2 lloyd’s Rep 515

Question of Law: Whether non-disclosure of specific information amounts to non-disclosure of material information?

Facts of the Case: A man had been warned of a possible kidney condition and of a lung infection confirmed by X-ray. He also suffered from occasional pharyngitis. None of these features was disclosed when a proposal for life assurance was made to the defendants. A policy was issued and later the assured died. The consequent claim was not accepted on the basis of non-disclosure of material information.

Judgment: “I can not think that a reasonable man, with no specialist knowledge of any kind, would have failed to appreciate that he was possessed of knowledge and information relating to his health in the respects which I have already described which were of materiality and which were calculated to influence the mind of a life office in considering and deciding on the risk.”
His lordship had previously been at pains to make sure that he did not attribute to the deceased ‘anything which could fairly only be said to be within the knowledge of a lawyer, a doctor or a man with long experience in a life office.’ Roskill J.

Reason :- Non-disclosure of certain information does not amount to non-disclosure of material information, especially, if the information is specialized in nature, which only a specialist of a specific field and not a generalist, (a reasonable man) can know.

Observation :- The case was decided in favor of the beneficiary.

Case No. 3 –


Question of Law :- Whether non-disclosure of specific information amounts to non-disclosure of material information?

Facts of the Case :- Negative replies were given on a proposal form to the three questions seeking to discover the following.

1. If a doctor had been consulted in the last five years
2. If any operation, accident or injury had been experienced
3. If there had been a check-up, observation, treatment or operation in a hospital.

As a matter of fact, the proposer had seen her doctor about ‘going on the pill’ and had undergone a caesarean delivery of her child in the hospital.

Judgment :- “The former undisclosed fact was relevant to the Q. (1) and the latter to both (2) and (3).” Kerr J.

Reason :- Wrong replies to relevant questions amount to non-disclosure of material information.

Observation :- The case was decided in favor of the L. I. C.

Case No. 4 –

Title of the Case :- London Assurance Vs Mansel (1879) 11 ch. D. 363.

Question of Law :- Whether non-disclosure of specific information amounts to non-disclosure of material information?

Facts of the Case :- Mr. Mansel was asked the following questions.

1. Has a proposal ever been made on your life at any other office or offices?
2. If it is so, where it is made?
3. Was it accepted at the ordinary premium or at an increased premium or declined?
The reply by Mr. Mansel was as follows. ‘Insured now in two offices for Pounds 16,000 at ordinary rates. Policies effected last year.’

These replies were there on the proposal form containing the usual basis of the contract declaration. Mr. Mansel had not disclosed that his requests for life cover had been declined by five other offices.

Judgment :- “I am not prepared to lay down the law as making any difference in substance between one contract of assurance and another. Here we have the proposal as the basis of the contract. It is impossible for the assured to say that the question asked is not a material question to be answered and that the fact which would bring out is not a material fact.” Jessel M. R.

“In case of insurance a party is required not only to state all matters within his knowledge, which he believes to be material to the question of insurance, but which in point of fact are so.” Lord Cranworth.

Reason :- The extent or the scope of the materiality of a fact, as it is a question of fact, differs, quite drastically, from case to case depending on the merit of each case.

Observation :- Non disclosure of a material fact is not confined only to the medical history in life assurance.

Case No. 5

Title of the Case :- Looker Vs Law Union and Rock Insurance Co. Ltd.

(1928) 1 KB 554.

Question of Law :- Is the insurance company under an obligation to issue the policy, if the contractual obligation is fulfilled?

Facts of the Case :- If a life policy is subject to a condition that the insurer shall not be on risk until the payment of first premium, effectively the period in which the duty of disclosure operates may be lengthened.

A proposer declared himself to be free of ‘disease or ailment’. The risk was given conditional acceptance on the basis that provided health remained unimpaired a policy would be issued as soon as the first premium was paid. The company would not be on cover till then. Five days after receiving the news the proposer turned ill and four days later he died. The illness was not disclosed, but he sent a Cheque for the premium.
Judgment :- Acton J. decided that the defendants were not legally obliged to issue a policy. “It is not, indeed, putting it too high to say that when the insurance company accepted the premium and the risk …….. the deceased was dying and had the insurance company known the facts, they would never have entertained the notion of accepting the risk for a moment. The second point was that there was here a failure to discharge a duty incumbent upon all the proposes of contracts of insurance such as these……..namely, a duty to inform the insurers of any material change in the nature of the risk to be undertaken by them.”

Reason :- Even if there exists conditional acceptance of the proposal of life insurance and the condition is fulfilled, the insurance company need not issue policy, in case there results a material change in the nature of the risk.

Observation :- The case was decided in favor of the insurance company.

Case No. 6 :-

Title of the Case :- L. I. C. and Others Vs Shabnam Devi and Others ( 2007 )

Question of Law :- Does non-disclosure of certain facts amount to suppression of material facts ?

Facts of the Case :- The complaint of the petitioner was dismissed, on the ground of suppression of material facts, by the State Consumer Disputes Redressal Commission; Bihar, holding that the contract of insurance was void. (inoperative) According to the complainant petitioner, Mr. Manoj Kumar Singh had taken insurance policy for Rs. 2,00,000/- (Rs. Two lacks only) on 28/9/1989. Mr. Manoj Kumar Singh, unfortunately, died on 4/6/1990 on account of heart failure by drowning during the continuance of the policy. The L. I. C. repudiated the claim through letter dated 29/4/1997, even the Reviewing Committee rejected the prayer for reconsideration. It was alleged by the L. I. C. that there was material suppression at the time of taking of the policy. The deceased was suffering from epilepsy and was simply a school student. Name of the school was also wrongly given. The deceased had taken treatment for epilepsy at Ranchi Mental Hospital. From the medical attendant’s certificate submitted by the complainant, it appeared that the deceased showed symptoms of unconsciousness, vomiting, breathlessness and convulsion for half an hour before his death which was not expected in the case of a death, caused by drowning.

The District Forum allowed the complaint. The State Commission took the view that the policy was taken by suppressing material facts and noted several circumstances to come to
the said conclusion. Death took place within nine months of the policy. The insured was reading in a middle school and as such, he was a minor. These things would, definitely, amount to suppression of material facts. The declaration given to the effect that the deceased never suffered nor had been suffering from any disease was wrong and investigations showed that the deceased was suffering from epilepsy and had undergone treatment at the Ranchi Mental Hospital. The medical attendant’s certificate submitted by the complainant himself indicated that the deceased showed the symptoms of unconsciousness, vomiting, breathlessness and convulsion for half an hour before his death which was not expected in the case of a death, caused by drowning.

The learned counsel for the petitioner contended that there was no evidence, whatsoever, about the treatment of the deceased at Ranchi Mental Hospital for epilepsy. There was no misrepresentation about age and it would, certainly, not affect the policy, quite adversely. In the absence of any explanation as per the investigator’s report about the treatment of the deceased in Mental Hospital at Ranchi for epilepsy and the symptoms mentioned by the medical attendant, it is evident that there was suppression of material fact and wrong declaration was given. In so far as epilepsy is concerned, in ordinary medical examination, it could not be revealed unless the epilepsy fit occurred and was detected in the presence of the doctor or otherwise, informed about the epilepsy. The fact that the petitioner has failed to make any averment that the deceased was never treated in Mental Hospital at Ranchi for epilepsy, in the face of the averment of the respondent that there was material suppression in regard to treatment for epilepsy in Mental Hospital at Ranchi would amount to an indication that treatment in mental hospital at Ranchi was an undisputed fact.

Judgment :- Seeing in this light, it is not, at all, a fit case where the Hon. Court should interfere with the impugned Order passed by the State Commission and therefore, the revision petition is dismissed.

Reason :- The suppression of material facts was proved beyond a shadow of reasonable doubt by the L. I. C.

Observation :- The case was decided in favor of the L. I. C.
Case No. 7 :-

Title of the Case :- Saramma Varghese Vs L. I. C. (2002)

Question of Law :- How to interpret the suppression of an ailment of a disease, on the part of the deceased ?

Facts of the Case :- The revision petitioner was the complainant before the District Forum. She was the wife of the deceased Mr. N. Varghese who had taken an endowment policy of Rs. 50,000/- form the Divisional Office, of the L. I. C., Kozhikode. Mr. Varghese died on 14/7/1996. The L. I. C. repudiated the insurance claim on the ground that the insured had suppressed his ailment of coronary artery disease. The District Forum held that it was not possible for the deceased to know about his ailment at the time of submission of the proposal from. Accordingly, he could not be accused of suppression of material information as contended by the L. I. C. Therefore, the District Forum directed the insurance company to pay an amount of Rs.50,000/- to the complainant within one month from the date of its Order along with Rs. 500/- with costs.

Dissatisfied by the Order of the District Forum, the L. I. C. filed an appeal before the State Commission. The State Commission after hearing the learned advocates from both the parties, examined the proposal for insurance policy wherein there was a column which stated that :

“-----, I further agree that if after the date of submission of the proposal but before the issue of the first premium receipt, (I) any change in my occupation or any adverse circumstance connected with my financial position or the general health of myself or that of any members my family, occurs or (II) if a proposal for assurance or an application for revival of a policy on my life made to any office of the corporation has been withdrawn or dropped, deferred or accepted at an increased premium or subject to a lien or on terms other than as proposed, I shall forthwith intimate the same to the corporation in writing to reconsider the terms of acceptance of assurance. Any omission on my part to do shall render this assurance invalid and all monies which shall have been paid in respect thereof forfeited to the corporation.”

The State Commission allowed the appeal setting aside the Order of the District Forum. Aggrieved by the Order of the State Commission the complainant filed revision petition. Despite notice the revision petitioner has chosen to remain absent.

[78]
Judgment :- It is not in dispute that the first premium was paid on 8/5/1996. The second installment of the premium was paid on 4/6/1996 along with the proposal form. The policy was issued on 8/7/1996 and the insured died on 14/7/1996. When the matter came up for hearing on 22/8/2007, we had directed the learned Counsel for the respondent insurance company to disclose on affidavit the date on which the first premium receipt was issued to the insured and also to file a copy of the receipt. These directions were complied with by the learned counsel for the petitioner. He filed an affidavit of the manager, the L. I. C., Kozhikode, wherein the latter stated that the date of the first premium receipt is 8/7/1996 and the same was corroborated by the letter of the insurance company date 29/8/1996 and also, the copy of the policy completion register which were enclosed. The deceased was admitted to government hospital, Nilambore on 10/6/1996 and discharged on 17/6/1996. Again the insured was admitted to the Medical College Hospital on 3/7/1996 and died on 14/7/1996. So, it is clear that the insured had not disclosed the change in his health condition in writing after the date of submission of the proposal by before the issue of the first premium receipt.

Therefore, we do not see any material irregularity or legal lacuna in the Order passed by the State Commission. Hence the revision petition is dismissed.

Reasons :- In this case, there was a failure of the insured to intimate the change in the condition of health to the L. I. C., which was, no doubt, a pre-condition which was not complied with by the insured. Hence, the life insurance policy was rendered invalid. Accordingly, there was no deficiency on the part of the L. I. C. for repudiating the claim.

Observation :- The case was decided in favor of the L. I. C.

Case No. 8 :-

Title of the Case :- Joel Vs Law Union and Crown Insurance Company
(1908) 99 LT 712

Question of Law :- Whether non disclosure of a specific fact, in the second declaration, be construed as an active misrepresentation?

Facts of the Case :- In this case, a life proposal was correctly answered. Subsequent to its completion but before the policy was issued, the proposer was medically examined and at the examination signed a second declaration confirming the truth of the answers to various questions about health put to her by the doctor. The second declaration did not state that
the answers given were on a ‘basis of the contract’ footing. The policy was issued and later the assured committed suicide.

Thereafter, the defendant’s disputed the estate’s claim on the ground of misstatement and non-disclosure of material information in regard to the concealment of the doctor’s consultation of the assured for nervous depression before her proposal.

**Judgment** :- “The duty is a duty to disclose and you can not disclose what you do not know. The obligation to disclose, therefore, necessarily depends on the knowledge you possess. .......... If a reasonable man would have recognized that the knowledge in question was material to disclose, it is no excuse that you did not recognize it. But the question always is - was the knowledge you possessed such that you ought to have disclosed it ?”

“A man, as is the case with almost all of us, occasionally had a headache. It may be that a particular one of these headaches would have told a brain specialist of hidden mischief, but to the man it was an ordinary headache indistinguishable from the rest. Now, no reasonable man would deem it material to tell an insurance company of all the causal headaches he had had in his life and if he knew no more as to this particular headache, there would be no breach of his duty towards insurance company in not disclosing it. He possessed no knowledge that it was incumbent on him to disclose, because he knew of nothing which a reasonable man would deem material or of a character to influence the insurers in their action. It was what he did not know which would have been of that character, but he can not be held liable for non-disclosure in respect of facts which he did not know.”

“ ......Unfortunately, the desire to make themselves doubly secure has made the insurers depart widely from this position by requiring the assured to agree that the accuracy, as well as the bona fides, of his answers to various questions put to him by them or on their behalf shall be a condition of the validity of the policy.”

“ Under these circumstances, it is plainly the duty of the Court to require the insurers to establish clearly that the insured consented to the accuracy and not the truthfulness, of his statements being made a condition of the validity of the Policy.........To make the accuracy of these answers a condition of the contract is a contractual act.”

**Reason** :- In this case, the defense failed because the answers to the second declaration were not interpreted as the basis or the foundation of the contract.

**Observation** :- The case was decided in favor of the beneficiary.
Case No. 9


Question of Law :- Whether non disclosure of a specific fact be construed as an active misrepresentation?

Facts of the Case :- In this case, Mr. V. Srinivasa Pillai did not disclose a specific fact. This was construed as an active misrepresentation on the part of Mr. V. Srinivasa, by L. I. C.

Judgment :- If the assured has the knowledge of a fact which the insurer can not ordinarily have, then he should not indulge himself in suppression of the truth or passive misrepresentation (Suppressio Veri) or active misrepresentation (Suggestio Falsi) by making a suggestion which is false or by suppressing a matter which is true.

Reason :- Each and every fact is material if it has a bearing on the risk and would materially affect the insurer in deciding whether to make the contract.

Case No. 10 :-

Title of the Case :- L. I. C. Vs Smt. Vimla Devi (2007)

Question of Law :- Is it necessary for the insurance company to prove the nexus between the ailment prior to issuance of the policy and the cause of the death?

Facts of the Case :- The appeal was filed under Section 15 of the C. P. A., 1986 against the Order dated 24/6/2005 passed by the District Consumer Forum, Bikaner, whereby the L.I.C. was directed to pay to the complainant the assured sum of Rs. 1,00,000/-, Rs.75,000/- and Rs.1,50,000/- and benefits due under policies along with interest thereon @ 9% per annum form the date of complaint as well as the sum of Rs.2000/- towards mental agony and litigation expenses within a period of one month.

There was no dispute on the point that late Shri. Rajaram Swami (hereinafter referred to as life assured) took a policy for Rs.25,000/- in the year 1991, the payment of which was made to the complainant. The life assured had taken three more policies. One was for Rs. 1 lack (Rs. One lack only), which was issued on 18/2/2000 commencing from 28/8/1999. The second policy was for Rs.75,000/- (Rs. Seventy five thousand only) which was issued on 22/4/2000 and its date of commencement was 28/4/1999. The last policy was issued for Rs.1,50,000/- (Rs. One lack and fifty thousand only) on 5/10/2000 and its date of commencement was 28/5/2000. This is, also, an admitted position that the life assured died
on 20/5/2003 and a claim was filled for all the four policies including the policy which was issued in the year 1991. The payment of the policy issued in the year 1991 was made by the L. I. C., however, the payment of other policies was not made and the claim of these policies was repudiated by the L. I. C. vide its letter dated 31/03/2004 on the ground that before taking these three policies, the life assured had been suffering from T.B., Chest and Haematuria for which he had taken treatment and also, remained on medical leave, but he did not disclose these facts in the proposal form. Rather he suppressed these facts, intentionally, just, to induce the Insurance Company to issue policies in question.

The learned Forum vide its Order under appeal held that it was not proved by the appellant L. I. C. that the life assured had died because of the ailment suppressed by him, at the time of submission of the proposal and therefore, allowed the complaint and passed awarded as indicated above.

The learned counsel for the appellant has submitted that the life assured had remained on commuted leave on medical ground from 2/1/1997 to 25/1/1997 and thereafter, also, remained on leave for 30 days form 23/3/1998 to 21/4/1998 during which he had remained hospitalized in S.P. Medical College T. B. and Chest Hospital, Bikaner from 27/3/1998 to 12/4/1998 and was treated for Pulmonary Tuberculosis with Hemoplysis and COPD (Chronic Obstructive Pulmonary Disorder). The life assured, also, remained on leave for 15 days from 30/11/1998 to 14/12/1998 and again, for 15 days from 16/12/1998 to 30/12/1998 on account of suffering from Haematuria. The learned counsel submitted that despite the fact that the life assured remained on medical leave on several occasions and was hospitalized for the treatment of Tuberculosis, but he did not disclose these facts while taking the polices. The learned counsel has, thus, justified the action taken by the L. I. C., by repudiating the claim of the complainant.

On the other hand, the learned counsel for the respondent submitted that the cause of death was not the Tuberculosis but it was, in fact, the Cardio Respiratory Attack and thus, there was no nexus between the alleged ailment the assured was suffering from before taking the policies and the cause of death, therefore, under these circumstances in view of the Judgment passed by the National Commission in L. I. C. V/s Nisar Khan II (2006) LPJ 317(NC) and the Judgment passed by the Rajasthan Consumer Commission in Shanti Devi V/s LIC II (2006) CPJ Page 357, the claim of the complainant should have been allowed by
the insurance company and by not allowing the claim the insurance company has shown
deficiency in service. The learned counsel has, thus, supported the findings recoded by the
learned forum.

We have given thoughtful consideration to the submission made by both the counsels and
gone through the file carefully. So far as factual aspect is concerned, the life assured was
admitted in Kothari Medical and Research Institute on 20/5/2003 for the treatment of
COPD, HT, AECB. It is also admitted that the patient died on the same day. The medical
certificate in form no. 3784 was obtained from the treating doctor of Kothari Medical and
Research Institute which goes to show that the cause of death was mentioned as COPD, HT
and AECB and the immediate cause of death was the Cardio Respiratory Attack. The Bed
Head Ticket obtained from the S.P. Medical College T.B. and Chest Hospital, Bikaner
further goes to show that the life assured was admitted in the hospital for the treatment of
issued on 1/4/1998, also, proves that Shri. Rajaram remained on leave from 23/3/1998 to
21/4/1998 as he was suffering from Chronic Obstructive Pulmonary Disorder with
Hemoplysis. The record, also, goes to show that the life assured remained on commuted
leave on medical ground from 2/1/1997 to 25/1/1997. Further, he remained on leave from
30/11/1998 to 14/12/1998 and also, from 16/12/1998 to 30/12/1998 on account of
Haematuria. All these facts go to show that the life assured had been suffering from
Pulmonary Tuberculosis with Hemoplysis and he, also, suffered from Haematuria, but, he
did not disclose these material facts while taking three policies. The immediate cause of
death is shown to be Cardio Respiratory Attack, but, the main cause of death is mentioned
as COPD, HT and AECB. This goes to show that there was nexus between the ailments, the
assured had been suffering from and the cause of death, as mentioned in the medical
certificate. Even, otherwise, it was not necessary for the insurance company to have proved
the nexus.

Judgment :- Having considered the rulings submitted by both the sides, we are of the view
that it was not necessary for the insurance company to have proved the nexus between the
ailment prior to issuance of the policy and the cause of death and therefore, the complaint
could not have been allowed on this ground, alone. Apart from this, the medical certificate
goes to show that the cause of death was Tuberculosis, also and therefore, there was nexus,
also, between the ailment and the cause of death. As there is ample proof on the record that the life assured had been suffering from Tuberculosis and other diseases before taking three policies in question and also, remained on medical leave on different occasions, the insurance company was justified in repudiating the claim of the complainant. For the foregoing reasons the Order passed by the learned forum is liable to be set aside. Consequently, the appeal filed by the insurance company is allowed and the Order passed by the learned forum is set aside.

Reason :- Although it is not, at all, necessary to prove the ailment prior to issuance of insurance policy, by the insurance company and the cause of the death, undoubtedly, there does exist such a nexus.

Observation :- The case was decided in favor of the L. I. C.

Case No. 11 :-

Title of the Case :- L. I. C. Vs Ajay Prakash Mitthal (1998)

Question of Law :- Is it necessary for the insurance company to prove the nexus between the ailment prior to issuance of the policy and the cause of the death ?

Facts of the Case :- Mr. Ajay Prakash Mittal, the complainant had obtained Jeevan Sathi policy along with his wife, but, her pregnancy was concealed. The wife died after four months of jaundice. On behalf of the complainant, it was contended that the State Commission failed to appreciate that the death was due to jaundice and was not due to pregnancy or delivery of the child.

Judgment :- It was held by the Hon. commission that if the deceased has not suppressed the material facts, it would have influenced the L. I. C., whether or not to insure the deceased. Further, it was also held that the L. I. C. was able to establish that the deceased suppressed those facts which it was material, to disclose.

Reason :- There was, no doubt, suppression of the material facts.

Observation :- The case was decided in favor of the L. I. C.

Case No. 12 :-

Title of the Case :- Senior Divisional Manager, L. I. C. Vs Smt. Gangama and another (1994).

Question of Law :- Is it necessary for the insurance company to prove the nexus between the ailment prior to issuance of the policy and the cause of the death ?
Facts of the Case :- In this matter, the insured was suffering from cancer, but, it was not revealed at the time of submitting the insurance proposal form.

Judgment :- “We are quite conscious of the fact that he (the insured) died of heart failure-myocardial infraction – whereas he was a patient of cancer. Suppression of information itself violates the terms of the contract – utter most good faith is the tenet of insurance policy which was not observed. There was, no doubt, suppression of the material facts by the deceased, in the instant case.”

Reason :- There was, no doubt, suppression of the material facts.

Observation :- The case was decided in favor of the L. I. C.

Case No. 13 :-

Title of the Case :- L. I. C. Vs Smt. Ayesha (2006)

Question of Law :- Is it necessary for the insurance company to prove the nexus between the ailment prior to issuance of the policy and the cause of the death?

Facts of the Case :- The insured was suffering from Hepatitis, but, it was not disclosed in the proposal form.

Judgment :- The ultimate cause of death has no relevance as regards disclosing of information regarding state of health.

Reason :- There was, no doubt, suppression of the material facts.

Observation :- The case was decided in favor of the L. I. C.

Case No.14 :-

Title of the Case :- L. I. C. Vs Krishan Chander Sharma (1999)

Question of Law :- Is it necessary for the insurance company to prove the nexus between the ailment prior to issuance of the policy and the cause of the death?

Facts of the Case :- In this case, the insured had died of heart failure whereas the reason given in repudiation letter was that the deceased had been suffering from bronchitis etc.

Judgment :- The ultimate cause of death of the deceased has no relevance, whatsoever, to the disclosing of information regarding health as required by the clauses in the proposal form. Obviously, the answers given by the deceased, who was suffering from asthma and allergic bronchitis etc., to these questions were false to her knowledge and the petitioner-the insurance company was, thus, justified in repudiating the claim.

Reason :- There was, no doubt, suppression of the material facts.
Observation :- The case was decided in favor of the insurance company.

Case No. 15 :-


Question of Law :- Is it necessary for the insurance company to prove the nexus between the ailment prior to issuance of the Policy and the cause of the death ?

Facts of the Case :- The insured had been suffering from pulmonary T.B. which was not disclosed in the proposal form. The District Forum held that death and suffering of T.B. has no nexus and therefore, awarded the Insurance claim in favor of the nominee.

Judgment :- It was held by the Maharashtra State Commission that question of nexus between ailment and death is not material and therefore, if the column specifically requires that the deceased should mention about the T.B., his death on account of other reason is not material.

Reason :- There was, no doubt, suppression of the material facts.

Observation :- The case was decided in favor of the L. I. C.

Case No. 16 :-

Title of the Case :- Hebden Vs West (1863) 3 B and S 597.

Question of Law :- Whether a servant has an insurable interest in the life of the employer?

Facts of the Case :- In this case a servant claimed an insurable interest in the life of his employer. The opponents were of the view that the servant has no insurable interest, whatsoever, in the life of the employer.

Judgment :- A servant engaged for a term of years has an insurable interest in the life of his employer to the extent of salary for the term of service.

Reason :- A person is deemed to have an insurable interest in the life of a person who is dependent upon him.

Observations :- The case was decided in favor of a dependent. The concept of dependability has been made restrictively applicable for a dependent, in the instant case, the servant, only to the extent of his salary for the term of service.
Case No. 17 :-

Title of the Case :- Howard Vs Refugee Friendly Society (1886) 54 L. T. 644.

Question of Law :- Whether a son has an insurable interest in the life of his supporting father?

Facts of the Case :- Here, the son was contending that he does have an insurable interest in the life of his supporting father, whereas the other party was reluctant to accept the contention of the son.

Judgment :- A son has an insurable interest in the life of his supporting father.

Reason :- A person has an insurable interest in the life of a person by whom he is supported and is deemed to have insurable interest in the lives of his dependants.

Observation :- A father does not have an insurable interest in the life of his son unless he is dependent on him.

Case No. 18 :-

Title of the Case :- Dalby Vs India and London Life Assurance Company (1854) 15 C. B. 365

Question of Law :- Whether insurable interest exists in the insurance policy?

Facts of the Case :- In this case, Rev. John Wright took out the policies of assurance with the Anchor life on the life of the Cambridge, but, surrendered them to the Anchor Life before Duke’s death. The anchor life had effected cover with the India and London Life Assurance Company for Pounds 1000 against that event to reinsure partially their liability of their own policies for Pounds 3000.

The trustee of Anchor Life was entitled to recover on the India and London Life contract because by the Life Assurance Act, 1774, it was necessary to prove only insurable interest at the date of inception of policy.

As a matter of an interesting observation, the life insurance policies (like personal accident policies, sickness policies, etc. are not governed by the principle of indemnity.

Judgment :- The insurance policy does not become void (in-operative ) if the insurable interest ceases to be present at the time of the death of the person insured or when the insurance policy falls due.

Reason :- A person is deemed to have insurable interest, in the lives of those who are dependent upon him.
Observation :- The case was decided in favor of a beneficiary.

Case No. 19 :-

Title of the Case :- Smt. Raj Vs Devi Ditta Mall (1979 comp. Cas. 361)

Question of Law :- What is the legal position of the nominee?

Facts of the Case :- The nominee was interested in receiving all the money due under the insurance policy.

Judgment :- The nomination does not clothe the nominee with the title to the insurance money.

Reason :- The strict legal i. e. technical position of the nominee is that he or she is, only, entitled to receive and to collect all the money due under the insurance policy as a trustee for the benefit of the legal heirs of the deceased.

Observations :- The case was decided in favor of a beneficiary.

Had this precedent not come, all the nominees could comfortably have received and collected all the money due under the insurance policy, at the cost and at the inconvenience of the legal heirs of the deceased.

Case No. 20 :-


Question of Law :- How the legal heirs of the assured can claim the money, due under the insurance policy, from the nominee?

Facts of the Case :- The insurance company discharged its contractual obligation by making the payment of the money due under the insurance policy to the nominee. However, the legal heirs of the assured were not, at all, clear as to how to receive the same money from the nominee.

Judgment :- The amount of insurance can be claimed by the legal heirs of the assured in accordance with the law of succession governing them.

Reasons :- The nomination only indicates legally entitled hand authorized to receive the amount due on insurance. It only legally i. e. validly guides the insurer about the discharge of the liability. However, it does not guide the legal heirs the proportion in which to claim the insurance amount from the nominee.

Observations :- The case was decided in favor of the legal heirs of the assured, who were, actually, the beneficiaries under the insurance policy.
In the absence of this precedent, the legal heirs would have been in confusion as to how the insurance amount is to be claimed from the nominee. This case brings in clarity for the legal heirs as to how the insurance amount is to be claimed legally i.e. validly from the nominee.

**Case No. 21 :-**

*Title of the Case :-* Sarawatibhai Vs Malati A. I. R. (1978) Ker. 8  
*Question of Law :-* When there is a will of the assured, who would receive the money due on insurance policy?  
*Facts of the Case :-* In this case, the assured had made a will, still, there was a confusion as to the rightful, thus, legal claimants for money due on insurance policy, whether the legal heirs or the legatees (the persons who are to receive money under the will)  
*Judgment :-* If there is a will, legatees under the will would get the money.  
*Reasons :-* The benefit of the amount due on insurance policy should be given to those persons to whom the insured intends to. In simple words, the benefit of the amount due on insurance policy should not be given even to the legal heirs, if the insured does not intend to.  
*Observation :-* Where the policy-holder dies intestate (without making a will) his legal heirs are the rightful thus, legal claimants, therefore, they only should receive the amount due on insurance policy.  

**Case No. 22 :-**

*Title of the Case :-* Friedman Vs. Prudential Life Insurance Company  
*Question of Law :-* Can the insured enjoy confusion benefit between the statement of opinion and representation?  
*Facts of the Case :-* On 3rd February 1982, a life insurance policy of Pounds 37,000 was issued on Mr. Melvin Friedman, naming Mrs. Friedman as a beneficiary. Subsequently, Mr. Melvin died on 17th August 1982. Because the presentation of death certificate is required before collecting the proceeds of the insurance policy, the death certificate was requested and delivered.
The said death certificate stated, “The immediate cause of ........death was Cardiac Arrest, which was due to, or a consequence of, Cardiogenic Shock and Chronic Congestive Cardiomyopathy, the onset of which had occurred years ago.”

The Prudential Insurance Company denied the payment and returned the premium with interest. During the trial it was determined that the insured was treated for the undisclosed ailment and the prudential insurance company would not have issued the insurance policy if the facts had been known. The Prudential Insurance Company was allowed to rescind the insurance contract and deny the liability.

Several statements made by the insured, at the time of availing of the insurance policy, in the insurance application forms are, really, considered to be the ‘statements of opinion’ rather than the ‘representations.’

As a matter of fact, the statements of opinion orient or stem when the insured is in a confused state of psychological affairs and is not, at all, in a proper mental position to realize about an existing condition and believes something to be true, which is, in fact, not true.

However, strictly, in legal sense, although the statements of opinion, are false, they are, actually, considered material in practical nature and consequence and therefore they do not allow the insurer to evade the insurance policy.

Generally, the ingredient of ‘deceit’ should be in existence, when the statement was, actually, made by the insured, at the time of availing of the insurance policy and this should be proved to avoid the payment by the insurer. In other words, the insured should be well aware or he or she should possess the knowledge about a fact that the statement was false, when it was, actually, made, at the time of availing of the insurance policy and this should be proved to avoid the payment by the insurer.

Judgment :- The Prudential Insurance Company was allowed to rescind the insurance contract and deny the insurance policy.

Reason :- The Prudential Insurance Company succeeded in proving the non-disclosure of a material ailment on the part of the insured.

Observation :- The case was decided in favor of the Prudential Ins. Co.
Case No. 23 :-

Title of the Case :- Fuchs Vs Old Line Life Insurance Company

Question of Law :- Does the statement of opinion amount to misrepresentation of facts ?

Facts of the Case :- The applicant made the statement that he was ‘Free of any sickness or physical impairment.’ Subsequently, the applicant died out of a heart attack. It was pointed out that the insured had suffered from a similar ailment two years prior to making of an insurance application. As per the contention of the insured, there was no sickness, disability or impairment, because he was healed.

Judgment :- The insurance company was directed to make the payment to the insured.

Reason :- The insured’s statement on which the insurer relied on was considered to be a statement of opinion.

Observation :- The statement of opinion need not be confused with the statement of facts, as there exists a fine line of demarcation between both these kinds of statements, although both are made by the insured.

Case No. 24 :-


Question of Law:- Can the insurance policy be challenged after two years?

Facts of the Case :- In this case, the L. I. C. had challenged Parvathavardhini’s life insurance policy after the expiry of two years.

Judgment :- After the expiry of two years, the insurance policy becomes unchallengeable, until the insurer can prove that misstatement or misrepresentation or suppression of material facts was fraudulently made by the policy holder and further that the policy holder knew at the time of making the false representation that he or she was knowingly doing so.

Reason :- The onus of proof was on the insurer after the expiry of two years of issuance of policy to prove that the assured had been guilty of misstatement or misrepresentation or suppression of material facts, at the time of making the proposal. (S. 45, I. A.,1938)

Observations :- The case was decided in favor of beneficiary Mr. Parvathavardhini. In the absence of the provisions of S. 45, I. A., 1938, the insurer would have been at liberty to evade the insurance policy, on the basis of misrepresentation or non-disclosure of material facts on the part of the assured even on very ordinary grounds.
Case No. 25 :-


Question of Law:- From which date insurance policy be counted on revival?

Facts of the Case :- In this case, the insurance policy was revived by Mr. Mithoolal Nayak, subsequent to its lapse. The L I. C. contended to count the period of insurance policy from the date of its revival. However, Mr. Mithoolal Nayak was interested in counting the period of the insurance policy from the date of its origin and not from the date of its revival.

Judgment :- If the insurance policy lapses and subsequently revived, the period of two years for calling the policy in question should not be counted from the date of its revival but from the date of the original insurance policy.

Reason :- The L. I. C. was interested in counting the period of the insurance policy from its revival date, because from that date the period of two years was not expired. Therefore, the L. I. C. was interested in challenging the policy on the ground of misrepresentation or non disclosure of material facts.

Observation :- The case was decided in favor of a beneficiary.

Case No. 26 :-


Question of Law :- Can assignment in life insurance policy be conditional?

Facts of the Case :- Here, there was an assignment in a policy of life insurance subject to a condition that the interest in the policy shall pass to other person on the happening of a specified event during the lifetime of the assured.

Judgment :- The conditional assignment is, no doubt, valid.

Reason :- An interest in the life insurance policy being an actionable claim, can be assigned. This assignment has the legal impact of transfer of transferor’s rights in respect of the policy to the assignee.

Observation :- The assignment in the life insurance policy need not be absolute, always, it can also be conditional, sometimes. The legal provisions of S. 38, I. A., 1938 allow to transfer or confer the benefits of the insurance policy in favor of the assignee.
Case No. 27 :-

*Title of the Case:* Looker Vs Law Union and Rock Insurance Co. Ltd, (1928) 1 KB 554.

*Question of Law:* Is the insurance company under an obligation to issue the policy, if the contractual obligation is fulfilled?

*Facts of the Case:* If a life policy is subject to a condition that the insurer shall not be on risk until the payment of first premium, effectively the period in which the duty of disclosure operates may be lengthened.

A proposer declared himself to be free of ‘disease or ailment’. The risk was given conditional acceptance on the basis that provided health remained unimpaired a policy would be issued as soon as the first premium was paid. The company would not be on cover till then. Five days after receiving the news the proposer turned ill and four days later he died. The illness was not disclosed, but he sent a cheque for the premium.

*Judgment:* Acton J. decided that the defendants were not legally obliged to issue a policy.

“It is not, indeed, putting it too high to say that when the insurance company accepted the premium and the risk …… the deceased was dying and had the insurance company known the facts, they would never have entertained the notion of accepting the risk for a moment.

The second point was that there was here a failure to discharge a duty incumbent upon all the proposes of contracts of insurance such as these……namely, a duty to inform the insurers of any material change in the nature of the risk to be undertaken by them.”

*Reason:* Even if there exists conditional acceptance of the proposal of life insurance and the condition is fulfilled, the insurance company need not issue life insurance policy, in case there results a material change in the nature of the risk involved.

*Observation:* The case was decided in favor of the insurance company.

Case No. 28 :-

*Title of the Case:* Schelberger Vs Eastern Savings Bank

*Question of Law:* Shall the insurance company evade to pay the proceeds of life insurance contract, on presumption of death?

*Facts of the Case:* The insured died of an overdose of barbiturates. During the presentation of the case it was shown as follows.
The autopsy revealed a heavy concentration of barbiturates in the brain, so heavy was the concentration that it could only have been achieved by taking a large number of pills……Autopsy revealed a quantity of barbiturates in his stomach which had not yet been absorbed at the time of death. If taken one at a time …..he would have been asleep long before he could have taken any such quantity. …..The medical examiner gave as his opinion that such a high number of pills could not have been taken inadvertently, it had to be purposeful and intentional.’

**Judgment :-** The insurance company was directed to pay the proceeds of the life insurance contract.

**Reason :-** The insurance company failed to present adequate evidence to overcome strong presumption against suicide.

**Observation :-** The case was decided in favor of beneficiary.

**Case No. 29 :-**

**Title of the Case :-** Satya Deo Malviya Vs L. I. C.

**Question of Law :-** Can a party to a contract of life insurance entitled to take benefit of apparent mistakes?

**Facts of the Case :-** The mother (Smt. Minta Devi) of the complainant, Mr. Satya Deo Malviya, had taken a policy on her life from the L. I. C. for a sum of Rs. 25,00,000/- only. (Rs. Twenty Five Lacks only.) Also, at the same time, a sum of Rs.1,04,975/-, only (Rs. One lak four thousand nine hundred and seventy five only) was paid to the L. I. C., as a single premium.

The said endowment policy was for a period beginning from 28th September 1989 and expiring on 28th September 2002. In other words, the date of the maturity of the policy was after a period of 13 years from the date of the policy. The complainant, Mr. Satya Deo Malviya was the nominee for the said policy, also, the policy was duly assigned to him by his deceased mother, Smt. Minta Devi. The said assignment was registered by the L. I. C. on 25th September, 1992, by the endorsement on the policy bond issued by the L. I. C.

Unfortunately, Smt. Minta Devi, the mother of the complainant expired on 10th May 1994. Because of the fact of her death, the complainant, preferred the claim to the L. I. C. However, the complainant was asked to produce the succession certificate. The
complainant contended that there was no question of production of a succession certificate because the policy was assigned to him by his deceased mother.

As the policy amount was not paid, a notice dated 1st September 1994, was served on the L. I. C. The said notice was replied vide a letter dated 7th October 1994, by the L. I. C.

It was submitted that there was no justifiable reason for the L. I. C. for non payment of the insured amount, as per the terms and conditions of the insurance policy. Hence, it was prayed by the complainant that the L. I. C. be directed to pay the said amount of the policy along with the interest as well as the costs of the suit.

In response to the notice issued by the Commission, it was claimed by the L.I.C. that the endowment policy issued in favor of Mrs. Minta Devi was for a sum of Rs. 2,50,000/- (Rs. Two lacks and fifty thousand only. ) and not, at all, for Rs. 25,000/- (Rs. Twenty five lacks only) as it is mentioned on the insurance policy bond, quite incorrectly.

As per the contents of the Table 21, which was in force, at the relevant time, if the endowment policy is for a period of 13 years, the amount of a single insurance premium for the policy for Rs. 1,000/- was Rs. 419-90.

Further, it was also, pointed out that such kind of endowment policies of insurance were issued by the L. I. C. to the persons belonging to all the age groups, that too, without medical check up, and such pure endowment policies entail the payment of the sum assured only if the life insured survived the term of the insurance plan. (The age of the deceased, Mrs. Minta Devi, was 77 years at the time when the insurance policy was taken.) In the event of an unfortunate death prior to the stipulated period, the assignee is entitled to the refund of the insurance premium paid along with the interest thereon, @ 2.5 % p. a. compounding yearly, which is calculated from the date of the insurance premium paid.

Therefore, it was submitted by the L. I. C. that the complainant was not entitled to get Rs. 25,00,000/- (Rs. Twenty five lacks only) against the payment of a single premium of Rs.1,04, 975/- (Rs. One lack four thousand nine hundred and seventy five only)

Furthermore, for taking the endowment policy for a sum of Rs.25,00,000/- (Rs. Twenty five lacks only), the amount of insurance premium needed to be paid was Rs. 16, 51, 100/- (Rs. Sixteen lacks fifty one thousand and one hundred only). The complainant submitted that the insurance policy, specifically, mentioned that it was for a sum of Rs.25,00,000/- only (Rs. Twenty five lacks only) and he, also, referred to the
reply dated 7th October 1994, given on behalf of the insurance company to the notice issued on behalf of the complainant and further submitted that in the said reply it was nowhere mentioned that the endowment policy was only for a sum of Rs. 2,50,000/- (Rs. Two lacks and fifty thousand only) and not Rs.25,00,000/- only. (Rs. Twenty five lacks only).

Judgment :- It was true that in the original insurance policy the amount mentioned was Rs.25,00,000/- only. (Rs. Twenty five lacks only). However, after considering the facts stated in the affidavit of the insurance company, it was apparent that instead of Rs.2,50,000/- (Rs. Two lacks and fifty thousand) it was evident that by apparent mistake Rs. 25,00,000/- only (Rs. Twenty five lacks only) was mentioned.

One time premium for the endowment policy for the period of 13 years would be Rs. 16,51,000/- only (Rs. Sixteen lacks and fifty one thousand only) which was admittedly unpaid.

Therefore, the question was whether mentioning of incorrect figure would be sufficient for grant of the amount as claimed by the complainant. Typographical error of adding one zero after Rs.2,50,000/- would not entail the complainant to receive the same amount. The parties to the contract are not entitled to get the benefits of apparent mistakes.

In a contract of insurance there is a requirement of ‘uberrima fides’ that is good faith on the part of the assured. (Re. L. I. C. Vs. Smt. G. M. Channabasamma, (1991) 1 S. C. C. 357.)

It is the fundamental principle of insurance law that utmost good faith must be observed by the contracting parties and good faith forbids the either party from the non-disclosure of the facts which the parties know. Moreover, in the policy (document) itself, in bold letters, it is mentioned that, ‘You are requested to examine this policy and if any mistake be found therein, return it immediately, for correction.’

In any case, as per the term quoted above, the complainant was entitled to have refund of the premium with interest @ 2.5 % p. a., compounding yearly calculated from the due dates of premium paid up to the date of death, as the death of the insured has occurred before the date of maturity of the policy.
Case No. 30 :-

Title of the Case :- Asian Assurance Company Ltd. Vs Assa Ram

41[A. I. R. (1942) Oudh, 212.]

Question of Law :- Does the liability of the life insurance company cease, although the ingredient of ‘fraud’, is not detected?

Facts of the Case :- The lady Ms. Assa Ram was insured on her life with the Asian Assurance Company Ltd. In the life insurance proposal she stated that no medical advice, of whatsoever nature, was sought by her, prior to the availing of the life insurance policy. Further, it was, also, stated in the life insurance proposal that she had only a sister, at the time of availing of the life insurance policy. Besides, she had made several other statements in the life insurance proposal.

However, subsequently, it was proved that she was, in fact, under medical treatment, quite regularly and also, she had three sisters, and not only one sister, living at the time of availing of the life insurance policy. Also, some other statements of similar nature were proved to be untrue.

Judgment :- The declaration in the proposal for the life insurance was in the nature of a warranty stating that it shall be the basis of the contract to be made.

Therefore, the statements were found to be untrue as a result, the liability of the insurance company ceased, although, no fraud was proved.

Reason :- Mere proving of a statement as untrue statement, was not enough to constitute the ‘fraud’, within the purview of I. C. A. 1872, because all the other essential ingredients constituting ‘fraud’ were not in existence.

Observation :- The case was decided in favor of the insurance company.

Case No. 31 :-

Title of the Case :- Maung Myat Myat Vs New India Assurance Ltd

[42 A. I. R. Rangoon (262)]

Question of Law :- Was the insurance company right in rejecting the life insurance claim?

Facts of the Case :- In this case, the husband and the wife have insured their lives jointly, it was the case if the joint life policy. In the certificate of declaration of good health the wife gave the certificate of menstruation, as it was required by the insurance company at the time
of availing of the joint life insurance policy. As a matter of fact, at the time of such a
declaration of good health, both the husband as well as the wife were very well aware about
the fact of the pregnancy. Unfortunately, subsequently, the wife died during the course of
the delivery.

Judgment :- The insurance company was right in rejecting the claim on joint life insurance.
Reason :- The certificate of declaration of good health given by the wife was proved to be
false before the fact of the pregnancy.
Observation :- The case was decided in favor of the insurance company as the
beneficiary could not get the benefit of the incorrect statement made through the health
declaration certificate.

Case No. 32:-

Title of the Case:-L. I. C. Vs Jaya Chandel (2008)

Question of Law:-In which manner the interpretation of the grace period and
policy revival be done?

Facts of the Case:-Mr. Karan Singh Chandel (hereinafter referred to as the ‘deceased’) had
taken a policy and was insured for a sum of Rs.1,50,000/-. The Annual Premium payable
was Rs. 12,821/- . The policy was taken on 28/3/1994. The annual premium which was to be
paid on or before 28/3/1994 was not paid. In terms of the policy, the same became
inoperative after one month. The insured died on 1/7/1995. A cheque drawn on Jogindra
Co-operative Bank Ltd. for an amount of Rs. 12,821/- purportedly on account of premium
along with late fee of Rs. 189/- was issued by Mr. Prakash Chand Thakur on 27/6/1995.
The same was received on 12/7/1995 by the L. I. C. According to the claimant i.e. widow
of the deceased, the Cheque was issued before the death of the insured and therefore, the
appellant could not have repudiated the claim.
The stand of the present appellant was that the policy had lapsed due to non-payment of
premium in time. This plea was not accepted by the District Forum on the ground that the
Cheque was claimed to have been issued on 12/7/1995, but is presumed to have been
received earlier than that date. The State Commission held that in any event the amount was
received within the grace period and therefore, the claim could not have been repudiated.
Accordingly, the appeal filed by the appellant was dismissed. The National Forum
dismissed the revision holding the section 64-VB of the Insurance Act, 1938 was
applicable where the premium is tendered by postal money order or Cheque sent by post and the risk may be assumed on the date on which the money order is booked or the Cheque is posted, as the case may be. Therefore, it was held that here was revival. It did not accept the stand of the appellant that the revival was not a matter of right.

In support of the appeal, learned counsel for the appellant submitted that the District Forum, the State Commission and the National Commission failed to notice certain relevant factors. It was not explained as to why the Cheque was issued by Mr. Prakash Chand Thakur and not by the insured. This is sufficient to show that subsequently the Cheque was issued, just, to regularize the policy and for nothing else. Further, the Cheque was received on 12/7/1995 much after the death of the deceased and this in itself is sufficient to show that the Cheque was not issued prior to the death of the insured. The extract of the receipt register has been filed which shows that the Cheque was received on 12/7/1995. The State Commission came to the conclusion that the Cheque was issued much during the grace period is 30 days, the premium was due on 28/3/1995 and the Cheque was issued much beyond the grace period. Additionally Section 64A-VB does not apply to the appellant. In this context S. 43 of the L. I. C. Act, 1956, has relevance. Reference is also made to condition no. II of the policy.

In reply, learned counsel for the claimant submitted that it is not that the condition no. II of the policy which is applicable, but condition No. III of the policy which is applicable. It is stated that no adverse inference can be drawn because the insured had not signed the Cheque and merely because the Cheque was received after the death of the deceased that does not entitle the appellant to refuse a genuine claim.

Judgment :- The grace period is of one month and therefore, the State Commission was not justified in holding that the payment was made within the grace period. Condition no. III of the policy relates to the revival of a discontinued policy. A bare reading of the condition shows that is can be revived during the life time of the assured. In the instant case, the Cheque was admittedly received after the death of the assured. Further, the revival takes effect only after the same is approved by the L. I. C. and is specifically communicated to the life insured. In the present case, this is not, at all, the situation.
Reason:- Policy conditions numbered II and III were respectively, as follows:

II. Payment of premium –
A grace period of one month but not less than 30 days will be allowed for payment of yearly, half-yearly or quarterly premiums and 15 days for monthly premiums. If death occurs within this period and before the payment of the premium then due, the policy will still be valid and the sum assured paid after deduction of the said premium as also the unpaid premiums falling due before the next anniversary of the Policy. If premium is not paid before the expiry of the days of grace, the Policy lapses. If the Policy has not lapsed and the claim is admitted in case of death under a policy where the mode of payment of premium is other than yearly, unpaid premiums, if any, falling due before the next policy anniversary shall be deducted from the claim amount.

III. Revival of discontinued policies-
If the policy has lapsed it may be revived during the life time of the life assured, but within a period of five years form the date of the first unpaid premium and before the date of maturity, on submission of proof of continued insurability to the satisfaction of the L. I. C. and the payment of all the arrears of premium together with interest at such rate as may be fixed by the L. I. C. from time to time compounding half yearly. The L. I. C. reserves the right to accept or decline the revival of discontinued policy. The revival of a discontinued policy shall take effect only after the same is approved by the L. I. C. and is specifically communicated to the life assured.

Observation :- Looked at from any angle, as contemplated by the Hon. Supreme Court, the Orders passed by the District Forum, the State Forum and National Commission could not be maintained, therefore they were set aside and the case was decided in favor of the L.I. C.

Case No. 33:-

Title of the Case :- L. I. C. Vs Shri Mithilesh Kumar Sharma (2004)

Question of Law :- How the ‘Special Female Clause’ is to be interpreted ?

Facts of the Case :- This appeal was the result of the Order dated 27/3/2004 passed by the District Consumer Forum, Bundi whereby while allowing the complaint a sum of Rs.50,000/- with interest @ 9% from the date of filling of the complaint along with all other benefits which are payable under the policy. The appellant was further directed to pay Rs.1,000/- on account of mental agony and Rs. 500/- as cost of litigation.
The complainant filed a complaint mentioning that he and his wife Seema Sharma had taken a Jeevan Sathi insurance policy on 28/8/1999 for an amount of Rs. 25,000/-. It was alleged that they had deposited all premium of the policy. It was further mentioned by the complainant that on 28/8/2002 his wife died. All necessary formalities were completed, but despite this the claim was not paid. Therefore, he filed the present compliant before the learned Forum.

The appellant filled a reply wherein it was mentioned that the claim of the complainant was repudiated in view of the ‘Special Female Clause’, which was a part of the insurance policy agreement.

The facts as are available on record goes to show that late Smt. Seema Sharma at the time of incident was heating the milk on the stove and while doing so her sari which she was wearing caught the fire, due to which she sustained burn injuries. The insured was admitted in the hospital where dying declaration was also recorded by the concerned magistrate. She succumbed to injuries and died on 28/2/2002. The post mortem report reveals that the cause of death was burn injuries which were sufficient in the ordinary course of nature to cause death.

The question for consideration was whether the appellant company was justified in repudiating the claim of the complaint in view of the ‘Special Female Clause’. The policy has been placed on record which proves that the complainant had made proposal for issuing the policy on 30/3/1999 and the policy was issued on 22/9/1999. The date of commencement was described as 28/8/1999 as the insured wanted the policy to be back dated. The said policy contained ‘Special Female Clause’, which is reproduced below:

‘Notwithstanding anything within mention to the contrary, it is hereby declared and agreed that in the event of death of the life assured occurring as a result of intentional self-injury, suicide or attempted suicide, insanity accident other than an accident in a public place or murder at any time on or after the date on which the risk under the policy has commenced, by before the expiry of three years from the date of this policy, the corporation’s liability shall be limited to the sum equal to the total amount of premiums exclusive of extra premiums, if any paid under this policy without interest.’

[101]
‘Provided that in case the life assured shall commit suicide before the expiry of one year reckoned from the date of this policy, the provisions of the clause under the heading ‘suicide’ printed on the back of policy shall apply.’

The learned counsel for the appellant while referring to the above clause has submitted that Smt. Seema Sharma had died due to incident which occurred at her house while she was alone, all the members had gone out of the house at the time of accident. It was, also, argued that the incident did not take place at a public place and the accident was within three years from the date of issuance of the policy, hence the claim was not payable.

Judgment :- The incident took place, not, in public place but, it occurred at the residence of the insured. The simple question for consideration is whether incident took place before the expiry of three years from the date of policy, the learned Forum held that the date of policy was 28/8/1999 and the insured died on 2/8/2002, therefore, the policy was beyond a period of three years. We feel that the learned Forum has erred in reckoning the period of three years from the date of commencement of policy, in fact, it is the date of issuance of policy, which is relevant and not the date of commencement of policy, in the instant case the date of proposal was 30/8/1999 and the policy was issued on 22/9/1999. As the insured wanted the policy to be back date, the date of commencement of policy was allowed from 28/8/1999. the period of three years was to be reckoned from 22/9/1999, which is the date when the policy was issued. In calculating the period of three years from 22/9/1999, it can, safely, be held that the insured Smt. Seema Sharma died within three years of the issuance of policy. We can refer to 1998 (5) Scale Page 584 and 1998 (7) SCC 348 L. I. C. V/s Dharamveer Anand wherein it has been held that under Clause 4B of the policy, the relevant date is the date on which the policy was issued and not the date on which risk under the policy had commenced. As the incident took place within a period of three years of issuance of policy and the same did not occur in public place, but it happened at the residence of the insured, the claim, could not have been allowed in view of the ‘Special Female Clause’, which was a part of the insurance policy agreement.

Consequently, this appeal deserves to be accepted. The impugned Order passed by the learned Forum on 27/3/2004 is set aside. The complainant however may be awarded compensation/claim in terms of clause 4B of the terms and conditions of the policy in question.
Reason :- The argument in the light of ‘Special Female Clause’, contained in the terms of the policy had gone against the beneficiary’s interest.

Observation :- The case was decided in favor of the L. I. C.

Case No. 34 :-

Title of the Case :- L. I. C. Vs Smt. Surekha Rudranath Autade (2006)

Question of Law :- Is the complainant entitled to get the double accidental benefit in the light of the special facts of the case?

Facts of the Case :- The complainant, Smt. Surekha Rudranath Autade, and her husband, Mr. Rudranath (deceased) were serving as teachers. Her husband was L. I. C. agent. He died on 27/12/2001. He has taken the following policies.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Policy No.</th>
<th>Sum assured (In Rs.)</th>
<th>DOC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>981694481</td>
<td>1,00,00</td>
<td>28.3.99</td>
</tr>
<tr>
<td>2.</td>
<td>981603546</td>
<td>50,000</td>
<td>15.23.97</td>
</tr>
<tr>
<td>3.</td>
<td>981850563</td>
<td>50,000</td>
<td>28.7.99</td>
</tr>
<tr>
<td>4.</td>
<td>980451525</td>
<td>10,000</td>
<td>15.1.93</td>
</tr>
<tr>
<td>5.</td>
<td>981600503</td>
<td>25,000</td>
<td>15.11.95</td>
</tr>
<tr>
<td>6.</td>
<td>980456651</td>
<td>20,000</td>
<td>28.10.94</td>
</tr>
<tr>
<td>7.</td>
<td>981600570</td>
<td>50,000</td>
<td>28.11.95</td>
</tr>
<tr>
<td>8.</td>
<td>981694788</td>
<td>50,000</td>
<td>28.3.99</td>
</tr>
<tr>
<td>9.</td>
<td>981963029</td>
<td>1,00,000</td>
<td>28.3.01</td>
</tr>
</tbody>
</table>

After the death of the assured, the L. I. C. paid the assured sum in respect of first six policies. However, it repudiated the claim for the payment of accident benefit for the policy shown at serial number 9 stated above, for a sum of Rs. 1,00,000/- which was taken on 28th March, 2001.

Hence, the Complaint was filed before the District Forum, Beed. Before the District Forum, the L. I. C. contended that the husband of the complainant committed suicide and, therefore, she was not entitled to receive accidental benefit. For this purpose, reliance was placed on the post-mortem report as well as the chemical analysis.
The District Forum by its Judgment and Order dated 21/12/2005 allowed the complaint on the ground that chemical analysis report dated 9/7/2002 clearly revealed that no poison was detected in the viscera. The District Forum further relied upon the affidavit of the complainant and held as under:-

The complaint is allowed.

That after deducting basic claim of policies the double accidental benefit of six policies as 981600503; 980451525, 98045681, 981603546, 981850563 and 981694581 and other benefits be given to the complainant by the respondent; and double accidental benefit in respect of policies Nos. 981963029; 981694788; and, 981600570 and other benefits be given to the complainant by respondent; the respondent to pay Rs.82,500/- (Eighty two thousand five hundred only) towards group insurance; and that the respondent do pay Rs. 5,000/- (Five thousand only) towards mental agony and Rs.1,000/- (One thousand only) towards cost; that, the complainant is entitled to receive 6% interest per annum from the respondent on entire claim from the date of filing the complaint till its realization.

That appeal was partly allowed by the State Commission by its judgment and order dated 7/12/2005.

For arriving at the said conclusion, that State Commission observed that for the first six policies there was no dispute. The L. I. C. had paid basic sum assured to the widow of the diseased. The policies at Sr. Nos. 7 and 8 were money back policies and the District Forum erroneously directed to pay the sum assured to the widow of the deceased. But, as per the terms of the policy the sum is not liable to be paid to the widow of the insured immediately, and they become due and payable after the maturity period and the heirs of the deceased are not required to pay any premium for those policies till their maturity. Hence, the operative part of the order in clause (3) in the order passed by the District Forum was modified accordingly.

Similarly, for the D. M. Club, the L. I. C. has already paid a sum of Rs. 37,500/- (Rs. Thirty seven thousand five hundred only) to the widow of the insured and the State Commission set aside the direction that the L. I. C. was required to pay Rs.1,20,000/- (Rs. One lack twenty thousand only) To that effect clause (4) was modified.

With regard to double accident policy, the State Commission relied upon chemical analysis report and held that no poison was found in the viscera and therefore, it cannot be held that
the deceased committed suicide by consuming poison, and rejected the contention of the L. I. C. that the F. I. R. (First Information Report) filed by the complainant would indicate that the deceased committed suicide by taking poison.

The learned counsel appearing on behalf of the L. I. C. submitted that the L. I. C. has no dispute with regard to payment of the sum assured to the complainant, as directed by the District Forum and the State Commission. But, the accident benefit cannot be granted to the heirs of the deceased. He heavily relied upon the postmortem report wherein it was stated:

Stomach and its contents: contained about 200ml of semi solid food material, Smell of OP poison, strongly.’

As against this, C. A. report specifically states that general and specific chemical testing does not reveal any poison in exhibit nos. (1) and (2).

Hence, here, the question of fact, would be, in this set of circumstances, can it be said that the insured committed the suicide. In our view, there is no evidence to establish that the assured committed suicide.

However, for getting the double accident benefit, the term of the policy provides: ‘8(b). Death of the life assured: To pay an additional sum equal to the death benefit under this policy, if the life assured shall sustain any bodily injury resulting solely and directly from the accident caused by outward, violent and visible means and such injury shall within 120 days of its occurrence solely, directly and independently of all other causes result in the death of the life assured.’

Judgment :- In the result, the Revision Petition was partly allowed. There was no order as to costs.

Reason :- In this case, there was no evidence that the deceased had died because of any bodily injury from the accident, caused by outward, violent and visible means. Hence, the heirs of the deceased were not entitled to get the accident benefit. Hence, the order granting accidental benefit required to be set aside.

Observation :- The case was partly decided in favor of the L. I. C.
4.2 – Data Analysis and Interpretation -

4.2a. Profile of the Respondent of the Primary Data -

Besides collection of secondary data in the form of several case precedents, primary data also was collected. The details about both the data are mentioned in the section of ‘Research Methodology’ in Chapter No. IV. The details about the profile of the respondent of primary data are as follows.

Primary data for the first field survey was collected from 112 respondents having the following profile.

1. 81% of the respondents were of age below 45 years.
2. 24.11% of the respondents were executives by occupation.
3. The number of male respondents was 78.57% and the number of female respondents was 21.43%.
4. 45.54% of the respondents were having annual income of Rs. 2.5 lacks and above.
5. 77% of the respondents were having education graduation and above.
4.2b. Data Presentation -

Primary data, thus collected, was analyzed on the basis of relevant parameters and was interpreted, as shown.

A Distribution of respondents according to age in years -

Table No. 4.01 Distribution of respondents according to age

<table>
<thead>
<tr>
<th>Age in Years</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 30</td>
<td>48</td>
<td>42.86</td>
</tr>
<tr>
<td>30-45</td>
<td>43</td>
<td>38.39</td>
</tr>
<tr>
<td>45-60</td>
<td>13</td>
<td>11.61</td>
</tr>
<tr>
<td>Above 60</td>
<td>08</td>
<td>07.14</td>
</tr>
</tbody>
</table>

Graph No. 4.01 Distribution of respondents according to age

**Interpretation:** - It can be observed that 42.86 % of the respondents were below 30 years of age, 38.39 % of the respondents were between the age group of 30-45, 11.61 % of the respondents were between the age group of 45-60 and 07.14 % of the respondents were above 60 years of age.
### Distribution of respondents according to occupation -

Table No. 4.02 Distribution of respondents according to occupation.

<table>
<thead>
<tr>
<th>Occupation</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>27</td>
<td>24.11</td>
</tr>
<tr>
<td>Director</td>
<td>03</td>
<td>02.68</td>
</tr>
<tr>
<td>Proprietor</td>
<td>07</td>
<td>06.25</td>
</tr>
<tr>
<td>Govt. Service</td>
<td>18</td>
<td>16.07</td>
</tr>
<tr>
<td>Pvt. Service</td>
<td>51</td>
<td>45.54</td>
</tr>
<tr>
<td>House Wives</td>
<td>06</td>
<td>05.36</td>
</tr>
</tbody>
</table>

Interpretation: - Almost half i.e 45.54% of the respondents were having private service as their occupation, 24.11% of the respondents were executives, 16.07% of the respondents were in govt. service, 06.25% of the respondents were proprietors, 05.36% of the respondents were house wives and 02.68% of the respondents were directors of firms.
C Distribution of respondents according to gender -

Table No. 4.03 Distribution of respondents according to gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>88</td>
<td>78.57</td>
</tr>
<tr>
<td>Female</td>
<td>24</td>
<td>21.43</td>
</tr>
</tbody>
</table>

Graph No. 4.03 Distribution of respondents according to gender

**Interpretation:** - The number of male respondents was relatively more (78.57%), while females constituted 21.43 %. 

[109]
D Distribution of respondents according to income -

Table No. 4.04 Distribution of respondents according to income

<table>
<thead>
<tr>
<th>Income in Rs. (lacks)</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 1</td>
<td>27</td>
<td>24.11</td>
</tr>
<tr>
<td>1 to 1.5</td>
<td>03</td>
<td>02.68</td>
</tr>
<tr>
<td>1.5 to 2</td>
<td>07</td>
<td>06.25</td>
</tr>
<tr>
<td>2 to 2.5</td>
<td>18</td>
<td>16.07</td>
</tr>
<tr>
<td>2.5 &amp; above</td>
<td>51</td>
<td>45.54</td>
</tr>
</tbody>
</table>

Graph No. 4.04 Distribution of respondents according to income

Interpretation: - It can be observed that 45.54 % of the respondents had annual Income of Rs. 2.5 lacks and above, 24.11 % of the respondents had annual income up to Rs. 1.00 lack, 16.07 % of the respondents had annual income between the range of Rs. 02.00 to 02.50 lacks, 6.25 % of the respondents had annual income between the range of Rs.01.50 to 02.00 lacks, 2.68 % of the respondents had annual income between the range of Rs.01.00 to 01.50 lacks.
E Distribution of respondents according to education level -

Table No. 4.05 Distribution of respondents according to education level

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illiterate</td>
<td>03</td>
<td>02.68</td>
</tr>
<tr>
<td>Up to HSC</td>
<td>22</td>
<td>19.64</td>
</tr>
<tr>
<td>Graduation</td>
<td>47</td>
<td>41.96</td>
</tr>
<tr>
<td>Professional</td>
<td>10</td>
<td>08.93</td>
</tr>
<tr>
<td>Post Graduation</td>
<td>30</td>
<td>26.79</td>
</tr>
</tbody>
</table>

Graph No. 4.05 Distribution of respondents according education level

*Interpretation:* It can be seen that 41.96 % of the respondents were having education up to graduation, 26.79 % of the respondents were having Post Graduate, 19.64 % of the respondents were having education up to HSC, 8.93 % of the respondents were having Professional education and 02.68 % of the respondents were illiterate.
Distribution of respondents according to initiating the task of availing of life insurance policy -

Table No. 4.06 Distribution of respondents according to initiating the task of availing of life insurance policy -

<table>
<thead>
<tr>
<th>Source</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisor</td>
<td>22</td>
<td>19.64</td>
</tr>
<tr>
<td>Friend</td>
<td>36</td>
<td>32.14</td>
</tr>
<tr>
<td>Relative</td>
<td>24</td>
<td>21.43</td>
</tr>
<tr>
<td>Colleague</td>
<td>20</td>
<td>17.86</td>
</tr>
<tr>
<td>Self</td>
<td>10</td>
<td>08.93</td>
</tr>
</tbody>
</table>

Graph No. 4.06 Distribution of respondents according to initiating the task of availing of life insurance policy -

*Interpretation:* The major source of initiating the life insurance policy was through friends (32.14%) and next was through relatives (21.43%). In 17.86% cases, the colleagues and in 19.64% cases, the advisors initiated the task of availing of insurance policy. The percentage of respondents who availed life insurance policy on their own was only 08.93.
G Distribution of respondents according to their object for taking a life insurance policy -

Table No. 4.07- Distribution of respondents according to their object for taking a life insurance policy -

<table>
<thead>
<tr>
<th>Objective</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Benefit</td>
<td>10</td>
<td>08.93</td>
</tr>
<tr>
<td>Tax Benefit</td>
<td>17</td>
<td>15.18</td>
</tr>
<tr>
<td>Saving</td>
<td>28</td>
<td>25.00</td>
</tr>
<tr>
<td>Risk Coverage</td>
<td>47</td>
<td>41.96</td>
</tr>
<tr>
<td>Pension Plan</td>
<td>10</td>
<td>08.93</td>
</tr>
</tbody>
</table>

Graph No. 4.07- Distribution of respondents according to their object for taking a life insurance policy

**Interpretation**: - It can be observed that main objective for taking a life insurance policy was risk coverage (41.96%) and thereafter it came to savings (25%). Other objectives included tax benefit (15.18%), child benefit (8.93%) and pension plan (8.93%).

[113]
Distribution of respondents according to the annual installment of life insurance policy -

Table No. 4.08 - Distribution of respondents according to the annual installment of life insurance policy -

<table>
<thead>
<tr>
<th>Installment Amount Rs.</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-3000</td>
<td>48</td>
<td>42.86</td>
</tr>
<tr>
<td>3000-4000</td>
<td>25</td>
<td>22.32</td>
</tr>
<tr>
<td>4000-5000</td>
<td>15</td>
<td>13.39</td>
</tr>
<tr>
<td>Above 5000</td>
<td>24</td>
<td>21.43</td>
</tr>
</tbody>
</table>

Graph No. 4.08 - Distribution of respondents according to the annual installment of life insurance policy

Interpretation: - The maximum number of respondents (42.86%) were having as low installment as between Rs. 2000-3000. 22.32% of the respondents were having installment between Rs.3000-4000. 21.43% of the respondents were having installment above Rs.5000/-. 13.39% of the respondents were having installment between Rs.4000-5000.
I Distribution of respondents according to their experience while filling the form of life insurance policy -

Table No. 4.09 - Distribution of respondents according to their experience while filling the form of life insurance policy -

<table>
<thead>
<tr>
<th>Experience</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Easy</td>
<td>12</td>
<td>10.71</td>
</tr>
<tr>
<td>Easy</td>
<td>40</td>
<td>35.71</td>
</tr>
<tr>
<td>Difficult</td>
<td>23</td>
<td>20.54</td>
</tr>
<tr>
<td>Very Difficult</td>
<td>00</td>
<td>00.00</td>
</tr>
<tr>
<td>Not thought of</td>
<td>37</td>
<td>33.04</td>
</tr>
</tbody>
</table>

Graph No. 4.09 - Distribution of respondents according to their experience while filling the form of life insurance policy –

**Interpretation**: -It can be observed that 35.71% of the respondents felt easy while filling the form of life insurance policy. 33.04% of the respondents had not thought on these lines. 20.54% of the respondents found difficult while filling the form of life insurance policy. 10.71% of the respondents felt very easy while filling the form of life insurance policy. No one found very difficult while filling the form of life insurance policy.
Table No. 4.10 - Distribution of respondents according to the guidance obtained from insurance advisor while filling the form of life insurance policy -

<table>
<thead>
<tr>
<th>Guidance Obtained</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>55</td>
<td>49.11</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
<td>08.93</td>
</tr>
<tr>
<td>Advisor filled the Form</td>
<td>47</td>
<td>41.96</td>
</tr>
</tbody>
</table>

Graph No. 4.10 - Distribution of respondents according to the guidance obtained from insurance advisor while filling the form of life insurance policy

**Interpretation:** - In 49.11% of the cases the insurance advisors had guided the respondents as to how to fill up the form, in 41.96% of the cases the advisors themselves had filled the form. In 8.93% of the cases no guidance was sought from the advisors by the respondents.
K  Necessity to alter the existing structure of the form of life insurance policy -

Table No. 4.11 - Necessity to alter the existing structure of the form of life insurance policy -

<table>
<thead>
<tr>
<th>Response</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>90</td>
<td>80.36</td>
</tr>
<tr>
<td>No</td>
<td>22</td>
<td>19.64</td>
</tr>
</tbody>
</table>

Chart No. 4.01 - Necessity to alter the existing structure of the form of life insurance policy -

Interpretation: - It can be observed that 80.36% of the respondents felt that there was a need to alter the existing structure of the form of life insurance and 19.64% of the respondents felt that there was no need to alter the existing structure of the form of life insurance.
L Distribution of respondents according to the changes in format of life insurance policy form to be introduced -

Table No. 4.12 - Distribution of respondents according to the changes in format of life insurance policy form to be introduced -

<table>
<thead>
<tr>
<th>Changes</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elimination of irrelevant &amp; insignificant particulars</td>
<td>80</td>
<td>71.43</td>
</tr>
<tr>
<td>Addition of major technical information</td>
<td>32</td>
<td>28.57</td>
</tr>
</tbody>
</table>

Graph No. 4.11 - Distribution of respondents according to the changes in format of life insurance policy form to be introduced

*Interpretation:* - 71.43% of respondents felt that there should be elimination of irrelevant and insignificant particulars from the policy form and 28.57% of respondents did not feel that there should be elimination of irrelevant and insignificant particulars from the policy form.
M Distribution of respondents as per the changes, suggested in existing procedural formalities of life insurance policy -

Table No. 4.13 - Distribution of respondents as per the changes, suggested in existing procedural formalities of life insurance policy –

<table>
<thead>
<tr>
<th>Changes</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Reduction in complicated paper work</td>
<td>56</td>
<td>50.00</td>
</tr>
<tr>
<td>B Making at least mail legal provisions crystal clear for layman</td>
<td>49</td>
<td>43.75</td>
</tr>
<tr>
<td>C Strict implementation of Legal Rules while sanctioning the policy</td>
<td>12</td>
<td>10.71</td>
</tr>
<tr>
<td>D Legal formalities at the time of maturity of the policy</td>
<td>05</td>
<td>04.46</td>
</tr>
<tr>
<td>E Un-clarified terms and conditions arising out of Contractual Obligations</td>
<td>25</td>
<td>22.32</td>
</tr>
</tbody>
</table>

Graph No. 4.12 - Distribution of respondents as per the changes, suggested in existing procedural formalities of life insurance policy –

**Interpretation:** - 50% of the respondents opined that there should be reduction in complicated paper work, 43.75% of the respondents opined that the main legal provisions should be made crystal clear, 22.32% of the respondents opined that un-clarified terms and conditions arising of contractual obligations should be made clear, 10.71% of the respondents opined that there should be strict implementation of legal rules while sanctioning the policy, 04.46% of the respondents opined that the legal formalities at the time of maturity of the policy, should be made clear.
N Awareness about contractual obligations associated with life insurance policy -

Table No. 4.14 - Awareness about contractual obligations associated with life insurance policy -

<table>
<thead>
<tr>
<th>Response</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>43</td>
<td>38.39</td>
</tr>
<tr>
<td>No</td>
<td>69</td>
<td>61.61</td>
</tr>
</tbody>
</table>

Chart No. 4.02 - Awareness about contractual obligations associated with life insurance policy -

*Interpretation:* It can be observed that 61.61% of the respondents were not aware about the contractual obligations associated with life insurance policy whereas only 38.39% of the respondents were aware about the contractual obligations associated with life insurance policy.
O Awareness about nomination rules and regulations of life insurance policy -

Table No. 4.15- Awareness about nomination rules and regulations of life insurance policy –

<table>
<thead>
<tr>
<th>Response</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aware</td>
<td>71</td>
<td>63.39</td>
</tr>
<tr>
<td>Not Aware</td>
<td>41</td>
<td>36.61</td>
</tr>
</tbody>
</table>

Chart No. 4.03 - Awareness about nomination rules and regulations of life insurance policy –

*Interpretation*: It can be observed that 63.39% of the respondents were aware and 36.61% of the respondents were not aware about the nomination rules and regulations of life insurance policy.
P  Awareness about legal consequences in case of default of an installment of life insurance policy -

Table No. 4.16 - Awareness about legal consequences in case of default of an installment of life insurance policy -

<table>
<thead>
<tr>
<th>Response</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are</td>
<td>44</td>
<td>39.29</td>
</tr>
<tr>
<td>Not Aware</td>
<td>67</td>
<td>59.82</td>
</tr>
<tr>
<td>Not Responded</td>
<td>01</td>
<td>00.89</td>
</tr>
</tbody>
</table>

Chart No. 4.04 - Awareness about legal consequences in case of default of an installment of life insurance policy -

*Interpretation*: 59.82% of the respondents were not aware about the legal consequences in case of default of a premium installment of life insurance policy, 39.29% of the respondents were aware about the legal consequences in case of default of a premium installment of life insurance policy. In 0.89% cases no response was recorded on these lines.
Q  Awareness about the additions or deductions in the maturity amount of life insurance policy -

Table No. 4.17 - Awareness about the additions or deductions in the maturity amount of life insurance policy -

<table>
<thead>
<tr>
<th>Response</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aware</td>
<td>43</td>
<td>38.39</td>
</tr>
<tr>
<td>Not Aware</td>
<td>69</td>
<td>61.61</td>
</tr>
</tbody>
</table>

Chart No. 4.05 - Awareness about the additions or deductions in the maturity amount of life insurance policy -

**Interpretation:** - 61.61% of the respondents were not aware about the additions or deductions in the maturity amount of life insurance policy and 38.39% of the respondents were aware about the additions or deductions in the maturity amount of life insurance policy.
The extent to which the respondents are aware about the legal aspects associated with the life insurance policy -

Table No. 4.18 - The extent to which the respondents are aware about the legal aspects associated with the life insurance policy -

<table>
<thead>
<tr>
<th>Response</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totally Aware</td>
<td>04</td>
<td>03.57</td>
</tr>
<tr>
<td>Somewhat Aware</td>
<td>85</td>
<td>75.89</td>
</tr>
<tr>
<td>Totally Unaware</td>
<td>23</td>
<td>20.54</td>
</tr>
</tbody>
</table>

Graph No. 4.13 - The extent to which the respondents are aware about the legal aspects associated with the life insurance policy –

**Interpretation:** - 75.89% of respondents are somewhat aware about the legal aspects associated with the life insurance policy. 20.54% of the respondents are totally unaware about the legal aspects associated with the life insurance policy and only 03.57% of the respondents are totally aware about the legal aspects associated with the life insurance policy.
S Reasons for taking another policy after taking 1 policy -

Table No. 4.19 - Reasons for taking another policy after taking 1st policy

<table>
<thead>
<tr>
<th>Reason</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Fully satisfied with the benefits from the 1st Policy</td>
<td>31</td>
<td>27.68</td>
</tr>
<tr>
<td>B To do away with excessive tax burden</td>
<td>53</td>
<td>47.32</td>
</tr>
<tr>
<td>C Savings of surplus amount</td>
<td>36</td>
<td>32.14</td>
</tr>
<tr>
<td>D Child Benefit</td>
<td>09</td>
<td>08.04</td>
</tr>
<tr>
<td>E Pension Plan</td>
<td>06</td>
<td>05.36</td>
</tr>
</tbody>
</table>

Graph No. 4.14 - Reasons for taking another policy after taking 1st policy

**Interpretation:** - 47.32 % of the respondents had taken second policy to do away with excessive tax burden and 32.14 % of the respondents had taken the second policy for saving surplus amount, 27.68% of the respondents had taken second policy because they were fully satisfied with the benefits of first policy, 08.04% of the respondents had taken second policy for child benefit and 05.36% of the respondents had taken second policy for pension plan.
T Recommendation for taking life insurance policy -

Table No. 4.20 - Recommendation for taking life insurance policy -

<table>
<thead>
<tr>
<th>Response</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recommended</td>
<td>61</td>
<td>54.46</td>
</tr>
<tr>
<td>Not Recommended</td>
<td>51</td>
<td>45.54</td>
</tr>
</tbody>
</table>

Chart No. 4.06 - Recommendation for taking life insurance policy -

Interpretation: -It can be observed that 54.46% of the respondents had recommended to others for taking life insurance policy and 45.54% of the respondents had not recommended to others for taking life insurance policy.
U Reasons for recommending life insurance policy -

Table No. 4.21 – Reasons for recommending life insurance policy –

<table>
<thead>
<tr>
<th>Reason</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Fully satisfied with the benefits from the 1st Policy of L.I.C.</td>
<td>34</td>
</tr>
<tr>
<td>B</td>
<td>Because of faith on Insurance Advisor</td>
<td>22</td>
</tr>
<tr>
<td>C</td>
<td>Because of faith on L.I.C.</td>
<td>80</td>
</tr>
<tr>
<td>D</td>
<td>Because of poor services offered by other Insurance Company</td>
<td>06</td>
</tr>
<tr>
<td>E</td>
<td>Because of relatively less returns assured by other Insurance Company</td>
<td>02</td>
</tr>
<tr>
<td>F</td>
<td>Any other</td>
<td>00</td>
</tr>
</tbody>
</table>

Graph No. 4.15 - Reasons for recommending life insurance policy

**Interpretation**: - 71.43% of the respondents had recommended to others to take life insurance policy because of their faith on L. I. C. 30.36% of the respondents had recommended to others to take life insurance policy because they were fully satisfied with the benefits from the 1st Policy of L.I.C. 19.64% of the respondents had recommended to others to take life insurance policy because of faith on Insurance Advisor.. 05.36% of the respondents had recommended to others to take life insurance policy because of poor services offered by other Insurance Company. 01.79% of the respondents had recommended to others to take life insurance policy because of relatively less returns assured by other insurance company.
V Reasons for not recommending anybody to take life insurance policy -

Table No. 4.22 - Reasons for not recommending anybody to take life insurance policy -

<table>
<thead>
<tr>
<th>Reason</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Dissatisfied with the benefits from the 1st Policy of L.I.C.</td>
<td>09</td>
<td>08.04</td>
</tr>
<tr>
<td>B Because of loss of faith on Insurance Advisor of L.I.C.</td>
<td>07</td>
<td>06.25</td>
</tr>
<tr>
<td>C Because of loss of faith on L. I. C.</td>
<td>00</td>
<td>00.00</td>
</tr>
<tr>
<td>D Because of poor services offered by L.I.C.</td>
<td>32</td>
<td>28.57</td>
</tr>
<tr>
<td>E Because of relatively less returns assured by L.I.C.</td>
<td>18</td>
<td>16.07</td>
</tr>
<tr>
<td>F Any other</td>
<td>50</td>
<td>44.64</td>
</tr>
</tbody>
</table>

Graph No. 4.16 - Reasons for not recommending anybody to take life insurance policy -

Interpretation: - It can be observed that in respect of 44.64 % of the respondents, the reasons for non recommendation to take a life insurance policy from L. I. C. were varying. In 28.57% of the cases the reasons for non recommendation to take a policy were poor services offered by L.I.C. In 16.07% of cases the reasons for non recommendation to take a policy were relatively less returns assured by L.I.C. In 08.04% of cases the reasons for non recommendation to take a policy were dissatisfaction with the benefits from the 1st policy. In 06.25% of cases, the reasons for non recommendation to take a policy were loss of faith on L. I. c. Insurance Advisor.

[128]
Necessity to add to the level of existing conceptual and legal understanding about life Insurance, in general and the insurance policy in particular -

Table No. 4.23 - Necessity to add to the level of existing conceptual and legal understanding about life Insurance, in general and the insurance policy in particular -

<table>
<thead>
<tr>
<th>Response</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essential</td>
<td>64</td>
<td>57.14</td>
</tr>
<tr>
<td>Not Essential</td>
<td>48</td>
<td>42.86</td>
</tr>
</tbody>
</table>

Chart No. 4.07 - Necessity to add to the level of existing conceptual and legal understanding about life Insurance, in general and the insurance policy in particular-

Interpretation: - 57.14 % of the respondents felt that it was necessary to add to the level of existing conceptual and legal understanding about life insurance, in general and the insurance policy, in particular. 42.86% of the respondents felt that it was not necessary to add to the level of existing conceptual and legal understanding about life insurance, in general and the insurance policy, in particular.
X  
Necessity to add to the level of existing conceptual and legal understanding especially at the time of availing of subsequent life insurance policy -

Table No. 4.24 - Necessity to add to the level of existing conceptual and legal understanding especially at the time of availing of subsequent life insurance policy –

<table>
<thead>
<tr>
<th>Response</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A  of loss of faith on L.I.C.</td>
<td>05</td>
<td>04.46</td>
</tr>
<tr>
<td>B  of loss of faith on insurance advisor of L.I.C.</td>
<td>12</td>
<td>10.71</td>
</tr>
<tr>
<td>C  of a few bad experiences of other customers of L.I.C</td>
<td>09</td>
<td>08.04</td>
</tr>
<tr>
<td>D  of better functioning of other Insurance companies</td>
<td>86</td>
<td>76.79</td>
</tr>
</tbody>
</table>

Graph No. 4.17 - Necessity to add to the level of existing conceptual and legal understanding especially at the time of availing of subsequent life insurance policy –

*Interpretation:* - 76.79% of the respondents felt that it is necessary to add to the level of existing conceptual and legal understanding especially at the time of availing of subsequent life insurance policy because of better functioning of other insurance companies. 10.71% of the respondents felt that it is necessary to add to the level of existing conceptual and legal understanding especially at the time of availing of subsequent life insurance policy because of loss of faith on Insurance Advisor of L.I.C. 08.04% of the respondents felt that it is necessary to add to the level of existing conceptual and legal understanding especially at the time of availing of subsequent life insurance policy because of a few bad experiences of other customers of L.I.C. 04.46% of the respondents felt that it is necessary to add to the
level of existing conceptual and legal understanding especially at the time of availing of subsequent life insurance policy because of loss of faith on L.I.C.

Y Reason for no necessity to add to the level of existing conceptual and legal understanding -

Table No. 4.25 - Reason for no necessity to add to the level of existing conceptual and legal understanding -

<table>
<thead>
<tr>
<th>Response</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A of trust on L. I. C.</td>
<td>84</td>
<td>75.00</td>
</tr>
<tr>
<td>B of trust on Insurance Advisor of L. I. C.</td>
<td>09</td>
<td>08.04</td>
</tr>
<tr>
<td>C it is not needed</td>
<td>09</td>
<td>08.04</td>
</tr>
<tr>
<td>D Good experiences with L. I. C.</td>
<td>02</td>
<td>01.79</td>
</tr>
<tr>
<td>E of difficulty in understanding</td>
<td>02</td>
<td>01.79</td>
</tr>
<tr>
<td>F not thought of</td>
<td>06</td>
<td>05.36</td>
</tr>
</tbody>
</table>

Graph No. 4.18 - Reason for no necessity to add to the level of existing conceptual and legal understanding -

**Interpretation**: - 75 % of the respondents felt that it was not necessary to add to the level of existing conceptual and legal understanding because of their trust on L. I. C. 08.04% of the respondents felt that it was not necessary to add to the level of existing conceptual and legal understanding because of trust on Insurance Advisor of L. I. C. 08.04% of the respondents felt that it was not necessary to add to the level of existing conceptual and legal understanding because it was not needed. 05.36% of the respondents felt that it was not necessary to add to the level of existing conceptual and legal understanding because they
had not thought on these lines. 01.79% of the respondents felt that it was not necessary to add to the level of existing conceptual and legal understanding because of good experiences with L. I. C. 01.79% of the respondents felt that it was not necessary to add to the level of existing conceptual and legal understanding because of difficulty in understanding.

**Z  Preference to L. I. C. of India**

Table No. 4.26 - Preference to L. I. C. of India -

<table>
<thead>
<tr>
<th>Response</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>55</td>
<td>49.11</td>
</tr>
<tr>
<td>No</td>
<td>54</td>
<td>48.21</td>
</tr>
<tr>
<td>No Answer</td>
<td>3</td>
<td>02.68</td>
</tr>
</tbody>
</table>

Chart No. 4.08 - Preference to L. I. C. of India -

*Interpretation:* - 49.11% of the respondents preferred L. I. C. of India to private sector insurance companies. 48.21% of the respondents didn't prefer L. I. C. of India to private sector insurance companies. No response was recorded on these lines in respect of 02.68% of the respondents.
4.3 Hypothesis Testing -

Hypothesis NO. I –
Inadequacies and irrelevancies of laws associated with life insurance are exhibited through consumer dissatisfaction and discontent.
In order to test the hypothesis, it was split into three parts for simplicity and convenience.
(a) Educational level and experience while filling the form of life insurance policy are independent. - After applying chi-square Test, this hypothesis was Accepted.
(b) Educational level and awareness about contractual obligations are independent.- After applying chi-square Test, this hypothesis was Rejected.
(c) Educational level and knowledge about legal consequences in case of default of an installment of a premium are independent. - After applying chi-square Test, this hypothesis was Accepted.

Hypothesis No. II –
The majority of consumers are not aware about the legal aspects regarding life insurance policies at the time of taking a policy.
In order to test this hypothesis, it was split into the following five points.
(a) Majority of the consumers are not aware about contractual obligations. - After applying Z test, this hypothesis was Accepted.
(b) Majority of the consumers are not aware about nomination rules. - After applying Z test, this hypothesis was Rejected.
(c) Majority of the consumers are not aware about legal consequences of default of premium installment. - After applying Z test, this hypothesis was Accepted.
(d) Majority of the consumers are not aware about additions or deductions in the maturity amount. - After applying Z test, this hypothesis was Accepted.
(e) Majority of the consumers are not aware about main legal aspects before taking life insurance policy. - After applying Z test, this hypothesis was Accepted.

Foot Note –
The detail working of hypothesis testing is given in the annexure.