

INSURANCE INSIGHT

January IRDAI circulars at a glance

Acceptance of premium tantamount to waiver of pre-conditions

E-mails not to extend the period of limitation

NCDRC on adequate compliance with Policy T&Cs



IRDAI circular on Insurance claims of victims of subsidence and Landslides in the calamity affected areas in the State of Uttarakhand

On 19th January 2023, IRDAI has issued a circular regarding guidelines on Insurance claims of victims of Subsidence and Landslides in the calamity affected areas in the State of Uttarakhand.

Through this circular, IRDAI observed that there is an urgent need for the general insurers to take immediate steps to mitigate the hardships of the affected insured population by ensuring immediate registration and settlement of eligible claims

IRDAI directed the insurance companies, inter-alia, to:

- To nominate a senior officer at the company level who would act as a Nodal Officer in the affected districts of Uttarakhand to coordinate the receipt, processing, and settlement of all eligible claims;
- Ensure adequate number of surveyors are engaged immediately as per requirement and, if need be, from neighboring areas as well;
- Ensure that digital processes are resorted to the extent possible for assessment of claims;
- Take urgent steps for expeditious settlement of claims in the affected areas and maintain the details of the same.
- Ensure that the claims data is submitted to the Authority on a monthly basis.

Acceptance of premium waives the pre-condition of medical examination

Hon'ble National Consumer Disputes Redressal Forum ("NCDRC") through its judgment dated 03.01.2023 in ICICI Prudent Life Insurance v. Prem Kumar Aggarwal (RP 732/ 2020) has held that acceptance of premium by the insurance company tantamount to its waiver of any the pre- condition of medical examination.

This was a case where the complainant took a loan from its bank. The Bank deducted 2 EMIs which included the premium for insurance. The insurance company declined to issue the insurance policy for reasons of pre-medical history and health risk. The complainant filed the consumer complaint against the concerned bank and insurance company seeking refund of premium and charges, etc. The District Forum and State Commission decided in favour of the complainant.

On Revision, the Hon'ble National Commission held that the very act that no insurance policy had been issued for such a long period despite the receipt of the premium itself shows deficiency in service on the part of the Insurance Company. Thus, non-payment of insured sum, compounds the said deficiency.

Hon'ble NCDRC further observed that even the Medical Examination Report found nothing adverse against the complainant except for the fact that he had a kidney removed 05 years prior to the Medical Examination, a fact that was duly

disclosed in the proposal form. Hon'ble NCDRC further observed that even as per medical jurisprudence, a person with a single kidney is medically fit to live a regular life and thus, refusal to issue policy despite receipt of premium was deficiency in service.

This case illustrates that the insurance company cannot be hyper-technical in claim processing. This judgment is in tune with the law settled by Hon'ble Supreme Court in D Srinivas Vs. SBI Life Insurance Company Limited (Civil Appeal No.2216/2018).

Mere writing email/ reminders to insurance company would not extend the period of limitation

The Hon'ble National Consumer Disputes Redressal Commission ("NCDRC") has in the matter of Sage Metals Ltd. v. Oriental Insurance (FA/393/2016), through its judgment dated 10/01/2023, held that mere writing emails to insurance company does not extend the period of limitation.

This is a case where the complainant filed the consumer case against the insurance company with a delay of 228 days from the date of repudiation of its claim. The claim was repudiated in July 2013 and a complaint was filed in Feb 2016. The complainant sought condonation of delay primarily on two grounds, i.e. firstly on account of the ill-health of its counsel and secondly, on the ground that the complainant

had been writing to the insurance company on a regular basis in respect of its claim. The Hon'ble State Commission dismissed the complaint on grounds of limitation.

In appeal, the Hon'ble NCDRC observed that neither any specific date had been given on which counsel had fallen sick nor any supporting document had been produced thereby dismissing the appeal.

Relying upon Hon'ble Supreme Court Judgment in M/s Geo Miller & Co. Pvt. Ltd. Vs. Chairman, Rajasthan Vidyut Utpadan Nigam Ltd. AIR 2019 SC 4244, it was held that mere correspondence by way of writing letters / reminders would not extend the time of limitation.

Intimation of change of address of insured stock to the bank held to be sufficient compliance with the Terms and Conditions of the policy

Hon'ble National Consumer Disputes Redressal Commission ("NCDRC") in M/s Universal Sompo General Insurance v. Suresh Chand Jain (FA/376/2016), through its judgment dated 16/01/2023, has observed that once the policy holder has informed the bank regarding shifting of stock, it had complied with the terms and conditions of the insurance policy and burden was, therefore, upon the concerned bank and the insurance company to make the necessary endorsement on the policy.

This is a case where the complainant took a loan against its stock from the Bank. The Bank took a fire and burglary insurance policy against the said stock. The insurance company repudiated the claim on ground that it was not informed of the shifting of the stocks to new premises against which there was no insurable interest.

The Hon'ble State Commission decided in favour of the complainant and held that both, the bank and the insurance company are in the nature of a joint venture and once the complainant had informed the bank then it was incumbent upon bank and insurance company to do the needful.

Hon'ble NCDRC while confirming the verdict has held that the entire arrangement between the bank and the insurance Company was a joint venture and it was the bank who purchased the insurance policy for the complainant after paying the premium and debiting the same from the account of the complainant maintained with the Bank. The complainant's intimation of the change of address and shifting of insured stock was sufficient compliance with the terms and conditions of the insurance policy and the burden was, therefore, upon the bank and the insurance company to do the necessary endorsement in the policy.



E 10 SF Defence Colony
New Delhi - 110024



asp@sinhapartners.com
www.sinhapartners.com



+91 11 41 046 911
+91 11 40 536 008