

**District Consumer Disputes Redressal Commission- VIII (Central)**

(Govt. of NCT of Delhi)

5<sup>th</sup> Floor, Maharana Pratap Inter State Bus Terminal Building

ISBT Kashmere Gate, Delhi- 110006

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**Consumer Complaint No.: DC/77/CC/259/2024**

In the matter of

Sangeeta Soni

W/o Late Rajesh Soni,

H. No. FF-1, 262, Sector-4

Vaishali, Ghaziabad, Uttar Pradesh.

... Complainant

Versus

Bharti AXA Life Insurance Co. Ltd.

Unit No.1904, 19<sup>th</sup> Floor, Parinee Crescenzo,

G-Block, Bandra Kurla Complex,

BKC Road, Mumbai-400051.

Maharashtra.

... Opposite Party

**ORDER**

**17.09.2026**

(Dr. Rashmi Bansal, Member)

By this order, the Commission shall dispose of the present consumer complaint filed by the complainant, alleging deficiency in service on the part of the opposite party in not settling her claim for the insurance benefit arising out of the policy taken by her deceased husband, resulting in financial loss, harassment and mental agony to her. The complainant has sought payment of the insurance benefit, compensation and other consequential reliefs.

**Case of the complainant**

1. The case of the complainant, as set out in the complaint and the documents placed on record, is that her husband, late Shri Rajesh Soni, had obtained insurance coverage from the opposite party in connection with the loan (loan against property) availed from PNB Housing Finance Limited. The insurance certificate bears Certificate of Insurance No. PNBHFL\_NHLGRP1118603127\_PHF15, whereas the Group Master Policy

was issued under Policy No. 10000067. The loan account number mentioned in the documents is NHLGRP1118603127. The policy was issued on 31.01.2019. The Certificate of Insurance shows the base plan as Bharti AXA Life Loan Secure and also mentions a Group Accidental Death Benefit Rider. The coverage amount under the base plan was ₹22,85,450/- with a coverage term of 108 months, while the coverage amount under the Group Accidental Death Benefit Rider was also ₹22,85,450/- with a coverage term of 60 months. The certificate records the complainant, Smt. Sangeeta Soni, as the beneficiary/nominee and describes her relationship with the life insured as spouse and the total single premium payable was ₹80,500.40/-. The type of cover was a reducing-term cover.

2. It is the case of the complainant that her husband died on 08.05.2020. The complainant states that she was not aware of the insurance policy at the time of her husband's death and came to know about the policy subsequently, during August-September 2023, while renovation of her house. According to her, thereafter she contacted the customer care/representatives of the opposite party and the opposite party supplied her the requisite death claim form through electronic communication. The complainant states that she submitted the claim form along with the death certificate and other documents to the opposite party on or about 13.09.2023. The complainant further states that the opposite party thereafter has transferred an amount of ₹10,085.19/- to her bank account on 16.02.2024, whereas according to her she was entitled to the insurance benefit under the policy. The complainant has alleged that the amount was transferred without assigning any proper reason or justification.

3. It is submitted by the complainant that repayment of the loan was made in 18.07.2019 by her husband and an NOC was also issued by PNB Housing Finance Limited. According to the complainant, foreclosure of the loan did not, by itself, finally terminate the insurance cover because the policyholder was given the option either to take the surrender value or to continue the cover till the end of the policy term as per policy provision under the heading "Termination of Coverage", particularly item No. 5 thereof, which reads: "*On foreclosure of loan with the Policyholder, e.g. on pre-payment of loan, premium would be refunded as per the surrender value formula mentioned above OR the customer can choose to continue his cover till the end of the policy term.*"

4. The complainant's case is that, upon repayment of the loan on 18.07.2019, the policyholder had the contractual option either to surrender the policy in accordance with the surrender-value formula or to continue the cover till the end of the policy term. It is her contention that the opposite party was required to obtain a clear option from the policyholder and that, in the absence of an option for surrender, the policy could not be treated as surrendered.

5. The complainant further states that she was the nominee/beneficiary named in the Certificate of Insurance. According to her, she could receive the benefit as nominee upon the death of the life insured but could not, in that capacity, surrender the policy. She has therefore disputed the action of the opposite party in treating the policy as surrendered after the death of the policyholder.

6. The OP vide email dated 20.11.2023, required certain documents for "further process the surrender" and specifically referred to a service request form in which the surrender option was to be ticked. The same communication also sought NEFT proof and NOC from the Master Policy Holder. In response thereto, an email dated 28.11.2023 was sent from the email account of Shri Rajesh Soni, containing the categorical statement: "We are not looking forward to surrender the policy. We want to claim our policy and proceed for further progress." The complainant contended that she had specifically objected to surrender of the policy and had instead sought settlement of the insurance claim. Another communication dated 23.04.2024 was also sent to the opposite party at its various addresses, raising her grievance regarding non-payment of the insurance benefit. According to the legal notice dated 03.06.2024 subsequently issued on her behalf, the communication dated 23.04.2024 did not receive a satisfactory response. The legal notice alleges deficiency in service on account of non-payment of the insurance benefit. The same was replied by OP wherein OP has denied its liability. The complainant has accordingly prayed for a direction to the opposite party to pay the insurance benefit of ₹22,85,450/- along with interest at the rate of 18% per annum from 08.05.2020, compensation of ₹5,00,000/- for harassment and mental agony, ₹1,00,000/- towards legal expenses and exemplary costs of ₹50,000/-.

7. Upon service of notice, the opposite party did not file its written version within the prescribed period. Its application seeking condonation of delay in

filing the written version was dismissed by this Commission vide order dated 04.11.2024. Consequently, the opportunity of the opposite party to file its written version stood closed and the opposite party was not permitted to place its evidence affidavit on record.

8. The complainant filed her evidence and relied upon, inter alia, the Certificate of Insurance and other policy documents, electronic communications exchanged with the opposite party, the Death Claim Form, death certificate, claimant's statement, bank statement/payout particulars, the communication dated 23.04.2024, legal notice dated 03.06.2024, its reply by OP dated 03.06.2024 and the documents relating to the loan closure issued by PNB Housing Finance Limited. The complainant has placed on record the No Objection Certificate dated 18.07.2019 issued by PNB Housing Finance Limited, which certifies that the loan account No. NHLGRP/1118/603127 had been repaid in full and that there was no amount outstanding against the said loan. The NOC further records that PNB Housing Finance Limited reserved no rights or claim against the concerned property in future and the correspondence in which the opposite party referred to processing of the surrender value.

9. Both sides filed their respective written arguments. Since the written version of the opposite party was not taken on record, the written arguments filed by it cannot be treated as a substitute for a written version or as a pleading. Nevertheless, to the limited extent that the written arguments contain submissions on the interpretation of the policy terms and the documents already available on record, the same may be considered for deciding the controversy.

### **Proceedings before the Commission**

10. We have heard the submissions made on behalf of the parties and have carefully perused the documents placed on record.

11. The Certificate of Insurance establishes that late Shri Rajesh Soni was the life insured and that Smt. Sangeeta Soni was recorded as beneficiary. The Certificate further establishes that the base plan carried a coverage amount of ₹22,85,450/- at inception with a coverage term of 108 months. The same certificate separately records a Group Accidental Death Benefit Rider for ₹22,85,450/- having a coverage term of 60 months. The First Premium Receipt

and Certificate of Insurance show that the premium towards the base plan was ₹62,529.91 and the premium towards the Group Accidental Death Benefit Rider was ₹5,690.77, apart from applicable IGST, making the total single premium payable ₹80,500.40. The policy documents further show that the loan was a loan against property and that the type of cover was a reducing-term cover.

12. The substantial question, is whether the base Loan Secure cover continued after the loan was foreclosed on 18.07.2019?

13. The Certificate of Insurance mentions a coverage term of 108 months for the base plan. The complainant has relied upon this period to contend that the policy was alive when her husband died on 08.05.2020. Such a reading, however, cannot be accepted without considering the other provisions of the same policy which expressly prescribe events resulting in termination of coverage before expiry of the scheduled coverage term.

14. Under the definition of “Coverage Term”, the policy describes the period for which the life insured is covered under the policy. The policy also defines the “Termination Date of Coverage” as the date on which the coverage of the life insured ceases under the policy for any reason whatsoever. Thus, the scheduled coverage term is not an unconditional guarantee that the insurance cover will necessarily remain in force throughout that entire period irrespective of events expressly provided for in the policy.

15. The policy’s provision “Termination of Coverage”, Item No. 5 deals specifically with foreclosure of the loan with the Policyholder, which provides that upon foreclosure of the loan with the Policyholder, premium would be refunded as per the surrender-value formula or the customer can choose to continue his cover till the end of the policy term. Item 5 is event based, specifically addresses the event of foreclosure of the underlying loan and prescribes what happens to the insurance cover upon that event. Once the loan was foreclosed, the policyholder had, under Item No. 5, the choice of taking the surrender value or choosing continuation of the cover till the end of the policy term.

16. In the case of **Sikka Papers Ltd Vs. National Insurance Co. Ltd** CIVIL APPEAL NO. 6527 OF 2002, decided on May 29, 2009, the Hon'ble supreme

Court held that the court while construing the terms of the insurance policy is not expected to venture into extra liberalism that result in re-writing the contract or substitute the terms which were not intended by the parties.

17. Also, in the case of **Suraj Mal Ram Niwas Mills (P) Ltd Vs. United India Ins. Co. Ltd.** CIVIL APPEAL NO. 1375 OF 2003, decided on October 8, 2010, the Hon'ble Supreme Court held that while construing the terms of a contract of insurance, the words used therein must be given paramount importance, and it is not open for the court to add, delete or substitute any words. It is well settled that since upon issuance of an insurance policy, the insurer undertakes to indemnify the loss suffered by the insured on account of risks covered by the policy, its terms have to be strictly construed in order to determine the extent of the liability of the insurer. Therefore, the endeavour of the court should always be to interpret the words used in the contract in the manner that will best express the intention of the parties.

18. The evidence on record establishes that the loan was in fact foreclosed during the lifetime of the policyholder. The NOC dated 18.07.2019 issued by PNB Housing Finance Limited specifically certifies that the loan account had been repaid in full and that no amount remained outstanding. This document is also relied upon by the complainant herself. No document has been produced by the complainant showing that the deceased policyholder, during the period between 18.07.2019 and 08.05.2020, communicated to the opposite party that he elected to continue the insurance cover notwithstanding foreclosure of the loan. There is no letter, service request, endorsement, receipt of any further premium or other contemporaneous document showing such an election.

19. The complainant admittedly came to know of the policy only subsequently, during 2023, much after the death of the policyholder.

20. The complainant's contention that the opposite party ought to have obtained a specific option from the policyholder and that, in the absence thereof, the policy ought to have remained active cannot be accepted as the policy wording does not state that continuation shall operate by default in the absence of an election to surrender. Rather, Item No. 5 provides two alternatives following foreclosure: refund of premium as per the surrender-value formula or continuation if the customer chooses to continue the cover. The distinction is

clear that the contractual right to continue is not the same thing as an automatic continuation of the policy. In the present case, the complainant has not proved that the deceased policyholder exercised that right during his lifetime.

21. The complainant has also contended that the policy could be surrendered only by the policyholder during his lifetime and that the opposite party could not surrender the policy after his death. The documents on record show that the opposite party, in its subsequent correspondence, treated the matter as one involving processing of surrender value. The email dated 20.11.2023 sought a service request form in which the surrender option was to be ticked and also sought NEFT proof and the NOC from the Master Policy Holder. Thereafter, on 28.11.2023, a communication was sent stating categorically that the claimant did not want to surrender the policy but wanted to claim the policy. That said statement cannot be treated as an election by the deceased policyholder to continue the policy in 2019-2020. By that date, the policyholder had already died. It is therefore not capable of retrospectively creating a contractual continuation of the cover from 18.07.2019. further, though the record before the Commission does not contain a duly executed lifetime surrender request by the deceased policyholder, however, such absence also does not by itself establish that the insurance cover was continuing on the date of death. The relevant contractual event is the foreclosure of the loan on 18.07.2019, and the relevant question is whether the policyholder thereafter exercised the contractual option to continue the cover or not. No such documents to exercise the said option has been placed before this Commission.

22. Further, the policy provision relating to the death benefit also uses the expression that the benefit is payable on the death of the life insured while the Coverage is in force. Therefore, the existence of death during the originally scheduled 108-month period, by itself, is not sufficient. It must first be established that the cover remained in force after the intervening event of foreclosure. Accordingly, the Commission is unable to accept the complainant's contention that the policy necessarily continued until the expiry of 108 months merely because the original Certificate of Insurance mentioned a 108-month base-plan term.

23. The complainant claims to the amount of ₹22,85,450/- mentioned against the accidental death rider is also not acceptable because the policy defines

“Accidental Death” as traumatic death caused solely by external, violent, unforeseeable and visible means, occurring independently of any other causes. The Death Claim Form records the cause of death as MODS (Multiple Organ Dysfunction Syndrome) and there is no evidence before the Commission establishing that the death was accidental within the contractual definition. Therefore, the complainant is not entitled to the additional accidental death benefit merely on the basis of the existence of the rider.

24. Judgements relied upon by the opposite party are considered appropriately.

25. In view of the foregoing discussion, the Commission finds that the complainant has not been able to establish deficiency in service on the part of the opposite party in declining to pay the death benefit of ₹22,85,450/- was subsisting on 08.05.2020, the date of death of late Shri Rajesh Soni. The complaint is, therefore, liable to be dismissed.

### **Order**

The consumer complaint is dismissed.

In the facts and circumstances of the case, there is no order as to costs.

A copy of this order be supplied to the parties as per rules. The file be consigned to the record room after due compliance.

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Divya Jyoti Jaipuriar, President

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Dr. Rashmi Bansal, Member