GAHC010269502022

2026:GAU-AS:16917

THE GAUHATI HIGH COURT
(HIGH COURT OF ASSAM, NAGALAND, MIZORAM AND ARUNACHAL PRADESH)

Case No. : WP(C)/135/2023

LIFE INSURANCE CORPORATION OF INDIA
REPRESENTED BY
ADMINISTRATIVE OFFICER,
NE LEGAL CELL, L.I.C. OF INDIA,
GUWAHATI.

VERSUS

THE INSURANCE OMBUDSMAN AND 2 ORS
OFFICE OF THE INSURANCE OMBUDSMAN,
STATE OF ASSAM, MEGHALAYA, MANIPUR, MIZORAM, ARUNACHAL PRADESH, NAGALAND AND TRIPURA.
JEEVAN NIVESH, 5TH FLOOR,
NEAR PANBAZAR OVERBIRDGE,
GUWAHATI- 781001.

2:SMTI. KRISHNA ADHIKARY
W/O- LT. HARI PRASAD ASHIKARY

HAWAI CIRCLE
ANJAW
HAWAI

ARUNACHAL PRADESH

PIN- 792104.

3:STATE BANK OF INDIA
HAWAI BRANCH
P.O. AND DIST- ANJAW

ARUNACHAL PRADESH

PIN- 792102

BEFORE
HONOURABLE MR. JUSTICE DEVASHIS BARUAH

For the Petitioner(s) : None appears

For the Respondent(s) : Mr. M. Bhuyan, Amicus Curiae

- Date on which Judgment was reserved : NA
- Date of Pronouncement of Judgment : **12.11.2026**
- Whether the pronouncement is of the Operative Part of the Judgment : NA
- Whether the full Judgment has been Pronounced : Yes

JUDGMENT AND ORDER (ORAL)

None appears on behalf of the petitioner as well as the respondents when the matter is called.

2. Mr. M. Bhuyan, the learned counsel appointed as Amicus Curiae by this Court vide order dated 07.09.2026, has appeared.

3. The present writ petition has been filed by the petitioner challenging the Award dated 05.08.2022 passed by the respondent No. 1 in Complaint Ref. No. GUW-L-029-2223-0093.

4. The brief facts of the instant case are that one Hari Prasad Adhikary (since deceased) obtained a policy from the petitioner, being Policy No. 403121414. The said policy commenced w.e.f. 18.07.2018. The monthly premium payable under the policy was Rs. 1,369/-, and the due date for payment of the insurance premium was the 18th day of every month. In addition to that, an amount of Rs. 31/- per month was payable towards GST and accordingly, the total monthly premium was Rs. 1,400/-.

5. The policy continued and amounts of Rs. 1,400/- per month were being deducted from the bank account of Late Hari Prasad Adhikary maintained with the respondent No. 3. Monthly premiums for 28 months were paid. When the premium for the 29th month fell due on 18.11.2020, an invoice dated 22.11.2020 was generated by the petitioner in its system and sent to the respondent No. 3 through the petitioner's nodal bank via the RBI. However, the said amount was dishonoured on 23.11.2020 due to "balance insufficient".

6. Unfortunately, on 16.12.2020, Late Hari Prasad Adhikary expired in a road accident. The Respondent No. 2, being the nominee under Policy No. 403121414 submitted a claim along with the relevant documents. The claim of the respondent No. 2 was

repudiated on 08.03.2022 on the ground that the policy was in a lapsed condition at the time of the policy holder's death.

7. Under such circumstances, the respondent No. 2 approached the Insurance Ombudsman, i.e., the respondent No. 1 by filing a complaint on 18.07.2022. The Insurance Ombudsman vide the impugned Award dated 05.08.2022 directed the petitioner to pay the applicable sum assured of Rs. 2,00,000/- and the accidental benefit of Rs. 2,00,000/- subject to submission of the required documents. Being aggrieved, the petitioner has approached this Court by filing the present writ petition.

8. The policy in question is enclosed as Annexure-A to the writ petition. Clause 2 of the Conditions and Privileges of the policy is reproduced hereinunder:

> "***2. Payment of Premiums****: A grace period of one month but not less than 30 days will be allowed for yearly, half-yearly, quarterly modes and 15 days for monthly mode of premium payment.*
>
> *If the premium is not paid before the expiry of the days of grace, the Policy lapses.*
>
> *If the death of the Life Assured occurs within the grace period but before the payment of the premium then due, the policy will still be valid and the benefits shall be paid after deductions of the said unpaid premium as also the unpaid*

premium/s falling due before the next anniversary of the policy.

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.

The premium payable will be total installment premium which includes

(i) Installment premium for Basic Plan and

(ii) Installment premium for LIC's Accidental Death and Disability Benefit Rider, if LIC's Accidental Death and Disability Benefit Rider option has been exercised."

9. From a perusal of the above quoted clause, it would be seen that a grace period of one month, but not less than 30 days is provided for yearly, half-yearly and quarterly modes of premium payment and 15 days for the monthly mode of premium payment. It is also mentioned that if the premium is not paid before the expiry of the grace period, the policy lapses.

10. In the instant case, it is seen that the 29th premium fell due on 18.11.2020. The invoice generated on 22.11.2020 was dishonoured on 23.11.2020. There was no subsequent attempt to make the payment within 03.12.2020 which was the grace period

of 15 days from the due date of payment of the premium. The husband of the respondent No. 2, Late Hari Prasad Adhikary met with a road accident on 16.12.2020 and succumbed to his injuries and expired.

11. In the backdrop of the above, the question that arises is whether the petitioner would be liable to pay the sum assured along with the accidental benefit as directed vide the impugned Award dated 05.08.2022.

12. The issue in the present case appears to be well settled by the Supreme Court in the case of ***Life Insurance Corporation of India Vs. Mani Ram*** reported in ***(2005) 6 SCC 274***. Paragraph Nos. 12, 13 and 17 being relevant, are reproduced hereinunder:

> "***12.*** *In this connection, it may be profitable to refer to the terms and conditions of the policy. The policy stated that the date of commencement was 28-4-1995 and the date of maturity would be 28-4-2010 as it was for a period of fifteen years. It is further stated that the policy of assurance "shall be subject to the conditions and privileges" printed on the back of the policy. On the back of the policy, those conditions and privileges have been printed. Condition 2 thereof, is material for our purpose and reads thus:*
>
> > "*2. Payment of premium.—A grace period of one month i.e. 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 be valid and the sum*

assured paid after deduction of the premium as also the unpaid premium(s) falling due before the next anniversary of this policy. If the premium is not paid before the expiry of the days of grace, the policy lapses."

(emphasis supplied)

13. *From the above condition, it is abundantly clear that payment of premium due had to be made within a grace period of one month. If such payment was made within the said period, the policy would be treated as valid and the assured would be paid the amount to which he was entitled after deducting the premium amount. But it was also made clear that if the premium was not paid before the expiry of the days of grace, the policy would lapse. As we have already observed hereinabove, the material date was not the date of deposit/payment of premium amount which was 21-8-1995, but the date of policy which was 28-4-1995. Since it was yearly, the payment was due on 28-4-1996, but the assured was entitled to grace period of one month up to 28-5-1996. Neither the premium was paid on 28-4-1996 nor on 28-5-1996. As per condition 2, the policy lapsed on 28-5-1996. In the eye of law, there was no subsisting policy, on 2-8-1996. The Insurance Company was, therefore, wholly justified in rejecting the claim of the complainant and no exception can be taken against such a decision.*

17. *In the instant case, condition 2 expressly provided the period during which the payment was to be made. It also in no uncertain terms stated that if premium was not paid before the expiry of grace period, the policy would lapse. In our view, the ratio in Dharam Vir Anand would support the Insurance Company rather than the complainant. If all the terms and conditions of the policy (contract between the parties) have to be kept in mind and given effect to, acceptance of argument on behalf of the complainant would make the last part of condition 2 redundant, otiose and inoperative; and a court of law cannot construe a document in the manner suggested by the counsel for the complainant. As the premium was due on 28-4-1996 and was not paid till 28-5-1996, the policy lapsed. The fora below hence, committed an error of law in allowing the complaint of the respondent*

herein and the orders are liable to be set aside."

13. In the instant case, the proposition of law laid down by the Supreme Court squarely applies. Accordingly, it is the opinion of this Court that the impugned Award dated 05.08.2022 passed by the respondent No. 1 directing the petitioner to pay the sum assured as well as the accidental benefit under a lapsed policy is contrary to the policy conditions and is, therefore, liable to be interfered with.

14. Accordingly, the instant writ petition stands disposed of with the following observations and directions:

(i) The Policy bearing No. 403121414 had lapsed on account of non-payment of the premium by 03.12.2020.

(ii) Late Hari Prasad Adhikary expired on 16.12.2020, when Policy No. 403121414 was in a lapsed condition.

(iii) The impugned Award dated 05.08.2022 directing the petitioner to pay the sum assured along with the accidental benefit is contrary to the policy conditions and the settled principles of law. Accordingly, the impugned Award dated 05.08.2022 is set aside and quashed.

(iv) There shall be no order as to costs.

(v) This Court duly appreciates the assistance rendered by Mr. M. Bhuyan, the learned Amicus Curiae.

JUDGE

Digitally signed by Satyam Sharma
Date: 2026.11.17 22:43:03 +05'30'

Comparing Assistant