

Hemiben Ladhahbai Bhanderi vs Saurashtra Gramin Bank (SC)

Civil Appeal No. 979 of 2020

Decided on 3 February, 2020

Legal Point ;

Whether bank negligent for not transferring premium amount to Insurance company as per agreement

Facts of the case ;

Oriental Insurance Company Limited had launched a 'group individual accident policy' for the account holders of the Bank. The account holder was required to submit a form to the concerned officer of the Bank in order to avail the insurance cover. Bank was authorised to verify the signature of account holder and then submit the form to insurance company and subsequently transfer an amount of Rs 100/-per month by deducting the same from the account holder. An insurance cover of Rs 5 lakhs was offered

On 21 July 2008,complainat's spouse obtained an insurance form from the Bank and submitted it to its Manager. He met with an accident on 1 August 2008 while travelling on his motorcycle and died on 11 August 2008.His wife Hemaben submitted her claim to the insurance company ,the insured amount of Rs five lacs which was rejected on the plea that the premium had not been forwarded by the bank together with the form and hence no policy exists in the name of Ladhahbai Bhandari ,the deceased. The Bank defended on the plea that the form had not been submitted in time by the deceased .

The District Consumer Disputes Redressal Forum found that the Bank had not forwarded the form submitted by the deceased to the insurer within time after completion of all the formalities. There being no insurance cover, the insurance company is not deficient and the rejection of claim on their part is not wrong . It was the neglect on the part of bank for not transferring premium amount to insurance company causing this loss to the account holder The Bank was directed to pay an amount of Rs 5 lakhs with interest at the rate of 6 per cent per annum from 20 August

2009 together with an additional amount of Rs 2,000 towards mental agony and Rs 1,500 towards costs to the complainant. State commission also confirmed this order

Bank filed a revision against this order before the NCDRC. After going through the records National commission also reiterated the finding that the insurer could not be held liable in the absence of an insurance cover. Bank was held guilty of deficiency in service and was directed to pay an amount of Rs 2 lakhs instead of Rs 5 lakhs as awarded by District Forum

Matter now comes before the Apex court through Legal heir of the deceased. Facts when scrutinized, it was found that insured had submitted the form along with two other persons Rasik Gordhanbhai Dobariya, Harjibhai Bhandari on the same day which had Serial Nos 351, 352 and 353. The defence of the Bank that the deceased had withdrawn the form and that it was eventually submitted on 9 August 2008, when a fresh Serial No 358 was allotted has been rejected by two other forms. The Bank has not challenged the judgment of the NCDRC. Supreme court observes that National Commission had no jurisdiction to reduce the amount from Rs 5 lacs to two lacs under the circumstances when National Commission is confirming the findings of commissions below and found bank guilty of not transferring premium amount with form submitted duly filled by the account holder. Had the bank submitted form and insurance cover was complete in all respects, husband of complainant would have been entitled to full claim of Rs 5 lacs.

In view of the above facts and circumstances, Supreme court enhanced amount of compensation from Rs 2 lakhs to Rs 5 lakhs which shall be paid over to the complainant within a period of 60 days from the date of receipt of a certified copy of this order.
