IN THE NATIONAL CONSUMER DISPUTES REDRESSAL COMMISSION AT NEW DELHI

REVISION PETITION NO. 684 OF 2022

(Against order dated 16.07.2021 in Appeal No. 306/2018
of the State Consumer Disputes Redressal Commission, Andhra Pradesh)

WITH

I A NO. 5032 OF 2022

(CONDONATION OF DELAY)

BAJAJ ALLIANZ GENERAL
INSURANCE COMPANY LIMITED
7th Floor, Block No.-4, DLF Tower-15,
Shivaji Marg, New Delhi-110 015 ... PETITIONER

Versus

1. KANURI VENKATA LAKSHMI
   R/o Korlapativaripalem
   H/o, Machavaram, Ambajipeta Mandal,
   East Godavari District-533 214
   Andhra Pradesh

2. KANURI GANESH SRINIVASA KUMAR (MINOR)
   R/o Korlapativaripalem,
   H/o Machavaram, Ambajipeta Mandal,
   East Godavari District-533 214
   Andhra Pradesh

3. KANURI KRANTHI KUMARI (MINOR)
   R/o Korlapativaripalem,
   H/o Machavaram, Ambajipeta Mandal,
   East Godavari District-533214
   Andhra Pradesh

   (Respondents No. 2 and 3 being minors represented
   By their mother and natural guardian / 1st Respondent
   Kanuri Venkata Lakshhmi)

4. KANURI KRISHNA RAO
   R/o Korlapativaripalem
   H/o Machavaram, Ambajipeta Mandal,
   East Godavari District-533 214
   Andhra Pradesh

5. KANURI NAGAMANI
   R/o Korlapativaripalem
   H/o Machavaram, Ambajipeta Mandal,
   East Godavari District -533 214
   Andhra Pradesh

6. ROAD SAFETY CLUB PRIVATE LIMITED
Rep. by its Branch Manager,
No.-1, 1st Floor, Sambandham Street,
C. N. Chetty Road, T. Nagar,
Chennai … RESPONDENTS

BEFORE:
HON'BLE MR. JUSTICE A. P. SAHI, PRESIDENT
HON'BLE MR. BHARATKUMAR PANDYA, MEMBER

Appeared at the time of Arguments

For the Petitioner : Ms. Suman Bagga, Advocate
For the Respondent No.-1 - 5 : None
For the Respondent No.-6 : Ms. Sunaina, Advocate

PRONOUNCED ON: 31.08.2026

ORDER

A. P. SAHI, J (PRESIDENT)

1. The Petitioner / Insurance Company issued a master policy in favour of Respondent No. – 6, Road Safety Club Private Limited that was for the benefit of the Members of the Club who under the terms and conditions of the Club were entitled to a complimentary insurance cover. The nature of the cover was a Group Personal Accidental Policy that was taken for 8 years with effect from 25.10.2003.

2. According to the Insurance Company the said arrangement for the policy stood terminated since September, 2008. This fact was intimated by a letter dated 26.02.2011 to the Insurance Company a copy of which is extracted herein under:

"ROAD SAFETY CLUB PRIVATE LIMITED

Saturday, February 26, 2011

Mr. Srinivas Sampathkumaran,

Head Corporate – South,

M/s Bajaj Allianz General Insurance Company Limited,
T. Nagar,
Chennai – 600 017
Sir,

Issuance of Certificates of Insurance under GPA – Master Policy No. OG – 06 1- 501996000000005

We refer to your mail and telephonic conversations under the subject matter.

In this connection we write to inform that as per the arrangement the certificates were being issued from all our locations until the arrangement existed. ***As per records, the arrangement came to an end since September, 2008.***

At that time necessary software has been sent to all our locations to cease the issuance of certificates of insurance. However, from your statement, it appears that some of the locations had not executed the necessary program in the system. Probably, resulting in erroneously issuing certificates of insurance, even after the termination of the arrangement.

Under the circumstances, we are analyzing our data base and trying to identify such cases, if any.

We assure you that in case of any claims under such erroneously issued cases, SKI shall be taking the liability based on the merit of the case.

It is also worth mentioning here that since 2004, there is an outstanding amount of Rs.11,13,555/- (Rupees Eleven Lacs thirteen thousand five hundred and fifty-five only) lying in our credit in your books. Our numerous correspondences to your executives at various levels did not even result in a reply. Therefore before fixing the responsibility of such above mentioned liabilities, it would be better if the outstanding amount due to us is also settled.

Thanking you"

3. The notice of the termination of the membership according to the documents on record was given by the Club to its Members on 14.07.2008 itself, a copy of the said letter is extracted herein under:

"14th July, 2008

Dear Member,

Your Road Safety Club Membership No……

At the outset we thank you for having enrolled into Road Safety Club Programme.

Hope you had enjoyed your period of membership with us and we are sure that you will appreciate the services rendered to you during the period of membership.

We write to communicate that the complimentary insurance cover offered to you under this membership will be terminated from 1st August, 2008. *This decision had*

to be taken by us in view of certain administrative constraints. All other complimentary benefits like Road Safety Club News, Camps, etc. will be available as usual.

Hence, it may be noted and understood that no insurance cover will be available to you or to the person nominated by you on or after 1st August, 2008.

For any clarifications you may please call ***044-2815 6511/28157116*** *or write to us in the given address:*

M/s Road Safety Club (P) Limited,

No.2-A, II Floor,

Prakasam Road, T. Nagar,

Chennai – 600 017

Thanking you"

4. It is in this background that a dispute arose as to whether the policy was continuing after September, 2008 or not.

5. The other issue is as to whether any premium was paid for the said policy after September, 2008. One of the beneficiaries under the policy had approached the Insurance Ombudsman claiming benefit on account of accidental death of an insured, and the said claim was rejected on 08.06.2011. The Ombudsman held that there was no policy continuing after 2008. The Order of the Ombudsman dated 08.06.2011 is extracted herein under:

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PROCEEDINGS OF
THE INSURANCE OMBUDSMAN, HYDERABAD
(Under Rule 16 of The Redressal of Public Grievances Rules, 1998)

COMPLAINT No. I.O.(HYD) G -11.11.346.2010-11
Present:
Sri.K. Chandrahas
Insurance Ombudsman

1	Name & address of the Complainant	Sri Rayani Ramanjaneyulu Chandaluru Village, J. Pangulur Mandal, Prakasham Dist. - 523 167
2	Policy No.	OG-06-1-501996 000000002
3	Name of the insured	Smt. Rayani Madhuralalasa
4	Name of the insurer	Bajaj Allianz Insurance Co.Ltd.
5	a) Date of receipt of the Complaint	8.9.2010
	b) Date of issue of proforma PII & PIII	20.9.2010
	c) Date of rt. of proforma PIi&III	4.10.2010
	d) Date of rt. Of proforma P IV	12.11.2010
6	Nature of complaint	Rejection of PA claim
7	Amount of relief sought	Rs.24,00,000/-
8	Date of hearing/Place	9.12.2010, 28.2.2011, 19.4.2011, 10.5.2011, 7.6.2011 / Hyderabad
9	Representation at the hearing	
	a) For the complainant	Self
	b) For the insurer	Sri S. Raghu - Manager (Legal) - Bajaj Allianz Sri S.L. Narasimhan - AGM - Road Safety Club Sri M.V.V.S.N.Murthy - Consultant - R.S.Club
10	Complaint how disposed	Dismissed
11	Date of Order/Award	8.6.2011

AWARD NO. I.O. (HYD) G - 63 / 2011-12

Smt. Rayani Madhuralalasa took Road Safety Club membership certificates bearing Nos 101091 to 101094, 1252367 to 1252369, 100540 to 100543 [Total 11 certificates]. Her life was covered under each certificate for accidental death by the insurer under Group Personal Accident policy. The policy provided benefit of compensation for death - whilst riding a two wheeler Rs. 2 lakhs and Rs. 3 lakhs by any other accident. She met with a road traffic accident on 29.11.2009. The date of

accident was covered under the certificates. Sri Rayani Ramanjaneyulu, being the nominee under the certificates, preferred claim on the insurer. All the relevant documents were submitted by him. In spite of repeated reminders the claim was not settled by the insurer. Aggrieved, Sri Rayani Ramanjaneyulu filed this complaint.

The complaint fell within the scope of the Redressal of Public Grievances Rules, 1998 and so it was registered.

The hearing

Pursuant to the notice given by this office, both the parties attended the hearing on 9.12.2010. The complainant stated that on 20.11.2009, he along with his wife were proceeding to Ongole in their car. Near N.G.Padu, Lothuvagu chapta, a lorry came opposite rashly and negligently and hit their vehicle. The car turned turtle and fell in the Lothuvagu canal. One marriage party passing by saw this and rescued [illegible] ed them to RIMS Hospital, Ongole. There the doctors declared his wife dead due to multiple fatal injuries. All claim documents were submitted to the insurer [illegible] Road Safety Club and yet the claim was not settled by the insurer.

The representative of the insurer stated that the Road Safety Club had not paid the premium for the relevant certificates and their tie up with them ended on [illegible]008. The insurer was not on risk without payment of premium in terms of sectio[illegible]/B of the Insurance Act. He also further stated that the claim documents were sent to the Road Safety Club for their processing and to submit with application number and also with their confirmation to register the claim. There was no response from the club and it was communicated to the complainant vide their letter dated 13.8.2010. When asked if the insurer had any documentary proof of termination of tie-up with the club he sought time to submit the same. Accordingly, the hearing was adjourned.

Pursuant to the re-hearing notice given by this office, both the parties attended the hearing on 28.2.2011. The representative of the insurer submitted a photo copy of the communication received by their head office from the Road Safety Club which confirmed closure of tie up arrangement from September 2008. When asked how the certificates were issued after termination of the agreement, he stated that their company had provided them the software to issue the certificates by the Road Safety Club and it was mis-used. He further stated that the company issued the policy in the name of the club and Road Safety Club authorities only could explain the facts. It was decided to ascertain the information from the Road Safety Club authorities to know the facts and accordingly the hearing was adjourned.

Pursuant to the re-hearing notice given by this office, both the parties attended the hearing on 19.4.2011. The Road Safety Club authorized Sri M.V.V.S.N. Murthy, their consultant at Hyderabad and he attended the hearing. Mr. Murthy informed that the notice was received by them a few days back and to furnish the required information their HO asked him to obtain a short adjournment of hearing and requested for the same. Accordingly, the hearing was adjourned.

Pursuant to the re-hearing notice given by this office, both the parties and the representatives of the Road Safety Club attended the hearing on 10.5.2011. The AGM of the Club stated that the insurance cover provided by them was complimentary to the membership and no premium was collected from the member for insurance cover. The complimentary insurance cover was withdrawn by their Club to all the members from 1.9.2008. When asked how policy coverage certificates were issued to the insured person he stated that some offices issued certificates fraudulently and their investigation was going on. When asked if the club sent any communication to the member about withdrawing the complimentary cover he stated that it was sent. When asked if he had a copy of the same he requested time to produce the same. He further stated that the club had the sole discretion to continue or to withdraw the cover and it was also specified in the terms and conditions which were printed on back of each certificate. When asked if he had a copy of it he requested time to produce the same. Accordingly, the hearing was adjourned.

Pursuant to the re-hearing notice given by this office, both the parties and the representatives of the Road Safety Club attended the hearing on 7.6.2011. The AGM of the club submitted the copies of communication sent to the member intimating withdrawing the complimentary insurance cover from 1.8.2008 and terms and conditions printed on the back of the membership certificate.

ORDER

I have heard the contentions of the insured, the insurer and the Club and perused the reports/documents submitted.

The insurer contended that the Road Safety Club had not paid the premium for the membership certificates of the insured person. It was mandatory to comply with the provisions of Section 64VB of the Insurance Act to hold the risk. The Road Safety Club did not pay the premium and the insurer was absolved of all liabilities. The representatives of the Road Safety Club submitted copies of communication sent to the member/insured person about withdrawing their complimentary insurance cover

from 1.8.2008. It was clearly stated in the terms and conditions for the Safety Club programme that the insurance cover provided under the certificate was complimentary in nature and it can be withdrawn at any time. The relevant portion is reproduced as under:

"The member specifically acknowledges that the insurance cover so provided will be available to the member or to the person nominated by him/her. The terms of the relevant insurance policy in force and only so long as the member is and remains member and on the membership being withdrawn [whether temporarily or permanently] for whatsoever reason, the benefit of such insurance cover shall automatically and ipso facto cease to be available from such date of cease of membership. Further the member also agrees that even during the continuation of his membership the issuer may the any time [at their sole discretion and without giving any notice thereof to the member or assigning any reason thereof] suspend, withdraw or cancel the benefit of such insurance cover and there will be no binding obligation on the issuer to continue this benefit."

Obviously, there is no contract in existence between the insured person and the insurer for admission of liability. The club has withdrawn the complimentary cover much earlier to the date of issuance of fraudulent insurance certificates. The insurer cannot be fastened with any liability on the basis of such certificates.

In the result, the complaint is dismissed without any relief.

Date: 8.6.2011.

(K CHANDRAHAS)
INSURANCE OMBUDSMAN
HYDERABAD

CC:

1. Sri Rayani Ramanjaneyulu Chandaluru Village, J. Pangulur Mandal, Prakasham Dist. - 523 167 Mobile No.: 99494 35952	2. The Manager (Claims/Legal) Bajaj Allianz Gen. Ins. Co. Ltd. 4A, H.No.3-9, Sremman Rama Towers, Dilsukhnagar, Hyderabad – 500 060.
3. The Manager Bajaj Allianz General Ins. Co.Ltd. GE Plaza Airport Road Yerawada, Pune-411 006	4. Governing Body of Insurance Council Jeevan Seva Annexe, 3rd floor (Above MTNL) S.V.Road, Santacruz(W). Mumbai – 400 054

Pure Copy

(K CHANDRAHAS)
INSURANCE OMBUDSMAN
HYDERABAD

6. The Complainants herein claimed the benefit on account of the accidental death of K. Subba Rao, husband of Respondent No. – 1, father of Respondent No. 2 – 3, son of Respondent No. 4 and 5 who is stated to have drowned in a well on 12.06.2010. The claim was not allowed as a result whereof a Complaint was filed before the District Consumer Disputes Redressal Commission, Rajahmundry where the Road Safety Club took a plea that the premium had been paid to the Insurance Company for the period 25.01.2010 to 24.01.2011. This plea of the Road Safety Club had not been denied by the Insurance Company in any of its affidavits.
7. The District Commission allowed the Complaint on 19.08.2014 directing a payment of Rs.3,00,000/- to the Complainants to be paid by the Insurance Company. The Complaint against the Road Safety Club was dismissed, a cost of Rs.2,000/- was also imposed.
8. Aggrieved the Insurance Company went up in Appeal and taking notice of the aforesaid facts including the fact pertaining to the allegation of payment of premium referred to above, dismissed the Appeal and upheld the Order of the District Commission.
9. The Insurance Company aggrieved by the Orders passed by the For a below has filed the present Revision Petition contending that the finding with regard to the continuance of the policy after August, 2008 and the finding that the premium had been paid for the year 2010 – 11 is absolutely incorrect and against records.

10. Ms. Suman Bagga, learned Counsel has appeared on behalf of the Petitioner, Insurance Company. No one has appeared on behalf of Respondents / Complainants No. 1 – 5 and Ms. Sunaina, learned Counsel has appeared for Respondent No. – 6, Road Safety Club. We have heard learned Counsel for the Petitioner as well as Respondent No.-6. Learned Counsel for the Petitioner urged that the errors enumerated above in the Order of the District Commission as well as the State Commission are writ large, inasmuch as, the evidence on record including the letters extracted herein above clearly establish that the arrangement of the policy, that was extended to the Members of the Club, stood discontinued after August, 2008 and the arrangement had been withdrawn. In such circumstances once the arrangement stood withdrawn by the insured, the beneficiaries could not have claimed any further benefits.

11. It is further pointed out that even though an allegation of payment of premium for the period 25.01.2010 to 24.01.2011 had been made the same had not been substantiated by any proof nor any evidence was led to that effect. So far as the Petitioner / Insurance Company is concerned it had no occasion to have filed any affidavit contradicting the contents of the affidavit by a co-defendant and no such opportunity was granted. It is however submitted that in fact no premium was paid after August, 2008 and consequently even otherwise there was no policy in existence on the basis whereof any claim would survive. The submission therefore is that the

District Commission has committed an error in allowing the Complaint and the State Commission has completely overlooked this aspect of the matter. Learned Counsel submits that the finding of the State Commission is also based on incorrect facts and therefore suffers from perversity.

12. Having considered the submissions raised we find that there is no privity of contract between the Insurance Company and the beneficiaries directly. The insurance was dependent upon the continuance of the arrangement with the Club. The members of the club were to be extended the benefit of complimentary insurance coverage. This arrangement was withdrawn by the Road Safety Club itself as is evident from the letters extracted above that were part of the record of the Fora below. Apart from this there was no proof of payment of any premium after August, 2008 to the Insurance Company. In such circumstances there was no contractual obligation subsisting nor there was any insurable claim available to the Respondents / Complainants No. 1 – 5. The provisions of Section 64 VB of the Insurance Act, 1938 are clearly attracted that obligates Insurers not to issue or continue a coverage unless premium is paid.

13. The finding of the District Commission as well as the State Commission seems to have been based only on the previous transactions which did not extend beyond September, 2008. The death admittedly occurred on 12.06.2010 and therefore as on the date of the accident there was no insurable contract in existence for the Complainants to avail of any such

benefits. The Orders of the Fora below are therefore against record and cannot be sustained. Accordingly the Impugned Order dated 16.07.2021 passed by the State Consumer Disputes Redressal Commission, Andhra Pradesh and the Order dated 19.08.2014 passed by the District Consumer Disputes Redressal Commission, Rajahmundry, East Godavari are set aside. The Revision Petition is accordingly allowed.

14. Any amount deposited by the Petitioner before the Fora below shall be refunded to the Petitioner accordingly.

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(A. P. SAHI, J)
PRESIDENT

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(BHARATKUMAR PANDYA)
MEMBER

Mss/VM/C-1/Reserved