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Punjab & Haryana High Court

*Iqbal Singh, J.*

**Mrs. Saroj Chandna v. Life Insurance Corporation**

RSA 1276 of 1997

16.08.1999

**Insurance - Premium deposited - Proposal not accepted - Amount towards premium was deposited by the deceased with the Life Insurance Corporation in regard to the proposal submitted for Insurance on his life - Died after 26 days - Mere offering the amount which is retained by the respondent-Corporation as a premium does not amount to acceptance of the policy - No life insurance policy was issued in the name of the deceased - The argument of the learned counsel for the appellants that no response was given to the communication addressed to the respondent-Corporation in regard to the policy and therefore, it is deemed to have been accepted, is not a valid argument because there is nothing on the record to show even *prima facie* the acceptance of the proposal to the offerer (deceased) - **Contract** is complete when the proposal is made and accepted - Therefore, it was rightly held by the first appellate Court that there is no contract between the parties - Mere lapse of time in communicating the acceptance cannot be made a ground for holding that the proposal stood accepted - The Corporation before entering into contract is required to enquire into information supplied and that naturally takes some time - It is not shown that any time frame was fixed between the parties for accepting the proposal and on the lapse of it, the proposal was deemed to have been accepted.**

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Iqbal Singh, J.:— The only question to be determined in this case is whether the concluded contract was executed between Ravi Kiran Chandna and the Life Insurance Corporation before his death.

2. The following facts be noted :

Ravi Kiran Chandna, husband of the appellant was approached by the agent of the Life Insurance Corporation (here-in-after referred to as the respondent Corporation) for life insurance. Ravi Kiran Chandna accepted the proposal and an amount of Rs. 1732.50 was paid in this regard on 31.10.1983 Ravi Kiran Chandna died on 25.11.1983. The appellants applied for the payment of the insurance amount but the same was not paid on the ground that the proposal for life insurance was not accepted by the respondent-Corporation till the time of his death. The appellants filed the present suit as legal heirs of the deceased.

3. In the written statement filed by the respondent-Corporation, preliminary objection was taken that the suit was infructuous because there was no valid subsisting contract at the time of death of Ravi Kiran Chandna, that the deceased had submitted the said proposal for policy on his life on 13.11.1983 and that proposal had not been accepted by the respondent-Corporation when he happened to die and as such un-concluded contract does not give any rise to cause of action, that the appellants have not come to the Court with clean hands; that Ravi Kiran Chandna had also got another policy with the respondents for Rs. 25,000/- on his life and the claim under policy was settled by the respondents. On merits, it was stated that the heirs are only entitled to new proposal for consideration of the Corporation. Deposit of Rs. 1732.50 by the deceased on 31.10.1983 was admitted. It is stated that the proposal was not accepted by the respondent-Corporation. That amount of Rs. 1732.50 was offered to the appellants but they refused to accept the same. It is the further stand of the respondent-Corporation that the acceptance of the proposal was done

only after verification and scrutiny of various particulars furnished by the proposal and in the present case the proposal was not accepted because of certain discrepancies.

4. On the pleadings of the parties, the following issues besides that of relief were framed by the trial Court:—

“1. Whether the plaintiffs are entitled for declaration and mandatory injunction as prayed for? OPP.

2. Whether there is valid contract between the plaintiffs and defendant? OPP.

3. Whether deceased Ravi Kiran Chandna has completed his part of the contract? OPP.

4. Whether the suit of the plaintiffs is infructuous as alleged in preliminary objection No. 1? OPD

5. Whether there is no cause of action as alleged in preliminary objection No. 2? OPD.

6. Whether the suit is not maintainable as alleged in preliminary objection No. 5 of the written statement? OPD

7. Whether the plaintiffs have not come to the court with clean hands as alleged in the preliminary objection No. 3 of the W.S? OPD.

7-A. Whether the suit of the plaintiffs is not properly valued for the purpose of Court fee and jurisdiction? OPD.”

5. Issues No. 1, 2 and 3 were decided against the plaintiffs-appellants and issues No. 4, 5, 6 and 7 were decided against the defendants-respondents. Issue No. 7-A was decided in favour of plaintiffs-appellants and the suit was dismissed vide its judgment and decree dated 13.11.1991. Appeal preferred against the judgment and decree of the trial Court was also dismissed by the lower appellate Court vide its judgment and decree dated 25.1.1997.

6. I have heard Mr. Akash Jain, learned counsel for the appellants and Mr. B.R Mahajan, learned counsel for the respondents.

7. No doubt, an amount of Rs. 1732.50 was deposited by the deceased with the respondent-Corporation in regard to the proposal submitted for Insurance on his life but mere offering the amount which is retained by the respondent-Corporation as a premium does not amount to acceptance of the policy. No life insurance policy was issued in the name of the deceased. The argument of the learned counsel for the appellants that no response was given to the communication addressed to the respondent-Corporation in regard to the policy and therefore, it is deemed to have been accepted, is not a valid argument because there is nothing on the record to show even *prima facie* the acceptance of the proposal to the offerer (deceased). Contract is complete when the proposal is made and accepted. Therefore, it was rightly held by the first appellate Court that there is no contract between the parties and it has also rightly relied upon the law laid down in *Life Insurance Corporation of India v. Vasireddy, Komalavalli Kamba*, (1984) 2 SCC 719 : AIR 1984 Supreme Court 1014. Learned counsel for the appellants has not been able to controvert it to hold that the proposition of law laid down in this authority is not applicable to the facts of the case. Mere lapse of time in communicating the acceptance cannot be made a ground for holding that the proposal stood accepted. The Corporation before entering into contract is required to enquire into information supplied and that naturally takes some time. It is not shown that any time frame was fixed between the parties for accepting the proposal and on the lapse of it, the proposal was deemed to have been accepted.

8. Consequently, I do not find any merit in this appeal and the same is hereby dismissed. Appeal dismissed.