

**THE LEGALITY AND LIABILITY OF ACCIDENTAL DEATH INSURANCE IN
INDIA: EXAMINING THE CASE OF NATIONAL INSURANCE COMPANY LTD.
VS. THE CHIEF ELECTORAL OFFICE**

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ABSTRACT

Insurance is vital to financial planning as it protects against unexpected events. The sole purpose of insurance is to reduce financial uncertainty and the risk of loss. Life and accidental death insurance policies offer different types of protection. The Supreme Court of India has ruled on the legality of accidental death policies in Bihar. The State government has designated heat waves, sunstroke, and sunburn as "State-specific disasters," making the victims eligible for assistance from the State Disaster Response Fund in the case of National Insurance Company Ltd. vs. The Chief Election Officer (2023). (SDRF). The respondent's wife is liable to receive compensation for her husband's death. This decision by the State government is a welcome move as it will help the victims of heat waves, sunstroke, and sunburn to receive necessary financial assistance from the government. In the following paper, we examine the cases cited and conclude that sunstroke is an accidental cause for which the insurance provider should be held responsible for paying the insured.

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INTRODUCTION

Insurance is a regulatory structure seen between the insurance provider (the insurer) and the person(s), business, or entity being protected (the insured). a method or a mode to manage the risks. The risks can be related to health, property, etc. The sole purpose of insurance is to reduce financial uncertainty and the risk of loss. To get insurance coverage, a person must pay the premium and disclose all the matters to the insurance company, i.e., the insurer. The different kinds of insurance are health, fire, marine, motor, etc. Insurance is vital to financial planning as it protects against unexpected events that could lead to financial ruin. Insurance also

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promotes economic growth by encouraging individuals and businesses to take risks they might otherwise avoid.

An indemnity is a form of compensation for insurance in the form of damages or losses. A "contract of indemnity" alludes to a promise between the parties to compensate the loss incurred by the insured. For instance, in a contract between Y and Z, Y promises to deliver 25 laptops for \$30,000. Here, A promises to indemnify Y for her failure. This is how there is a contractual obligation of indemnity between A and Y. Indemnity contracts do not cover life insurance. Indemnity contracts are standard in business transactions and are used to protect one party from financial loss due to the actions of another party. While they may provide some protection, they should not be confused with life insurance, which offers financial support for death or disability.

Gajanan Moreshwar Parelkar v. Moreashwar Madan Mantri¹ is a case where the court held that One is committed to protecting the other from harm brought on by the promisor's actions.

An accidental death insurance policy protects you and your family in case of severe injuries or death in an accident. Policy benefits are available in cases of limb loss or vision or if you are paralyzed in an accident. These plans do not cover high-risk adventure activities like motor racing or skydiving. Reviewing the policy terms and conditions carefully to ensure that the coverage meets your needs and circumstances is essential. Additionally, it is recommended to consider purchasing both life and accidental death insurance policies for comprehensive protection. According to ***Rita Devi v. New India Assurance Company Ltd.***², if the immediate cause of injury cannot be considered the consequence of any premeditated or willful act of the policyholder and the phenomenon of the accident is unexpected on the part of the insured, then murder must be counted as an "accident".

Accident insurance coverage is available without medical tests. Additionally, the premium is lower as a limited range is available under the policy. Often, there may be some confusion between traditional life insurance and accident policies.

National Insurance Company Ltd. vs. the Chief Electoral Officer³ deals with insurance coverage for accidental death, i.e., whether the company can repay death caused by sunstroke.

¹ Gajanan Moreshwar Parelkar v. Moreashwar Madan Mantri (1942) 44 BOMLR 703

² Rita Devi v. New India Assurance Company Ltd., (2000) 5 SCC 113

³ National Insurance Company Ltd. vs. The Chief Electoral Officer, (2023) SCC OnLine

The Supreme Court has looked over the case and passed its judgment. In this case, the Supreme Court's decision clarified that accidental death policies only cover deaths triggered by violent, obvious, external causes. Such insurance does not cover natural causes of death, like sunstroke. Individuals must be aware of the coverage's parameters when acquiring an accident policy.

FACTS

A memorandum of understanding, or MOU, was struck on February 9, 2000, between the insurance agency (appellant) and the Election Commissioners Officer in Bihar, Patna, to ensure the policies of all those working for the Elections to the Bihar Legislative Assembly were held in the year 2000. The insurance will cover fatalities caused by accident, gratuitous violence, or any additional pattern, per Article 3 of the MOU. Given the timing of the by-elections, the system's duration has now been increased from May 24 to June 23. Respondent No. 2's constable spouse passed away while on duty at the Bihar Legislative Assembly. That took place throughout the lengthy duration of the scheme. Respondent No. 2's wife, a constable, finally filed a claim for compensation in 2008. According to the letter written by an assistant election officer to the secretary of Lokayukta, Patna, explaining why such compensation could not be granted, the constable's death was caused by heat stroke, not election duties. In order to have the statement, as mentioned earlier, quashed, the wife petitioned the High Court. The single learned judge initially requested payment from the insurance provider but then cited a ruling held in *Lilawanti Devi v. State of Bihar & Anr.*⁴ that the time limit for filing a claim had passed and that the main electoral office was responsible for providing the compensation. In an appeal, the chief electoral officer argued that the insurance provider should be responsible for covering the damages. The insurance provider was then requested to assume the liability.

ISSUE

Q1.) Whether the deceased wife is entitled to claim compensation?

Q2.) Whether heat stroke comes under the purview of Insurance?

RULE OF LAW

A life insurance policy may specify that a certain amount will be paid upon a person's death or passing a predetermined amount of time. (even if the assurance is still alive) The Indian

⁴ *Lilawanti Devi v. The State of Bihar & Ors.* [1998(2)] PLJR 692

Contract Act does not expressly state that an implicit contract of indemnity may exist. The Indian Contract Act's Section 124 defines an indemnity contract (1872). According to the definition, a "contract of indemnification" is one in which one party promises to protect the other from harm brought on by the other's actions or those of the promisor themselves."⁵

A contract between the insured and the insurer stipulates that, in exchange for predetermined premium payments, the insurer will provide the insured with a predetermined amount of money should a specific occurrence occur. It denotes loss prevention. It is the process of defending people's interests against harm and uncertainty. It is founded on the agreement. It contains certain terms and conditions and is a legitimate agreement. It could be referred to as a social device that lowers or eliminates the possibility of property and life losses. With life, trade, and commerce becoming more complicated, the insurance industry and the need for insurance coverage are also expanding. As a result, an ever-increasing number of insurance coverage options are available. But the most popular types of insurance are maritime, fire, and life. Whatever the type of insurance or risk insured against, some basic insurance law principles apply to all of them. The prerequisite that the consideration and the purpose of the agreement must be legal is outlined in Section 23 of the Contract Act of 1872. Every insurance contract is a contract of absolute good faith and needs some insurable interest to support it, with the exception of life insurance, which is a contract of indemnity.

The court clarified the criteria for evaluating an insurance claim and explained that insurance contracts have unique characteristics like good faith, insurable interest, indemnity subrogation, contribution, and proximate cause that is shared across all types of insurance. After carefully reviewing the relevant clause in the Memorandum of Understanding (MoU), the court determined that it covers death resulting from external violence, and the phrase "any other visible means" refers to death caused by external abuse and not any other type of cause. The court noted that the policy only covers death and did not address the interpretation of specific terms. The second clause of the exact phrase is introduced with the word "only." This means that even in the event of a death, it can only occur in the scenario where the subsequent condition emerges, meaning that the death must result purely and directly from an accident brought on by outside aggression. "In this case, sunstroke was the factor in this fatality. There was no sign that there may have been any violence involved in the death. The phrase any other

⁵ Indian Contract Act, 1872, §124.

visible means, which appears in the final component, must be interpreted in relation to the exterior violent death and cannot be left alone."⁶

The legal case of *The Indian News Chronick Ltd. v. Mrs. Luis Lazarus*⁷, as well as subsequent noteworthy judgments by the Indian Supreme Court and High Courts, established the principles for awarding compensation to individuals suffering from heat exhaustion, and clarified the meanings of key terms such as fatal accident, personal injury, arising out of, and during the course of employment under the Workmen's Compensation Act of 1923, now called the Employee's Compensation Act 1923. These legal precedents provide valuable guidance regarding the conditions under which compensation is available to individuals affected by accidents or injuries in the workplace. The Employee's Compensation Act of 1923 states in Section 4(1A) "that the sum of pay can be regarded as falling due upon the death of the employee/deceased immediately. As a result, as soon as the deceased person passes away, the obligation to pay the compensation would start."⁸

ANALYSIS

I. The Role of Time Limitation in Liability Claims

The judgment given by the honorable Supreme Court of India discharged the National Insurance Company from the liability to pay monetary compensation to the plaintiff's wife. The Supreme Court determined that the phrase "death only occurring exclusively and immediately from an accident caused by external violence and any other visible methods" would not apply to a death from sunstroke that occurred while a person was doing electoral duty. The National Insurance Corporation and the Chief Electoral Officer of Bihar signed a Memorandum of Understanding in 2000 to provide insurance coverage to individuals assigned to election activities during the 2000 assembly elections. One officer assigned to election duty passed away from sunstroke while carrying out his responsibilities. The respondent's wife approached the Patna electoral officer seeking compensation. The officer turned down the payment of the compensation. The case was first taken to the High Court of Patna, where the

⁶ Tiwary, A. (2023) *Insurance coverage for accidental death - proximate cause necessary; Supreme Court denies claim for sun stroke death during election duty*, Live Law. Live Law. Available at: <https://www.livelaw.in/top-stories/insurance-coverage-for-accidental-death-proximate-cause-necessary-supreme-court-denies-claim-for-sun-stroke-death-during-election-duty-221121> (Accessed: March 20, 2023).

⁷ *Indian News Chronick Ltd. v. Mrs. Luis Lazarus*, 1930 SCC OnLine Bom 307, AIR 1930 Bom 401.

⁸ Employee's Compensation Act, 1923, §4(1A).

court granted relief to the plaintiff's wife and asked the chief Electoral officer to pay the amount. Unhappy with the decision made by the HC, the chief electoral officer of Patna appealed the case before the division bench of Patna, and their division bench once again shifted the liability onto the National Insurance Company. However, in the interim, while the court was in session, the chief electoral officer paid the sum to the respondent's wife. Looking at the facts of the case, we know that the respondent's wife claimed the compensation amount in 2008, i.e., seven and a half years after the death of her husband. Seeing this, the HC shifted the liability onto the chief electoral officer, saying it was their duty to lodge a claim immediately. The question arises: why does the court ask the electoral officer to pay the amount? It was indeed the chief electoral officer's duty to lodge the complaint, but the omission of this doesn't make them liable to the respondent's wife. The judgment was vague, like on what terms the electoral officer is liable to the respondent's wife. Respondent's wife was sleeping over her rights, and she came seven and a half years after her husband's death. Under the Insurance Act 1938 prior to the amendment, i.e., before 2015, the beneficiary can't lodge a claim after a period of 3 years of commencement of the policy. Now with the amendment of the Insurance Act 1938, beneficiaries can claim compensation even after the insurance tenure is over, but only when the accident happened when the insurance was active. We can say that cases like these have played an essential role in bringing this amendment. There are many instances when the beneficiaries family is unaware of such an insurance policy, and they know about this after the policy's expiry date.

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II. **The Definition and Interpretation of Accidental Death Benefit Provisions in Life Insurance Policies: An Analysis of Legal Precedents and their Application to Sunstroke Cases**

Life insurance policies now frequently contain accidental death benefit provisions. When an accident results in the insured person's death, this provides additional coverage over and beyond the standard life insurance payout. In this case, the main issue before the court was whether sunstroke comes under the accidental clause. SC took reference to the case *Alka Shukla vs. Life Insurance Corporation Ltd*⁹. This case says the coverage was only payable if the insured died as a consequence of an accident caused by "outward, violent, and visible means" and he suffered any bodily Injury as a direct result of such accident. In SC's decision, they mention that they don't consider sunstroke as external violence. They said that bodily

⁹ Alka Shukla v. LIC, (2019) 6 SCC 64

injury caused by accident should be solely because of that accident or an external means. And based on the ruling issued by the SC, they don't think the respondent's death was entirely due to the harm brought on by sunstroke.

“However, it has been determined in the cases of *Kauffeld v. Pfund*, *Higham v. Preakness Hills Country Club*, and *George v. Waldron* that heat prostration or sunstroke is an accident resulting from and occurring while employed, as defined when the employee brings a greater exposure than what people generally in that location are exposed to.”¹⁰ Looking into all these cited cases, we can conclude that sunstroke is accidental, and the insurance company should be liable to compensate the insured.

Cases related to death caused by sunstroke are always debatable, as many people believe sunstroke is a disease and not an accident. But we cannot discount that sunstroke is a violent condition brought on by an outside force. We cannot expect to get sunstroke and die whenever we stand out in the sun. When SC says that standing out in the sun means that you already know you can get sunstroke, we disagree with this reasoning and criticize the judgment given by the supreme court.

Yet, when we look at the verdict, the SC correctly made up for the respondent's wife. Even if the wife was late in claiming compensation still, it was the chief electoral officer's duty to compensate the respondent's wife under the Employee's Compensation Act of 1923. Nonetheless, the choice to exclude sunstroke from the insurance's "accidental policy" is regrettable. Dealing with sunstroke/ heatstroke is a part of deserter management. The State has classified heatwaves, sunstroke, and sunburn as "State-specific catastrophes," making the afflicted eligible for aid from the State Disaster Response Fund (SDRF). In light of this, it is reasonable to conclude that the respondent's wife is entitled to compensation for the death of her husband in some manner. So the question regarding whether is respondent's wife liable to receive compensation for her husband's death is solved. So the insurance company should pay the respondent's wife for her husband's death.

¹⁰ The opinion of the court was delivered by CAMPBELL, C.H.A.N.C.E.L.L.O.R. (1933) *Lower v. metropolitan life ins. co.*, *Legal research tools from Casetext*. Available at: <https://casetext.com/case/lower-v-metropolitan-life-ins-co> (Accessed: March 22, 2023).

CASE COMMENT

The researcher agrees that the judgment by the Supreme Court of India is partially right. They rightly gave compensation to the respondent's wife. However, we think that sunstroke ought to be covered by the "accidental death policy." Because when we say external and visible means of the cause of death, we can infer that death caused by heatwave or sunstroke are external and visible means of death.

CONCLUSION

Insurance is vital to financial planning as it protects against unexpected events that could lead to financial ruin. It is also vital to consider purchasing life and accidental death insurance policies for comprehensive protection. In this paper, we review the cited cases and conclude that sunstroke is an accidental means, and the insurance company should be liable to compensate the insured. The Supreme Court of India discharged the National Insurance Company from the liability to pay monetary compensation to the plaintiff's wife after ruling that a death caused by sunstroke while a person was on election duty wouldn't fall within the definition of death only occurring exclusively and immediately from an accident caused by external aggressive and any other visible methods¹¹ The National Insurance Corporation and the Chief Electoral Officer of Bihar signed a Memorandum of Understanding in 2000 to provide insurance coverage to individuals assigned to election activities during the 2000 assembly elections. The plaintiff's wife claimed the compensation amount in 2008, seven and a half years after the death of her husband. The Chief Electoral Officer challenged the case before the division bench of Patna and shifted the liability again to National Insurance Company, but the court was in session when the chief electoral officer paid the amount to the respondent's wife. The amendment of the Insurance Act, 1938, allows beneficiaries to claim compensation even after the insurance tenure is over, but only when the accident happened when the insurance was active. The Supreme Court of India compensated the respondent's wife under the Employee's Compensation Act, 1923. Still, not including sunstroke under the insurance's 'accidental policy' is objectionable. The State government designated heat waves, sunstroke, and sunburn as "State-specific disasters," making the victims eligible for assistance. The respondent's wife is liable to receive compensation for her husband's death. This decision

¹¹ Tiwary, A. (2023) *Insurance coverage for accidental death - proximate cause necessary; Supreme Court denies claim for sun stroke death during election duty*, *Live Law*. Live Law. Available at: <https://www.livelaw.in/top-stories/insurance-coverage-for-accidental-death-proximate-cause-necessary-supreme-court-denies-claim-for-sun-stroke-death-during-election-duty-221121> (Accessed: March 20, 2023).

by the State government is a welcome move as it will help the victims of heat waves, sunstroke, and sunburn to receive necessary financial assistance from the government. The compensation for the respondent's wife is a step towards acknowledging the loss suffered by her due to her husband's death.

