Bank liable for break-in and theft from locker

CONSUMER PROTECTION

JEHANGIR B GAI

Gopal Prasad Mahanty and his daughter Rupali had been customers of State Bank of India's Bokaro Steel City Branch in Jharkhand for nearly four decades. They had a savings bank account, several high-value fixed deposits, and a locker.

On the night between December 25 and 26, 2017, a theft took place in the bank. Several lockers were broken open, including the one rented by Mahanty. Items such as jewellery, postal deposit instruments, and other valuables kept in the locker were stolen. Mahanty learnt about the theft through the news telecast on 26th evening. Next morning, his daughter and he rushed to the bank to find three lists posted on the wall of the main entrance. Their locker (number 1/46) was listed as one of those that had been broken open. The bank officer asked them to furnish a list of their valuables. They assessed the loss of gold jewellery at ₹32 lakh and silver at ₹1,85,000, excluding the antique value, and wrist watches worth ₹34,000. Bank and postal documents were also stolen.

To recover the loss of these valuables, Mahanty and his daughter filed a complaint before the Jharkhand State Commission. They alleged that the bank had failed to follow the guidelines prescribed by the Reserve Bank of India. The bank contested the complaint, denying all the allegations made against it. It claimed that it had followed the Reserve Bank's guidelines and had installed a fire detection system, a security alarm system and CCTVs, both inside and outside its premises, and these were functional when the theft occurred. It argued that there was no deficiency in service. The bank sought a dismissal of the complaint.

The State Commission observed that the bank had merely rented out space and had no knowledge of the contents of the locker, and even Mahanty was not in a position to prove what was stored in it. So, it concluded that it would be impossible to adjudicate the value of the loss when the contents could not be determined. Nevertheless, it was evident that a huge loss must have been caused due to the breaking open of the locker, which had been taken on rent in good faith to secure valuables. So, the State Commission awarded ₹30 lakh as compensation for the mental trauma suffered due to the loss. This amount was ordered to be paid in one month, or along with 6 per cent interest, if payment was delayed.

Both the bank and Mahanty challenged this order in cross-appeal. The bank claimed that the police had recovered a part of the stolen property from the thieves, and this had been identified by Mahanty. It also reiterated its defence and contended that it was wrongly being held liable.

The National Commission observed that when a locker is broken into, it constitutes a breach of the promised assurance of safety, and is hence, a deficiency in service

Mahanty pointed out that the police had recovered only a small quantity of the lost jewellery, much of which had been damaged during the theft.

The National Commission observed that a locker is hired because safety is assured. When a locker is broken open by thieves, it constitutes a breach of the assurance of safety, resulting in a deficiency in service. The Commission further held that the bank could not be absolved of its liability merely because some of the jewellery had been recovered, and that too in a damaged state.

Accordingly, by its order of April 7, 2022, delivered by the bench of Justice R.K. Agrawal and S. M. Kantikar, the National Commission dismissed the cross-appeals, holding that the lump sum compensation awarded by the State Commission was reasonable and proper.

The writer is a consumer activist

Buy optimal mix of base cover and top-up to rein in cost

If your insurer hikes health premium rates frequently and excessively, consider porting

SANJAY KUMAR SINGH

A few insurers have hiked the premiums on their health insurance policies by 10-15 per cent in recent times. Like consumer inflation, medical inflation (which is usually 4-7 percentage points higher than the former) is also inevitable. Nonetheless, there are a few strategies that can help you optimise the cost of health insurance.

Rising health care costs

Several factors are responsible for the latest price revisions. "Medical inflation is one of the key reasons why product prices are being revised," says Bhabatosh Mishra, director-underwriting, products and claims, Niva Bupa Health Insurance.

During the pandemic, insurers had to make a higher level of claims pay-out. "The incurred claim ratios of insurers rose. That is why in December 2020 the Insurance Regulatory and Development Authority of India (IRDAI) had issued a press release allowing a slightly higher rate of increase in premium than the customary 3 per cent, which does not require regulatory approval," says Nayan Goswami, head-group business and sales and service, SANA Insurance Brokers.

During the pandemic, the regulator had informally communicated that insurers should adopt a wait-and-watch approach and not raise premiums because of Covid. After holding them steady during the pandemic, it is becoming difficult for some insurers to keep rates constant any longer.

The price increase has, however, not occurred across the board. "While a few insurers have hiked their premiums by 10-15 per cent, others have kept theirs constant," says Naval Goel, founder and chief executive officer, *PolicyX.com*.

Compare before you buy

For the same sum insured, premiums vary considerably across insurers. "New customers must compare premiums, together with features, before buying," says Goel.

But remember that if Company A has revised its premium recently and Company B has not, the former may appear costlier than the latter. However, the latter is likely to revise its premium sooner. "When choosing a product, ensure you get good value. Don't select a policy on the basis of price alone," says Mishra.

Avoid paying for features you don't require (like maternity benefits in the case of an older couple).

Consider porting

If a considerable pricing gap develops between your policy and others offering similar coverage, consider porting. "If a price increase happens very frequently — every year, instead of every two to three years and each hike is of more than 10-12 per cent — consider porting to another insurer," says Mishra.

Combine base plan with super top-up

Go for an optimal mix of base cover and super top-up, instead of continuously raising the sum insured on the former. "Doing so can reduce your premium cost by as much as 20-30 per cent, in some cases," says Goel.

The base cover should be of an optimal amount that is sufficient to take care of mundane healthcare issues. The super top-up should kick in only in case of a critical ailment. According to Goswami, most people living in metros should have a ₹10 lakh base cover and a ₹90 lakh (or ₹1 crore) super top-up.

While a ₹10 lakh base cover may seem high to some, remember that its premium is not double that of a ₹5 lakh cover. For example, if today a ₹5 lakh base cover from one insurer for a 30-year-old costs ₹6,800, a ₹10 lakh cover from the same insurer costs ₹8,200, only 20 per cent higher.

According to Mishra, one advantage of buying a larger base cover is that the premium changes less frequently, and also less in percentage terms, for such a cover than a smaller cover.

If you have a higher deductible (the portion of the hospital bill covered by your base policy, or out of your own pocket), the super top-up's premium goes down. For a 30-year-old with a ₹5 lakh deductible and a ₹95 lakh super top-up, one insurer is currently offering the latter for around ₹3,000. If the deductible were ₹10 lakh and the super top-up were ₹90 lakh, the same insurer's premium for the super top-up would drop to ₹1,021.

Do due diligence

Study the super top-up policy closely. "Many customers think the super top-up, if purchased from the same insurer, will have the same features as the base cover. The reality is that they are two independent plans that can have very different terms and conditions," says Goswami. So, scrutinise a super top-up's features rigorously.

Buy the base plan and the super top-up from the same insurer. If the two plans are from different insurers, you are unlikely to get cashless benefit on the super top-up.

Mistakes you must avoid

Just because the premium rates of some insurers have shot up, don't delay the purchase of a health policy. The premium is likely to be a fraction of the hospital bill in case of a serious or prolonged ailment.

Buy an adequate sum insured on the base policy. If you buy a small cover now, thinking you will hike it when you are older, that comes with its own challenges.

"Insurers will check your health status. They may or may not give you the enhancement you seek," says Goswami.

The enhanced portion of the sum insured will be treated as a fresh cover. "Fresh waiting period will be imposed for this portion of the cover," adds Goswami.

Avoid relying on the group cover provided by your office. Most organisations offer coverage of ₹3-5 lakh, which would be inadequate in case of a serious ailment. If you wait until retirement to buy a personal cover, you may not get one due to poor health.

Finally, supplement your health cover with a health corpus. "Build a corpus of at least ₹5 lakh, which you should enhance over time," says Mrin Agarwal, founder-director, Finsafe India.

SUPER TOP-UPs ARE AFFORDABLE COVERS

Deductible is ₹10 lakh, super top-up cover is for ₹90 lakh (₹1 crore in case of Star)

Insurer	Plan name	Premium-individual* (₹)	Premium-floater** (₹)
Nive Bupa Health Insurance	Health Recharge	1,090	1,635
Reliance General Insurance	Health Super Topup	4,869	10,150
Star Health Insurance	Surplus Gold	4,543	7,918

*Premiums are for a 40-year-old male; **premiums are for a floater plan for a 40-year-old male, 38-year-old female, and a 12-year-old

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