

Life Insurance Corporation of India

Vs

Lalitha Devi

Civil Appeal, No. 2168 of 1991 (arising out of S.L.P. (C) No. 362 of 1987 )

(K. N. Singh, P. B. Sawant JJ)

26.04.1991

JUDGMENT

1. Leave granted.

2. This appeal is directed against the order of the Division Bench of the High Court dismissing the appellant's appeal preferred against the order of a learned single Judge allowing the writ petition filed, by the respondent and quashing the order of the Life Insurance Corporation terminating the respondent's agency under Regn. 17(1) of the Agent's Regulations 1972 read with Staff Regulation 29.

3. After hearing learned counsel for the parties, we are of the opinion that this appeal must succeed. The respondent was working as an Agent in an Insurance Company prior to life insurance business was taken over by the Life Insurance Corporation of India. The respondent was absorbed as an Agent in the Life Insurance Corporation of India. Since, her husband was an officer in the Life Insurance Corporation of India, her agency was terminated w.e.f. 31-3-1976 under Reg. 17(1) of the Agent's Regulations 1972 read with Staff Regulation 29, after giving her three months' notice. The respondent went in an appeal but the same was dismissed. Thereupon, she filed a writ petition before the High Court of Andhra Pradesh challenging the order of termination of her agency. A learned single Judge allowed the writ petition, quashed the order of termination of respondent's agency. The appellant preferred appeal against the order of the single Judge but the Division Bench upheld the order of the single Judge and dismissed the appeal. Hence this appeal.

4. The respondent was an absorbed agent in the Life Insurance Corporation of India Since, her husband was in service of the appellant, the respondent's agency was rightly terminated in accordance with Regn. 17(1) of the Agent's Regulations 1972. Before terminating the respondent's agency, the appellant had taken care to serve notice on her. We are of the opinion that the order of termination of respondent's agency did not suffer from any legal infirmity and the High Court committed error in quashing the same. We, accordingly, allow the appeal and set aside the order of the High Court.

5. Learned counsel for the appellant-Corporation made a candid statement before us that the respondent's husband has already retired from the service of the Corporation and pursuant to the order of the High Court, the respondent has been working as an agent. He made a statement that, notwithstanding, the fact that this appeal is being allowed, respondent's services will not be terminated provided the respondent withdraws the suit which she has filed before Civil Court against the appellant-Corporation claiming damages for the termination of her agency. In our opinion, the stand taken by the appellant Corporation is quite fair. The respondent's suit for damages

for terminating of her agency is bound to fail in view of our order setting aside the High Court's judgment. We are therefore, of the opinion that the respondent should withdraw the suit within a month from today and if she fails to withdraw the suit, the order terminating the respondent's agency shall come into force and the respondent will not be entitled to continue as an Agent.

6. The appeal is, accordingly, disposed of. There will be no order as to costs.

Order accordingly.

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