



“a) The Opposite Parties be directed to pay a total sum of Rs.1 crore along with Interest @18% pa on the said amount from the date of death till actual realization to the Complainants on account of unfair trade practice and deficiency in service,  
b) Rs. 10 Lacs as compensation on account of mental harassment and agony suffered by the Complainants,  
c) Rs. 50,000/- as litigation costs.”

2. Brief facts, as per the complaint, are that on 16.04.2017, the Complainant’s husband (Life Assured) submitted a Proposal Form to the OP, Insurer seeking a Life Insurance Policy for Rs. 1 Crore on an annual premium @ Rs. 18,400/- for a period of 20 years. The risk under the policy commenced from 18.05.2017. As per the Proposal Form, he maintained good health with sober habits (non-smoker and non-alcoholic). On 29.04.2017, The OP’s empanelled doctors conducted ECG and Treadmill Tests at Jaipur, and all parameters were reported to be normal. Later, a Medical Examiner’s Confidential Report dated 29.04.2017 was issued by the OP stating that all the health parameters were normal, except for imperfect eyesight. Based on its medical evaluation, OP issued Policy No. 895830099 dated 18.05.2017 in his favour. On 23.12.2017 at 12:22 PM, the Life Assured died of sudden cardiac arrest at Jaipur. The Complainant submitted the death claim under the policy to the OP on 20.01.2018 in the prescribed format, along with a Medical Attendant’s Certificate dated 11.01.2018 which recorded in column 5(a) that the habits of the Life Assured were sober, and in column 5(b) that the attack was not caused or aggravated by any intemperate habits. Surprisingly, vide letter dated 08.03.2018, the OP wrote to the concerned Police Station enquiring whether any FIR or complaint under the Domestic Violence Act had been lodged against the Deceased Life Assured (DLA). In response, it was confirmed that no such complaint or FIR was ever registered against him. Subsequently vide letter dated 12.07.2018, OP sought comments from Dr. Arun Mathur regarding the DLA’s treatment. In response, Dr. Mathur stated he treated the DLA with homeopathic medicine for chronic bronchitis, which relieved symptoms in 3 to 4 months. He clarified that such treatment, typically used for cough and flu-like symptoms, had no connection with the cause of death or any alleged suppression of material fact. He further stated that the said homeopathic treatment was undergone by the DLA. It is the case of the Complainant that despite the above, on 08.10.2018, the OP repudiated her claim on the ground that there was suppression of material facts in the Proposal Form, specifically the omission of disclosure regarding undergoing homeopathic treatment and availing sick leave by the DLA. Aggrieved by the said repudiation, she filed the present complaint.

3. Upon notice, the complaint was resisted by the OPs by filing their Written Statement contending that the complaint did not raise any valid consumer dispute as defined under the Act, and that this Commission lacked jurisdiction to entertain the complaint. It was asserted that the claim was rightly repudiated on valid legal grounds due to deliberate non-disclosure of material facts by the DLA at the proposal stage, and thus, there was no deficiency in service. OPs contended that it had the statutory right to call into question a policy within three years of issuance, in case of misstatement or suppression of material facts. In the present case, the date of commencement of the policy was 18.05.2017 and the DLA expired on 23.12.2017, i.e., within seven months from the commencement date, and hence the OP was within its legal right to repudiate the claim. OP contended that the DLA had suppressed material facts, namely, that he was under regular treatment for chronic bronchitis and lipoma from 2015 to 2017 at Dr. Moolchandani’s Homeopathic Centre, Jaipur, and had taken repeated medical leaves and reimbursements while employed with Tata Motors and JCB India Ltd. These facts were not disclosed in the proposal form dated 16.04.2017.

They relied on the declaration in the proposal form, wherein the DLA affirmed the truthfulness of all answers and acknowledged that false statements would void the policy. He, however, falsely replied the Questions 30, 39, 41, 42, 43, and 47 denying any medical history, consultations, work absences, or medication, rendering the information factually incorrect. It was contended by the OP that the policy was issued solely based on the representations made in the proposal form, and that had the true facts been disclosed, the OP would not have issued the policy. The OPs contended that the repudiation letter dated 08.10.2018 was duly issued to the Complainant, stating the grounds of repudiation, and that the premium paid was refunded in full as final settlement. Thus, the OPs contended that the complaint was devoid of merit and prayed that the same be dismissed with costs.

4. The Complainant filed Rejoinder and reiterated the facts of the complaint and filed evidence on Affidavit in support of its contentions.

5. OPs filed their evidence on Affidavit and relied on the proposal form (Annexure-A), claim statement (Annexure -B), Registration Form dated 09.05.2015 at Dr. Moolchandani Homeopathic Centre with prescriptions from 2015 to 2017 with certificate dated 12.07.2018 of Dr Arun Mathur, Senior Homeopathic Physician (Annexure-C), bills issued by Dr. Moolchandani Homeo Centre to him from 15.04.2017 to Sept, 2017 (Annexure-D), Employer Certificates by Tata Motors & JCB India for his medical leave and reimbursement (Annexure-E), death summary dated 23.12.2017 64-65 by Multi-Specialty Hospital, Jaipur (Annexure-F), and claim repudiation letter dated 08.10.2018 (Annexure G).

6. The learned counsel for the Complainant reiterated the facts and background of the complaint and relied upon the Medical Attendant's Certificate dated 11.01.2018 appended to the claim form, which recorded in Column 5(a) that the deceased had sober habits and in Column 5(b) that the cardiac arrest was neither caused nor aggravated by any intemperate habits. He further referred to the Death Summary dated 23.12.2017 issued by a reputed multi-specialty hospital in Jaipur, which made no mention of any pre-exist ailment contributing to the cause of death. The learned counsel for the Complainant contended that there was no concealment of material facts by the DLA at the time of proposal. He denied allegations of suppression of medical history, asserting that the prior homeopathic treatment was minor and unrelated to any chronic ailment suffered by the DLA. He relied on a pathological report dated 23.07.2016 from Care N Cure Laboratories, indicating normal lipid levels, to support the claim of good health at policy inception. He further argued that since the OP had accepted the proposal after its own detailed medical examination, it was stopped from denying the claim later based on the same ground. He objected to the OP's offer of premium refund as full and final settlement, terming it a wrongful denial of policy benefits. He reaffirmed that there was no breach of good faith, and the OP's reliance on irrelevant past treatment was completely misplaced. Lastly, he referred to the homeopathic doctor's letter dated 12.07.2018, which clarified that the Life Assured was treated for symptoms of chronic bronchitis that were completely resolved within 3-4 months. He argued that such a temporary and resolved condition had no causal connection to the sudden cardiac arrest due to which the death occurred. Thus, he prayed that the complaint be allowed, and the Complainant be entitled to the complete policy benefits.

7. On the other hand, the learned counsel for OPs contended that the insurance policy was issued solely based on the disclosures made in the online proposal form dated 16.04.2017, wherein the DLA was declared to be in good health with no chronic or prolonged ailments. Relying on the principle of utmost good faith, he argued that the DLA had a duty to disclose all material facts at the proposal stage. It was

asserted that the DLA had willingly suppressed critical information about ongoing treatment for chronic bronchitis and lipoma at Dr. Moolchandani's Homeopathic Centre since 2015 were not revealed in the proposal form. He further contended that the DLA had availed several medical leaves and reimbursements while employed with Tata Motors and JCB India Ltd., which indicated a consistent medical history. However, no such disclosures were made in response to specific and direct questions in the proposal form w.r.t. consultation with any medical practitioner, any prolonged illness, or any absence from work on health grounds. The answers provided to questions No. 30, 41, 42, 43 and 47 were categorically false, misleading and amounted to suppression of material facts that went to the root of the contract. He referred to the declaration in the proposal form, wherein the DLA acknowledged that any misstatement or suppression would render the contract null and just seven months after policy commencement, thereby, entitling the OP to contest the policy on grounds of material misrepresentation. He relied on LIC of India vs. Smt. Channabasamma [(1991)1 SCC 357]; Satwant Kaur Sandhu vs. New India Assurance Co. Ltd. [(2009) 8 SCC 316]; United India Insurance Co. Ltd. vs. MKJ Corporation [(1996)6SCC 428]; Modern Insulators Ltd. vs. Oriental Insurance Co Ltd (2000)2 SCC 734]; Reliance Life Insurance Co Ltd & Anr vs Rekhaben Nareshbhai Rathod, CA No. 4261/2019 and LIC vs Rajesh Kumar RP No 650/2020 (NCDRC).

8. We have examined the pleadings and associated documents placed on record and rendered thoughtful consideration to the arguments advanced by the learned Counsel for both the Parties.

9. The main issues to be determined in the case are whether the DLA appropriately answered the questions put forth by the OP in the Proposal Form, prior to the issue of the insurance policy? Whether the cause of death of the DLA is within the scope of the policy in question? Whether the repudiation of the claim by the OP Insurer is tenable?

10. It is an admitted position that the DLA had submitted a Proposal Form to the OP on 16.04.2017 for life insurance cover of Rs. 1 Crore with annual premium @ Rs. 18,400 for a policy term of 20 years. The policy commenced on 18.05.2017. It is also undisputed that prior to issuance of the policy, the DLA underwent pre-policy medical evaluation, including ECG and Treadmill test, conducted on 29.04.2017 by OP empanelled doctors and upon evaluation of the proposal and medical reports, the OP issued the DLA the life insurance policy vide Policy No. 895830099. It is also not in dispute that the Life Assured passed away due to sudden cardiac arrest on 23.12.2017, i.e., about seven months after policy commencement. Thereafter, the Complainant lodged the death claim on 20.01.2018, which was repudiated by the OP on 08.10.2018 on the grounds of alleged non-disclosure of past homeopathic treatment and sick leave availed by the Life Assured.

11. It is the contention of the learned counsel for the Complainant that there was no suppression of material facts in the proposal form, and the homeopathic treatment taken years earlier had no relevance to the cause of death, which was due to sudden cardiac arrest. He relied on the pre-policy medical tests conducted by the OP and supporting documents to establish that the Life Assured had led a healthy life. In contrast, the OP contended that the Life Assured failed to disclose prior treatments between 2015 and 2017, and asserted that the policy would not have been issued had full disclosure been made.

12. There is no dispute on the proposition that the law imposes a duty of *uberrima fides* i.e. utmost good faith, on the proposer to disclose material facts truthfully in order to enable the insurer to exercise the discretion to enter into the contract of insurance. What constitutes a material fact has been discussed in Sulbha Prakash Motegaonkar v.LIC, (2021) 13 SCC 561. In the afore-said case the insured died due to a heart condition and the claim filed by the nominee was repudiated by the Insurance Company on account of non-disclosure by DLA (Deceased Life Assured) that he had been suffering from lumbar spondylosis. Hon'ble Apex Court while allowing the claim of the claimant held that where

the alleged concealed ailment is not life-threatening and has no bearing on the cause of death, the repudiation is not justified. It was further held that non-disclosure to be material, must have a clear nexus to the risk assumed by the insurer or the cause of death.

13. The claim has been repudiated by the Insurance Company vide letter dated 08.10.2018 on the following grounds:- "3. While examining the claim, we note from the proposal form dated 16.04.2017 that the deceased life assured had answered the following questions as noted herein below.

**Questions Answers**

30. What has been your usual state of health?	Good
41. Have you remained absent from place of work on grounds of health during last 5 years?	No
42. Are you suffering from or have you ever suffered for ailments pertaining to Liver, Stomach, Heart, Lungs, Kidney, Brain or Nervous System?	No
43. Are you suffering from or have ever suffered from Diabetes, Tuberculosis, High Blood Pressure, Low Blood Pressure, Cancer, Epilepsy, Hernia, Hydrocele, Leprosy or any other disease?	No
47. Are you currently suffering from any illness, impairment or taking any medication or pills or drugs?	No

4. We may, however, state that all the aforesaid answers were false as can be seen from the following document. (copy enclosed)

- a) He was under regular treatment for chronic bronchitis & Lipoma with Dr. Moolchandani's Homeopath, Centre, Vaishali Nagar, Jaipur registration no. 9687 dated 09.05.2015. Question no. 30, 39 42, 43, 47 of proposal were wrongly replied by him.
- b) He took numerous medical leaves while in service with M/s Tata Motors & JCB India Ltd., Jaipur which were not disclosed in proposal form. (Refer Q, No 41)
- c) He also claimed several reimbursement towards medical expenses while in service with M/s Tata Motors from 2010 to 2015 and M/s JCB India Ltd., Jaipur from 2015 to 2017.

14. It is pertinent to notice that DLA (Deceased Life Assured) was aged about 36 years at the time of issue of policy and was examined by the doctors empanelled by the Life Insurance Corporation of India prior to issue of policy. On examination by cardiologist, no abnormality was detected and DLA had sound blood pressure of 120/80 with pulse rate of 60. Even the TMT was found to be negative for RMI, and ECG was normal. Nothing adverse was noticed in other laboratory investigations including X-ray chest. Apparently DLA did not suffer from any coronary disease or any other life threatening ailment at the time of evaluation for issue of policy. Unfortunately, DLA expired on 23.12.2017 during the currency of the insurance policy at the age of 37 years due to cardiac arrest which is unrelated to any issue arising out of homeopathic treatment for bronchitis, which the deceased had undertaken for about 3-4 months as revealed on inquiry by LIC.

15. The claim has been repudiated by the Insurance Company on the ground that DLA undertook treatment for chronic bronchitis and lipoma at Dr. Moolchandani's Homeopath Centre, Vaishali Nagar, Jaipur vide registration No. 9687 dated 09.05.2015, apart from wrongly answering question Nos. 30, 41, 42, 43 and 47 of proposal form which have been referred in the letter of repudiation as noticed in preceding paragraphs.

16. It is pertinent to note that as per X-ray report of chest obtained prior to issue of policy on 29.04.2017, the condition of lungs and pleura of DLA was normal. Also, no abnormality was detected in the heart and aorta. In view of above, there is no co-relation as to cause of death (i.e. cardiac arrest) vis-à-vis homeopathic treatment undertaken by DLA for bronchitis for 3-4 months. Even otherwise, there is no evidence on record if owing to treatment for bronchitis

at the homeopathic centre, lungs or any other organ of the DLA had been impacted in any manner or the temporary ailment suffered by him was life threatening. The treatment undertaken by the DLA for bronchitis was merely for a period of three to four months, which led to substantial relief as reflected in the report of Dr. Arun Mathur, Homeopathic Physician. It was also observed that treatment for lipoma (fatty lump situated between skin and underlying muscle) is petty in nature and takes time of at least two years for resolving. There is nothing reflected in the letter dated 12.07.2018 of Dr. Arun Mathur relied by OP, in case the DLA suffered from any serious health condition.

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**To be concluded in the next issue .....**

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