NATIONAL CONSUMER DISPUTES REDRESSAL COMMISSION
NEW DELHI

REVISION PETITION NO. 1972 OF 2016

(Against the Order dated 28/04/2016 in Appeal No. 576/2015 of the State Commission Rajasthan)

1. SWARNA KAUR
W/O. LATE SH. AMARJIT SINGH, R/O. NAI KHUNJA
TEHSIL & DISTRICT,
HANUMANGARH
RAJASHTAN ....Petitioner(s)

Versus

1. SBI LIFE INSURANCE COMPANY LTD. & ANR.
CENTRAL PROCESSING CENTRE KAPAS BHAWAN,
PLOT NO. 3A, SECTOR-10, CBD BELAPUR,
NAVI MUMBAI-400614
MAHARASHTRA
2. SBI LIFE INSURANCE COMPANY LTD.
BRANCH OFFICE AT 1ST FLOOR, SHOP NO. 1, NEAR
SHILA PIR TOWER, JUNCTION ROAD, HANUMAN GARH
TOWN, TEHSIL & DISTRICT
HANUMANGARH
RAJASHTAN ....Respondent(s)

BEFORE:

HON'BLE AVM J. RAJENDRA, AVSM VSM (Retd.),PRESIDING MEMBER

FOR THE PETITIONER : FOR THE PETITIONER : MR.RAHUL GUPTA, ADVOCATE (VC)
FOR THE RESPONDENT : FOR THE RESPONDENTS : MR. BHARAT MALHOTRA, ADVOCATE

Dated : 07 November 2024

ORDER

1. This Revision Petition has been filed under Section 21(b) of the Consumer Protection Act, 1986 (the “Act”) against order of the learned Rajasthan State Consumer Disputes Redressal Commission, Jaipur, (‘State Commission’) dated 28.04.2016 in FA No. 576/2015 wherein the State Commission allowed the Appeal by the Respondent/ OP against the order dated 20.04.2015 passed by the learned District Consumer Disputes Redressal Forum, Hanumangarh, Rajasthan, (‘District Forum’) which allowed the complaint filed by the Petitioner.

2. For convenience, the parties are referred to as placed in the original Complaint filed before the District Forum.

3. Brief facts of the case, as per the Complainant, are that she is the widow of the deceased life assured (DLA) Sh. Amarjit Singh. She filed a claim against the respondent/OPs-insurance company after her husband died due to cardiac arrest. Shri Amarjit Singh had taken a life insurance policy for sum assured of Rs.5,00,000/-, and the premium was paid. The policy was issued on 31.01.2013, and he passed away shortly thereafter on 16.04.2013. After she completed all necessary formalities, the respondent repudiated the claim, citing non-disclosure of material facts. The respondent claimed that the DLA failed to disclose his history of drug addiction and prior hospitalization for treatment of the same. Based on this alleged non-disclosure, the insurer denied the claim in August 2013. Being aggrieved, the complainant filed a consumer complaint before the District Forum.

4. In reply the OPs defended the repudiation, pointing to the investigation revealing the DLA's past medical history, including his de-addiction treatment. These were not disclosed in the proposal form. Thus, the claim was rightly repudiated for non-disclosure of the material facts. The decision to repudiate the claim was taken based on an inquiry and there is no deficiency.

5. The learned District Forum vide Order dated 20.04.2015 allowed the complaint and granted the following observations:-

"<u>ORDER</u>

12. Hence, complaint against non applicants is allowed and it is ordered to non applicants that they within the period of one month should pay insured amount of Rs.5.00 Lakh to complainant in connection of her husband Amarjeet Singh's insurance policy No.44051599409 as per rules along with due benefits and also pay Rs.5000/- within one month for mental harassment and cost of complaint."

(Extract from the translated copy)

6. Being aggrieved by the District Forum order, OPs filed FA No. 576/2015. Vide order dated 28.04.2016 the State Commission allowed the Appeal and dismissed the complaint with observations as follows:

"Argument of both the parties was heard. The concerned order and file was perused.

There is no dispute regarding the fact that deceased Amarjeet Singh had taken one policy on 31.01.2013 for Rs.5,00,000/- and he expired on 16.04.2013 and his claim was rejected by insurance company on this ground that form was filled up by concealing the facts and it was concealed in proposal form that deceased had been remained admitted in hospital from last 10 years and he is addicted of drug items.

On contrary the opposite party- complainant has stated that death was not occurred due to drug addict but it was occurred due to heart stroke but no such documentary evidence has been produced which may show that death took place because of heart stroke. In this situation it cannot be said that death has not taken place because of intoxication.

The opposite party has also objection that he got done treatment for drugs rehabilitation and in this regard no document and affidavit of examiner regarding examination report has been produced. It in correct that no affidavit has been produced to prove both things but these documents have not been disputed by complainant- OP in any manner. The opposite party-complainant in his affidavit has not made any statement documents by denying these documents.

On contrary the witness Neelam Singh, authorized representative of SBI Life Insurance Company has proved these documents that deceased was registered in Tek Chand Sidana Memorial Hospital and D-Addiction Centre, Shri Ganga Nagar and he remained admitted there. As such it is completely cleared from these documents that the deceased has obtained the insurance by concealing material facts.

The complainant has also raised objection that the deceased had no knowledge of English language and he put his signatures on proposal form without reading same. It this situation does exist then in that event also the deceased cannot escape himself from the responsibilities established from proposal form. He has put his signatures on proposal form then it will be considered that he has put his signatures after reading and understanding the same.

The appellant has produced the judgment 2014 NCJ 861 (NC): LIC of India Vs. Neelam Sharma wherein this situation has been curtained that where the correct answers are not given in proposal form then it will be treated as suppression of material facts and rejecting claim by insurance company is fair. In this consequence the judgment IV (2009) CPJ 8 SC: Satwant Kaur Sandhu vs. New India Assurance Co. Ltd. has been produced wherein while filling up the proposal form, the fact of ailment has been concealed and in this situation rejection of insurance claim has been considered fit. The situation is similar in present case also. While filling up the proposal form, it was concealed that the deceased was drug addict person and he was getting treatment D- addiction and for this purpose he remained admitted in hospital also.

The OP further contended that there is no relation between death and drugs addiction because the death was not occurred due to drugs addiction but due to above mentioned reason. There is no evidence that the death had taken place because of heart stroke but for the sake of this argument if it may consider then in that event also it is cleared in II (2014) CPJ 95 (NC): LIC of India Vs. Veena that if the reason of death and disease has no direct relation but if the wrong facts have been concealed then the claim should be rejected. Hence, the objection by opposite party is baseless.

As such it is cleared that the deceased obtained policy by concealing facts and as per decision passed in Satwant Kaur Sandhu, the insurance company was authorized to reject the insurance claim. Accordingly appeal is allowed and the decision dated 20.04.2015 passed by District Forum, Hanumangarh, is dismissed."

7. Being dissatisfied by the Impugned Order dated 28.04.2016 passed by the State Commission, the Petitioner / Complainant has filed the instant Revision Petition bearing no.1972 of 2016.

8. I have examined the pleadings and other associated documents placed on record and rendered thoughtful consideration to the arguments advanced by the learned Counsels for both the parties.

9. The case of the Petitioner revolves around the rejection of a death claim under a life insurance policy by stating that the husband of complainant gave wrong answer of question No.13(4) and 13(16) of policy and concealed about his treatment of deaddiction of drugs. She is the nominee of the deceased policyholder and contended that the claim was wrongfully repudiated by the insurer and asserted that the DLI never concealed any material fact and her husband was died due to heart attack which is not related to any addiction of drugs. Therefore, the repudiation is unjustified. He argued that the State Commission failed to consider the basic premise of the life insurance policy and should not be arbitrary. He sought due settlement of the claim and uphold the order of the District Forum.

10. On the other hand, the contentions and arguments of the Respondent/OP revolve around the assertion that his claim was rightly repudiated due to non-disclosure of material facts at the time of taking the insurance policy. He further contended that the proposer has a duty to disclose pre-existing ailments health condition to the insurer. He has relied upon the following judgments:

A. Subhash Kumar vs. Branch Manager, Bajaj Allianze Life Insurance Co. Ltd. & Anr., R.P. No.2049 of 2017, decided on 01.05.2024 by the NCDRC;

B. Bajaj Allianz Life Insurance Company Ltd. v. Dalbir Kaur, 2020 SCC OnLine SC 848;

C. Reliance Life Insurance Co. Ltd. v. Rekhaben Nareshbhai Rathod, (2019) 6 SCC 175.

11. In this revision petition, the core issue revolves around the non-disclosure of medical history by the DLA, particularly his treatment for drug addiction. The petitioner contended that her late husband had taken a insurance for Rs. 5,00,000/- on 31.01.2013 and died due to cardiac arrest on 16.04.2013. However, the claim was repudiated on the grounds that the DLA failed to disclose his past medical treatment for drug addiction, which the respondent insurer deemed a material non-disclosure. The proposal form required the DLA to disclose his complete medical history, particularly any prior treatments, including for drug addiction. It is an admitted fact that the DLA had undergone treatment at a de-addiction centre but did not disclose this in response to specific questions (Nos. 13(4) and 13(16)) in the policy form.

12. Under the principle of **utmost good faith**, as affirmed by Hon'ble Supreme Court in **Bajaj Allianz Life Insurance Company Ltd. v. Dalbir Kaur (Supra)**, the insured is obliged to disclose all material facts that might affect the insurer's decision to assume the risk.

13. In **Reliance Life Insurance Co. Ltd. v. Rekhaben Nareshbhai Rathod (Supra)**, the Supreme Court held that suppression of material facts in the proposal form renders the insurance policy voidable by the insurer. The DLA’s failure to disclose his de-addiction treatment could have influenced the insurance company's decision to issue the policy or adjust the premium based on the increased risk associated with his health condition. The DLA died within a few months of taking the policy. While the death was due to cardiac arrest, the OPs asserted that the undisclosed medical history of drug addiction and treatment increased the risk of death, regardless of the immediate cause.

14. In ***Mahakali Sujhata v. Branch Manager, Future General Insurance Co Ltd.,*** 2024 LiveLaw (SC) 300, decided on 10.04.2024, the Hon’ble Supreme Court explained the test to determine what constitutes as a ‘material fact’ in cases of insurance as follows:

> “25. The basic test hinges on whether the mind of a prudent insurer would be affected, either in deciding whether to take the risk at all or in fixing the premium, by knowledge of a particular fact if it had been disclosed. Therefore, the fact must be one affecting the risk. If it has no bearing on the risk it need not be disclosed and if it would do no more than cause insurers to make inquiries delaying issue of the insurance, it is not material if the result of the inquiries would have no effect on a prudent insurer.
>
> 26. Whether a fact is material will depend on the circumstances, as proved by evidence, of the particular case. It is for the court to rule as a matter of law, whether, a particular fact is capable of being material and to give directions as to the test to be applied.
>
> 27. If a fact, although material, is one which the proposer did not and could not in the particular circumstances have been expected to know or its materiality would not have been apparent to a reasonable man, his failure to disclose it is not a breach of his duty.”

15. In the present case, it is the contention of the Petitioner that the deceased insured was covered under the life insurance policy from 31.01.2013 for maturity sum assured Rs.5 Lakh. However, the insured died on 16.04.2013. There is no denial on behalf of the complainant that the deceased had not taken any treatment of de-addiction prior to taking the insurance policy and the same is not shown in the proposal form. The complainant contended that the death was due to cardiac arrest. In the light of the principles set forth by the Supreme Court and the admitted facts of non-disclosure, the non-disclosure of the DLA’s treatment for drug addiction constitutes material non-disclosure. The insurer had a valid reason to repudiate the claim based on the failure of the DLA to disclose his medical history. Based on the aforesaid discussions and the precedents established by the Hon’ble Supreme Court, I am of the considered view that the Order of the State Commission dated 28.04.2016 does not suffer from any infirmity which warrants the interference of this Commission in revisional jurisdiction.

16. The Revision Petition No.1972 of 2016 is, therefore, **dismissed**.

17. Considering the facts and circumstances of the case, there shall be no order as to costs.

18. All pending Applications, if any, also stand disposed of accordingly.

....

AVM J. RAJENDRA, AVSM VSM (Retd.)
PRESIDING MEMBER