**(2008) 08 NCDRC CK 0004**

**In the National Consumer Disputes Redressal Commission**

Manju Bala, Harish Kumar — APPELLANT

Vs

Zonal Manager , BRANCH MANGER , Branch Manager Life Insurance Corporation of India , Divisional Manager Divisional Office — RESPONDENT

**Date of Decision :** 29-08-2008

**Acts Referred:**

**Citation :** 2008 0 NCDRC 47 : 2008 4 CPJ 253

**Hon'ble Judges :** S.N.Kapoor , B.K.Taimni , Anupam Dasgupta J.

**Final Decision :** Petition dismissed

## Judgement

1. THIS revision petition seeks to challenge the order dated 25th February 2008 of the Punjab State Consumer Disputes Redressal Commission, Chandigarh, (the State Commission) in Appeal No. 1657 of 2002. By this order, the State Commission allowed the appeal of the respondent Life Insurance Corporation of India (LIC) and set aside the order dated 25th September 2002 of the District Consumer Disputes Redressal Forum, Faridkot (the District Forum).

2. THE brief facts are that the husband of the petitioner, namely, Harish Kumar took out two life insurance policies on 31st May 1996 for Rs.1 lakh each. He died on 30th March 1997. THE petitioner (widow), the nominee in the two LIC policies, filed a claim for payment. THE respondent LIC repudiated the claim by its letter dated 31st March 1998 on the ground that the assured Harish Kumar had concealed material facts about his health at the time of taking out the said policies. Aggrieved by this, the petitioner filed a complaint with the District Forum which held the LIC guilty of deficiency in service and directed it to pay the complainant Rs.2 lakh (the sum assured) with interest @ 9 per cent per annum from 7th December 2000 till the date of payment. This order of the District Forum was challenged in appeal by the LIC, leading to the impugned order of the State Commission. We have gone through the record before us and considered the submissions of the learned counsel for the petitioner. In its detailed and eminently well - reasoned order, the State Commission has come to the

 

conclusion that in the policy proposal forms the deceased Harish Kumar had clearly made false declarations regarding his status of his health on the date of signing the said forms. Referring to and analysing the affidavits and the records of examination-in-chief and the cross-examination of the complainant and the key witnesses of the LIC before the District Forum, the State Commission has arrived at the finding that the said Harish Kumar was admitted to a hospital (Ram Saran Dass Kishori Lal Charitable Trust Hospital, Amritsar) on 1st June 1996, i.e., the day immediately after signing the proposal forms for the LIC policies on 30th May 1996. He underwent treatment for kidney disease for seven days at this hospital. He was re-admitted to the same hospital on 25th June 1996 for twenty days, out of the period of 46 days from the date of filing of the proposal forms (30th May 1996) and that of acceptance of the insurance policies (15th July, 1996). He, in fact, underwent a kidney transplant surgery on 28th June 1996, i.e., within twenty eight days of filing the proposal forms. And, yet he failed to intimate the LIC of this changed condition of his health, as clearly required under the terms and conditions of the proposal forms. He was again hospitalised for kidney problems between 24th February 1997 and 6th March 1997 and finally on 27th March 1997 till his death on 30th March 1997.

From the material on record, including hospital records and the statements of the surgeon who performed the renal transplant surgery on the deceased assured, the State Commission has rightly concluded that the assured could not have developed such a serious kidney ailment, calling for renal transplant on 28th June 1996 (i.e., within twenty eight days of filing of the insurance policy proposal forms) if he was indeed hale and hearty on 31st May 1996, as he stated in his replies to specific questions in the annexures attached to the proposal forms. He also failed to comply with the stipulation to infirm the material fact of his disease and hospitalization during the period between filing of the proposal forms and acceptance of the policies by the LIC. And, therefore, there was no deficiency of service, in terms of the provisions of the Consumer Protection Act, 1986 on the part of the LIC in repudiating the insurance claim.

3. THE established non-disclosure of vital facts concerning the condition of his health in the proposal forms and non-communication of the renal complications that the assured suffered immediately after initiation of the proposals and well before acceptance of the policies are so starkly clear in this case that it is once again necessary to iterate the principle of uberrima fides (utmost good faith) to be observed in seeking insurance policies, a point which has been emphasised by the Apex Court. We are also constrained to observe that such proposals for life insurance can never really be initiated, leave alone get accepted, unless the field employees and agents of the LIC actively cooperate and collaborate in the process. This is a hardy perennial of an issue the means to tackle which the LIC would be well advised to consider seriously. Apart from encouraging the lay persons to seek life insurance policies at the cost of sacrificing the basic canons of truthfulness, such practices clog up the channels of consumer grievance redressal and retard the pace of dispensation of justice in cases of genuine

 

grievances. In view of the aforesaid discussion, we have no hesitation in holding that the impugned order of the State Commission is just and equitable and suffers from no legal infirmity, material irregularity or jurisdictional error which would call for any interference. The revision petition is accordingly dismissed.

 