

**NATIONAL CONSUMER DISPUTES REDRESSAL COMMISSION
NEW DELHI**

REVISION PETITION NO. 1579 OF 2023

(Against the Order dated 18/04/2023 in Appeal No. 1049/2017 of the State Commission
Haryana)

1. LIFE INSURANCE CORPORATION OF INDIA
NORTHERN ZONAL OFFICE JEEWAN BHARTI,
CONNAUGHT PLACE, NEW DELHI 110001
NEW DELHI
DELHI

.....Petitioner(s)

Versus

1. SMT SUNITA DEVI & ANR
HOUSE NO.79, WARD NO.6, SHIV COLONY, ASSANDH
KARNAL, HARYANA
KARNAL
HARYANA
2. SH SOMBIR S/O SH RAM SINGH
VILLAGE ADIYANA, THE MADLAUDA, PANIPAT,
HARYANA
PANIPAT
HARYANA

3.
....

.....Respondent(s)

BEFORE:

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

FOR THE PETITIONER :	FOR PETITIONERS : MR.RAJESH MAHINDRU, ADVOCATE
FOR THE RESPONDENT :	FOR RESPONDENTS : MR. NAMAN DHIMAN, ADVOCATE FOR R1 MR. SUNIL KAUSHIK, ADVOCATE FOR R2

Dated : 23 September 2024

ORDER

1. This Revision Petition has been filed under Section 58(1)(b) of the Consumer Protection Act, 2019 (the "Act") against impugned order dated 18.04.2023, passed by the Haryana State Consumer Disputes Redressal Commission, Panchkula ('State Commission') in FA No.1049 of 2017 wherein the State Commission dismissed the Appeal and affirmed the order dated 14.07.2017, passed by District Consumer Disputes Redressal Forum, Panipat ("District Forum") in CC No.257 of 2015, wherein the Complaint was allowed.

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

3. Brief facts, as per the complainants, are that her husband, Sh. Suresh Kumar, obtained life insurance policy No. 178455543 from the Opposite Party (OP) on 28.05.2014 for a sum assured of Rs.10,00,000, which was valid until 28.05.2035. The policy was operative from 09.06.2014, and she is the nominee. The half-yearly premium of Rs.26,143 was paid. Unfortunately, the policyholder died on 21.07.2014 due to an electric shock. Following his death, she submitted the required documents and filed a claim. However, the OP failed to pay the claim, leading the complainant to allege deficiency in service and file a complaint.

4. In reply, OP-1 contested the complaint, asserting that it was not maintainable and that she had no locus standi. She concealed material facts and filed the complaint with ulterior motives to harass and harm OP. The deceased policyholder had history of serious health conditions, including a right-sided obstructed injured hernia, left-sided hydrocele, Hepatitis C, septicaemia and diabetes. He was admitted to Sachdeva Hospital Karnal from 05.05.2014 to 09.05.2014 and had undergone surgery before purchasing the insurance policy. Despite specific questions, these facts were not disclosed in the proposal form dated 06.06.2014. The life assured made declarations in the proposal form, stating that the details provided were the basis of the contract, and any untrue statements would render the contract null and void, with all premiums forfeited. As a result of the non-disclosure of these medical conditions, OP-1 repudiated the claim through a letter dated 23.02.2015. The complainant later appealed to the Zonal Office of OP-1 on 01.05.2015, but the Zonal Office upheld the repudiation, informing her via letter dated 13.08.2015. OP-1 argued that the life assured was not in good health at the time of taking the policy, and as a result, the policy became null and void. Therefore, they claimed that the rejection of the claim was justified, and there was no deficiency in service on their part. OP-2 was proceeded ex-parte vide District Forum order dated 04.07.2016.

5. The District Forum, vide order dated 14.07.2017, allowed the complaint and directed as under:

7. So as a result of our aforementioned findings and observations, we accept the present complaint and direct the OPs to make the payment of the sum assured to the complainant, within a period of 30 days from the date of receipt of the copy of this order. The complainant shall also be entitled for a sum of Rs.3300/- for the mental harassment caused to him and the litigation expenses, The parties concerned be communicated of the order accordingly and the file be consigned to the record room after due compliance.”

6. Being aggrieved by the District Forum order dated 14.07.2017, the OPs filed an Appeal and the State Commission vide order dated 18.04.2023 dismissed the Appeal with the following observations:

7. Learned counsel for appellant/OP No.1 has been heard at length and with her assistance; record has been perused.

8. It is admitted that deceased-life assured had obtained insurance policy on 28.05.2014 for sum of Rs.10.00 lacs which was operative from 28.05.2014 to 28.05.2035 and risk commenced from 09.06.2014. It is Ex.R-1/Ex.C-8. Against this policy, half yearly premium of Rs.26143/- has been paid as per receipt Ex. C-11. Note:- As per document R-2, amount of premium is Rs.25359/-. Also it is admitted fact that complainant, being wife of deceased life assured was his nominee in policy. Also it is admitted that; on the day of death of life assured; policy Ex.R-1/Ex.C-8 was 'live, operative and effective'.

9. There is no denying fact that deceased life assured had not disclosed about his pre-existing ailments being suffering from (Rt) sided obstructed injured hernia, (L) sided hydrocele, hepatitis C +ve, septicaemia diabetes in proposal form dated 06.06.2014. Now, poser before this Commission is whether this non-disclosure by life assured would become a ground to repudiate the claim under policy or not? Answer to this poser is in negative. Reason is obvious. Deceased-life assured had not died due to any of pre-existing ailments from which he was suffering. Instead his death had caused due to electrocution. It is proved from bed head ticket (Ex. C2) dated 21.07.2014 that death of deceased has reasonable/proximate nexus with his pre-existing disease, even remotely. Absolutely, there is no co-relation between cause of death of life assured, with his pre-existing ailments.

10. Had, the deceased life assured been died due to his pre-existing medical problems/ailments as specified above then, factum of non-disclosure of life assured in the proposal form dated 06.06.2014 could have made hallmark of difference and might have stimulated the cause of OP No. 1/appellant herein, to repudiate the claim, but this was not factual scenario in present case. Thus, the repudiation of claim by OP No.1/appellant due to above reason cannot legally sustain. Rightly, it has been observed by learned District Commission that OP No.1/appellant was negligent and deficient in its service. In wake of above critical discussion; no interference in well reasoned order dated 14.07.2017 of District Commission is warranted. Impugned order dated 04.07.2017 is maintained and affirmed. Appeal being devoid of merits stands dismissed.

11. Statutory amount of Rs.25,000/- has been deposited along with appeal by the appellant as it is apparent from file. It is also apparent from file that this Commission vide order dated 01.08.2018 has directed that awarded amount along with interest awarded by District Commission, Panipat be deposited and on deposit, it be disbursed to complainant after furnishing adequate security to the satisfaction of District

Commission. In these circumstances, amount of Rs.25,000/- be refunded to appellant against proper receipt and identification in accordance with rules, after the expiry of period of further appeal/revision, if any.

12. Applications pending, if any stand disposed of in terms of the aforesaid Judgment.”

7. Dissatisfied by the Impugned Order dated 18.04.2023, the OP filed the instant Revision Petition No. 1579 of 2023.

8. In his contentions and arguments of the learned Counsel for the Petitioner/OP revolves around the assertion that the Complainant's claim was rightly repudiated due to non-disclosure of material facts regarding the previous ailments 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. There need not be any nexus between the cause of death and false declaration made in the proposal. He relied on the following judgments:

A. Reliance Life Insurance Co. Ltd. & Anr. vs. Rekhabeen Nareshbhai Rathod, 2019 (6) SCC 175;

B. LIC vs. Kusum Patro, R.P. No.1585/2011 decided on 19.05.2012 by the NCDRC.

C. Rajeev Sharma vs. LIC of India & Anr., RP No.1469 of 2016, decided on 09.02.2024 by the NCDRC.

9. On the other hand, the learned counsel for complainant contended that the case revolves around the rejection of death claim under a life insurance policy. He argued that the complainant is the nominee of the deceased policyholder and contended that the claim was wrongfully repudiated by the insurer and the same is unjustified. He further contended that the cause of death of the deceased insured was not related to pre-existing illness and the insured died accidentally due to electrocution. He further argued that the insured had paid the total instalment premium of Rs.25,350/- including accidental death and disability benefit rider instalment premium of Rs.500/-. He argued in favour of the concurrent findings of the Fora below. He sought to dismiss the present Revision Petition with costs.

10. I have examined the pleadings and associated documents placed on record, including the orders of the learned District Forum and the State Commission and rendered thoughtful consideration to the arguments advanced by the learned counsel for the Petitioners.

11. The main issue to be determined is whether, notwithstanding his false answers to the specific questions with respect to his health/ medical conditions, the Respondent No.1/ Complainant is entitled to claim against the death of the deceased life insured (DLI), who died accidentally by electrocution?

12. It is undisputed that the DLI had obtained the insurance policy No.178455543 from the OPs and the same is valid from 28.05.2014 to 28.11.2034. The DLI paid the half yearly total premium Rs.25,350 as well as accidental death and disability benefit rider instalment premium of Rs.500 until his death. Therefore, admittedly, the said policy was active at the time of accident/death of the insured due to electrocution on 21.07.2014. With regard to entitlement of claim of accidental death under the Insurance Policy, the relevant Condition No.11 of "Conditions and Privileges of the Insurance Policy is reproduced as under:

"11. LIC's Accidental Death and Disability Benefit Rider: An 'Accident' for the purpose of this policy is defined as "An Accident is a sudden, unforeseen and involuntary event caused by external, violent and visible means."

LIC's Accidental Death and Disability Benefit Rider is available on payment of additional premium. This benefit will not be available under the policy on the life of minors, during minority of the Life Assured, However, this Rider will be available from the policy anniversary following completion of age 18 years on receipt of specific request and payment of additional premium, if found eligible as per the underwriting rules of the Corporation.

Subject to as stated above, under an in force policy the Accidental Death and Disability Benefit Rider can be opted for at any time within the premium paying term but before the policy anniversary on which the age nearer birthday of the Life Assured is 70 year. Wherever this rider has been opted for under the policy, the cover will be available during the policy term or before the policy anniversary on which the age nearer birthday of the Life Assured is 70 years, whichever is earlier provided the Policy is in force for the full Sum Assured as on date of accident.

The additional premium for this Rider will not be required to be paid alter all premiums under this Policy have been paid or on and after the policy anniversary on which the age nearer birthday of the Life Assured is 70 years, whichever la earlier. However, the premium under the basic policy with which this rider is attached shall continue to be paid beyond age 70 years till the end of policy term; wherever applicable.

The maximum aggregate limit of assurance under all policies Including policies with in-built Accident Benefit taken with Life Insurance Corporation of India under

Individual policies as well as group policies on the same life to which following "benefits apply shall not in any event exceed Rs.50 lakhs of Accident Benefit Sum Assured. If there be more policies than one and if the total Accident Benefit Sum Assured exceeds Rs.50 lakhs, the benefits shall apply to the first Rs.50 lakhs Accident Benefit Sum Assured in order of date of policies issued.

If the Life assured is involved in an accident at any time when this Policy is in force for the full Sum Assured, and such Injury shall within 180 days of its occurrence solely, directly and independently of all other causes result in (a) either permanent and total disability, as hereinafter defined or (b) death of the Life assured and the same is proved to the satisfaction of the Corporation, the Corporation agrees in case of:

- a. ***Disability to the Life Assured: ...***
- b. ***Death of the Life Assured: In addition to Basic Sum Assured, an additional sum equal to the Accident Benefit Sum Assured shall be payable under this policy. However, the policy shall have to be in force at the time of accident irrespective of whether or not it is in force at the time of death.***

The Corporation shall not be liable to pay the additional sum referred in (a) or (b) above, if the disability or the death of the Life Assured shall:

(i) be caused by intentional self injury, attempted suicide, insanity or Immorality or whilst the Life Assured is under the influence or consumption of intoxicating liquor, narcotic or drug (unless prescribed by doctor as a part of treatment); or

(ii) be caused by injuries resulting from taking any part in riots, civil commotion, rebellion, war (whether war be declared or not), invasion, hunting, mountaineering, steeple chasing, racing of any kind paragliding or parachuting taking part in adventurous sports; or

(iii) result from the Life Assured committing any criminal act with criminal Intent; or

(iv) (a) arise from employment of the Life Assured in the armed forces or military service. This exclusion is not applicable if the Life Assured was involved in an accident when he la not on duty or was involved in any rescue operations while combating natural calamities in our country.

(iv)(b) arise from being engaged in police duty (which excludes administrative assignments) in any police organization other than paramilitary forces. This exclusion is not applicable where the option to cover Accidental Death and Disability Benefit arising on accident while engaged in police duty, has been chosen; or

(v) occur after 180 days from the date of accident of the Life Assured.”

13. The Hon'ble Supreme Court in the case of ***Life Insurance Corporation of India and Anr. Vs. Sunita, SLP (Civil) No.13868 of 2019, decided on 29.10.2021*** has held as under:

“7. In order to appreciate the rival contentions raised by the learned counsels for the parties, apt would be to reproduce the relevant conditions of the policy in question. Relevant condition nos. 3, 4, and 11 read as under:

“3. Revival of Discontinued Policies: If the policy has lapsed, it may be revived during the life time of the Life Assured, but within a period of five years, from the due date of the first unpaid premium and before the date of Maturity, on submission of proof of continued incurability to the satisfaction of the corporation and the payment of all the arrears of premium together with interest compounding half yearly at such rates as may be fixed by the Corporation from time to time. The Corporation, reserves the rights to accept or accept with modified terms or decline the revival of Discontinued Policy. The revival of a Discontinued Policy shall take effect only after the same is approved by the Corporation and is specifically communicated to the proposer/Life Assured.

4 Non-forfeiture Regulations:

(a) If, after at least 3 full years premiums have been paid in respect of this Policy, any subsequent premiums be not duly paid, this Policy shall not be wholly void, but shall subsist as a Paid-up Value which shall be payable in case of death/Maturity and shall depend on the number of years for which premiums have been paid and shall be greater of a sum that bears the same ratio to the Maturity Sum Assured as the number of premiums actually paid shall bear to the total number of premiums originally stipulated in the Policy.

OR

The surrender value as per para 7 below assuming that the policy has been surrendered on the date of death/Maturity, as the case may be.

11. Accident Benefit (If opted for): If at any time when this policy is in force for the full sum assured or reduced sum assured in case of partial surrender of the policy, the life assured, before the expiry of the policy term or the policy anniversary on which the age nearer birthday of the Life Assured is 70 years, whichever is earlier, is

involved in an accident resulting in either permanent disability as hereinafter defined or death and the same is proved to the satisfaction of the Corporation, the Corporation agrees in the case of :-

(a).....

(b) Death of the Life Assured: to pay an additional sum equal to the Accident Benefit Sum Assured under this Policy, if the life assured shall sustain and bodily injury resulting solely and directly from the accident caused by outward, violent and visible means and such injury shall within 180 days of its occurrence solely, directly and independently of all other causes result in the death of the life assured.”

8. Now, so far as the facts of this case are concerned, it is not disputed that the husband of the complainant had taken the life insurance policy on 14.04.2011, that the next premium had fallen due on 14.10.2011 but was not paid by him, that the husband of the complainant met with an accident on 06.03.2012, that thereafter the premium was paid on 09.03.2012 and that he expired on 21.03.2012. It is also not disputed that at the time of making payment of premium on 09.03.2012, it was not disclosed by the complainant or her husband to the appellant-Corporation about the accident which had taken place on 06.03.2012. The said conduct on the part of the complainant and her husband in not disclosing about the accident to the corporation not only amounted to suppression of material fact and lacked bona fides but smacked of their mala fide intention, and therefore, the Accident benefit claim of the complainant was liable to be rejected on the said ground alone. It is well settled legal position that in a contract of insurance there is a requirement of Uberrima fides i.e. good faith on the part of the assured. The Supreme Court in case of Vikram Greentech (I) Ltd. V/s New India Assurance Co. Ltd. (2009) 5 SCC 599, while dealing with the contract of insurance held as under:-

“16. An insurance contract, is a species of commercial transactions and must be construed like any other contract to its own terms and by itself. In a contract of insurance, there is requirement of uberrima fides i.e. good faith on the part of the insured. Except that, in other respects, there is no difference between a contract of insurance and any other contract.

17. The four essentials of a contract of insurance are: (I) the definition of the risk, (ii) the duration of the risk, (iii) the premium, and (iv) the amount of insurance. Since upon issuance of the insurance policy, the insurer undertakes to indemnify the loss suffered by the insured on account of the risks covered by the insurance policy, its terms have to be strictly construed to determine the extent of liability of the insurer.

18. The endeavour of the court must always be to interpret the words in which the contract is expressed by the parties. The court while construing the terms of policy is

not expected to venture into extra liberalism that may result in rewriting the contract of substituting the terms which were not intended by the parties. The insured cannot claim anything more than what is covered by the insurance policy. (General Assurance Society Ltd. v. Chandmull Jain (1966) 3 SCR 500, Oriental Insurance Co. Ltd. v. Sony Cheriyan AIR 1999 SC 3252 and United India Insurance Co. Ltd. v. Harchand Rai Chandan Lal (2004) 8 SCC 644)."

9. From the afore-stated legal position, it is clear that the terms of insurance policy have to be strictly construed, and it is not permissible to rewrite the contract while interpreting the terms of the Policy. In the instant case, condition no. 11 of the Policy clearly stipulated that the policy has to be in force when the accident takes place. In the instant case, the policy had lapsed on 14.10.2011 and was not in force on the date of accident i.e. on 06.03.2012. It was sought to be revived on 09.03.2012 after the accident in question, and that too without disclosing the fact of accident which had taken place on 06.03.2012. Thus, apart from the fact that the respondent-complainant had not come with clean hands to claim the add on/extra Accident benefit of the policy, the policy in question being not in force on the date of accident as per the condition no. 11 of the policy, the claim for extra Accident benefit was rightly rejected by the appellant-Corporation. Since, clause 3 of the said terms and conditions of the policy permitted the renewal of discontinued policy, the appellant-Corporation had revived the policy of the respondent-complainant by accepting the payment of premium after the due date and paid Rs. 3,75,000/- as assured under the policy, nonetheless for the Accident benefit, the policy had to be in force for the full sum assured on the date of accident as per the said condition no. 11. The said Accident benefit could have been claimed and availed of only if the accident had taken place subsequent to the renewal of the policy. The policy in the instant case was lying in a lapsed condition since 14th October, 2011 and, therefore, was not in force as on 06.03.2012, resultantly, the claim over Accident benefit was not payable to the respondent as per the conditions of the contract of insurance."

14. Perusal of Condition No.11 of the Insurance Policy cited above and the judgment of the Hon'ble Supreme Court in the case of ***Life Insurance Corporation of India and Anr. Vs. Sunita (Supra)***, the contention of the Insurance Company regarding the condition of concealment of the pre-existing ailments in the proposal form at the time of taking the insurance policy is not binding for the claim of the Accidental Benefit under the Policy in question. It is undisputed that the life insured had died accidental due to electrocution during the subsistence of the insurance policy. It is also undisputed that the deceased life insured had paid the additional premium regarding the Accidental Death and Disability Benefit Rider Installment premium of Rs.500/- and the said policy was active at the time of accidental death of the life insured. Therefore, in my considered view the Respondent No.1/Complainant is entitled the claim regarding the accidental death of the life insured due to electrocution.

15. Also, it is a well settled position in law that revision under Section 58(1)(b) of the Act, 2019, (*which is pari materia to Section 21(b) of the Act, 1986*) confers limited jurisdiction on

this Commission. In the case in question there are concurrent findings of the facts and scope for revisional jurisdiction is limited. On due consideration of the entire facts and circumstances of the case, I do not find any illegality, material irregularity or jurisdictional error in the orders passed by the State Commission warranting interference in revisional jurisdiction. I rely upon the decision of Hon'ble Supreme Court in '**Rubi (Chandra) Dutta Vs. M/s United India Insurance Co. Ltd., (2011) 11 SCC 269**'. Also, in '**Sunil Kumar Maity Vs. State Bank of India & Anr. CA No. 432 of 2022** dated 21.01.2022 Hon'ble Supreme Court, has held: -

"9. It is needless to say that the revisional jurisdiction of the National Commission under Section 21(b) of the said Act is extremely limited. It should be exercised only in case as contemplated within the parameters specified in the said provision, namely when it appears to the National Commission that the State Commission had exercised a jurisdiction not vested in it by law, or had failed to exercise jurisdiction so vested, or had acted in the exercise of its jurisdiction illegally or with material irregularity. In the instant case, the National Commission itself had exceeded its revisional jurisdiction by calling for the report from the respondent-bank and solely relying upon such report, had come to the conclusion that the two fora below had erred in not undertaking the requisite in-depth appraisal of the case that was required."

16. Similarly, the Hon'ble Supreme Court in '**Rajiv Shukla Vs. Gold Rush Sales and Services Ltd. (2022) 9 SCC 31**', it was held that:-

As per Section 21(b) the National Commission shall have jurisdiction to call for the records and pass appropriate orders in any consumer dispute which is pending before or has been decided by any State Commission where it appears to the National Commission that such State Commission has exercised its jurisdiction not vested in it by law, or has failed to exercise a jurisdiction so vested, or has acted in the exercise of its jurisdiction illegally or with material irregularity. Thus, the powers of the National Commission are very limited. Only in a case where it is found that the State Commission has exercised its jurisdiction not vested in it by law, or has failed to exercise the jurisdiction so vested illegally or with material irregularity, the National Commission would be justified in exercising the revisional jurisdiction. In exercising of revisional jurisdiction the National Commission has no jurisdiction to interfere with the concurrent findings recorded by the District Forum and the State Commission which are on appreciation of evidence on record.

17. Considering the above discussion, it is evident that the State Commission order dated 18.04.2023 in Appeal No.1049/2017; and the District Forum order dated 14.07.2017 do not suffer any illegality or material irregularity. Therefore, the same are affirmed.

18. Therefore, Revision Petition No.1579 of 2023 is dismissed.

19. Considering the circumstances of the case, there shall be no order as to costs. All pending applications, if any, are disposed of accordingly.

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