

**NATIONAL CONSUMER DISPUTES REDRESSAL COMMISSION
NEW DELHI**

**RESERVED ON: 02.12.2025
PRONOUNCED ON: 01.01.2026**

REVISION PETITION NO. 176 OF 2020

(Against the Order dated 22.10.2019 in Appeal No.529/2016 of the
Andhra Pradesh State Consumer Disputes Redressal Commission,
Vijayawada)

1. The Branch Manager,
Life Insurance Corporation of India,
Palamaner Branch, Palamaner Town,
Post & Mandal, Chittoor District,
Andhra Pradesh.

2. The Divisional Manager,
Life Insurance Corporation of India,
Dargamitta, Nellore Town,
Post & Mandal, Nellore District,
Andhra Pradesh.

Both through:-

The Deputy Secretary (Legal),
CO (Legal) Cell, Life Insurance Corporation of India,
H-39, 1st Floor, New Asiatic Building,
Connaught Place,
New Delhi-110001.

.... Petitioners

Versus

M. Charan Reddy,
S/o. Late M. Dharmendra Reddy,
R/o D. No. 31-8-5-1, LIC Colony,
Punganur Town, Post & Mandal,
Chittoor District,
Andhra Pradesh.

.... Respondent

BEFORE:

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

HON'BLE MR. JUSTICE ANOOP KUMAR MENDIRATTA, MEMBER

For Petitioners : Mr.Ankur Goel, Advocate

For Respondent : Mr.Ravi Kumar Sadineni, Advocate (VC)

JUDGMENT

AVM JONNALAGADDA RAJENDRA, AVSM, VSM (Retd), MEMBER

1. This Revision Petition has been filed under Section 21(b) of the Consumer Protection Act, 1986 (the "Act") against the Andhra Pradesh State Consumer Disputes Redressal Commission at Vijayawada ('State Commission') order dated 22.10.2019 in FA No. 529/2016 wherein the State Commission dismissed the Appeal filed by the OPs and affirmed the District Consumer Disputes Redressal Forum, Chittoor, ('the District Forum') order dated 03.08.2016 which partly allowed the complaint.

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 his father Shri Dharmendra Reddy, during his lifetime had taken life insurance for a total sum of ₹10,00,000 under five life insurance policies of ₹2,00,000 each from the opposite parties (OPs) vide Policy No. 844214325 dated 20.08.2009; Policy No.844214326 dated 26.08.2009; Policy No.844214327 dated 28.08.2009; Policy No. 844214328 dated 26.08.2009; and Policy No. 844214329 dated 28.08.2009. In the said policies, the complainant, who was a minor at the relevant time, was nominated as beneficiary. While his mother, M. Kantharani was recorded as the guardian. Shri Dharmendra Reddy died on 20.12.2010 leaving behind the complainant and his mother, and as on the date of death all the aforesaid policies were in force. The complainant was born on 10.06.1997 and attained majority in the year 2015. While the other policies taken by the deceased were settled by OP-1, the claims filed by the complainant's mother as guardian under the aforesaid policies were repudiated by the OPs on the grounds of prematurity and suppression of material facts regarding health. Despite appeals dated 20.04.2011

before the Zonal Office, South Central Zone, Jeevan Bagh, Secretariat, Hyderabad, and thereafter before the Central Office, Mumbai, the claim was repudiated with advice to approach the Insurance Ombudsman. The claims were ultimately rejected by order dated 19.01.2015 on the basis that the insured had undergone treatment from 13.03.2008 to 15.03.2008 at NIMHANS Hospital, Bangalore, for alcohol dependence syndrome. The complainant contended that such repudiation is arbitrary and without legal basis, as the insured had been medically examined by the doctors of the OPs prior to the issuance of policies and was duly certified to be hale and healthy, without any subsisting ailment or suppression of material facts at the time of proposal. The rejection of the claims without examining the treating doctors constitutes deficiency in service on the part of the OPs. He thus files a consumer complaint before the District Forum seeking sum assured of all the policies along with interest, compensation and litigation costs.

4. The OPs, in their written version, contended that all the policies were obtained by the insured through misrepresentation and the insured concealed material facts about his alcoholism and liver disease at the time of submitting the proposal forms. The insured was a chronic alcoholic and suffered from liver diseases such as sepsis and Acute Pancreatitis and Alcoholic Hepatitis. The insured's death on 20.12.2010 after purchasing the policies supports their claim that he concealed his medical condition. Based on these grounds, the insurance company has rejected the complainant's claim, asserting that they are not liable to pay the amounts under the disputed policies.

5. The learned District Forum vide Order dated 03.08.2016 partly allowed the complaint with the following directions:-

“27) In the result, the complaint is partly allowed, directing the opposite parties 1 and 2 jointly and severally to pay a sum of Rs.10,00,000/- (Rupees ten lakhs only) i.e., Rs.2,00,000/- under

each policy with interest at 9% p.a. from the date of repudiation i.e., 31.03.2011, till realization and the opposite parties 1 and 2 jointly and severally directed to pay Rs.50,000/- towards compensation for the mental agony and torture caused to the complainant and his mother, and also directed to pay Rs.2,000/- towards costs of the litigation. Opposite parties 1 and 2 are further directed to comply the order within six weeks from the date of receipt of copy of this order, failing which the compensation of Rs.50,000/- shall also carry interest at 9% p.a. from the date of this order till realization.”

6. Being aggrieved by the District Forum order, the OPs filed Appeal No.529 of 2016 and the State Commission vide order dated 22.10.2019 dismissed the Appeal with following observations:

11) Basing on the rival contentions, the points that arise for consideration in this appeal are as follows:

- 1) Whether there was deficiency in service on the part of the opposite parties; and**
- 2) Whether there are any grounds to set aside the impugned order.**

12) POINT NO.1:- On 26.08.2009, one Dharmendra Reddy had obtained the following policies from the 1st opposite party:

| Sl.No. | Policy No. | Sum Assured Rs. |
|---------------|-------------------|------------------------|
| 1. | 844214325 | 2,00,000-00 |
| 2. | 844214326 | 2,00,000-00 |
| 3. | 844214327 | 2,00,000-00 |
| 4. | 844214328 | 2,00,000-00 |
| 5. | 844214329 | 2,00,000-00 |

A-1 is the status report of the policies. Unfortunately, the life died on 20.12.2010. After the death of the life assured, the mother of the complainant submitted a claim application. ExA-2. to the opposite parties. The opposite parties repudiated the claim vide its letter dated 31.03.2011. ExA-3. The opposite parties repudiated the claim of the complainant on the sole ground that the life assured suppressed the pre-existing disease. The complainant approached the Ombudsman. Challenging the repudiation of the claim by the opposite parties. On 19.01.2015, the Ombudsman rejected the claim of the complainant vide Ex.A-10. Ex.A-11 in the Award of the Ombudsman. Exs.A-6 to A-9 are the correspondence between the parties. proposal forms submitted by the life assured. Ex.B-2 is the Medical Attendants Certificate issued by the

Superintendent, Christian medial College, Vellore. Ex.B-3 is the Out-patient Card issued by NIMHNS (National Institute of Mental Health & Neuro Sciences), Bangalore. Ex.B-4 is the discharge summary issued by St. Johns Medical College Hospital Bangalore. its letter. Ex.B-1 is the five

13) The learned counsel for the opposite parties strenuously submitted that the life assured has given a false declaration in the proposal forms, Ex. B-1, which is a valid ground to repudiate insurance claim. As rightly pointed out by the learned counsel for the opposite parties, a duty is cast on the life assured to declare true and correct facts in the proposal form, more particularly with regard to his/her health condition, educational qualification and the income. If the life assured gives a false declaration, the Insurance Company is legally entitled to repudiate the claim. In order to appreciate the contention of the learned counsel for the opposite parties, we have carefully scanned Ex.B-1, proposal forms. As per the IRDA Guidelines, a duty is cast on the official of the Insurance Company to read over and explain the contents of the proposal form, if the name is printed in the language other than the language known to the life assured. It is not in dispute, Ex.B-1. proposal forms are in English language. If the proposer and the attestor subscribe their signature in the declaration column, the same is binding on the proposer. In this case, the declaration column in all the proposals kept blank. This clearly manifests the life assured has not given any declaration before obtaining of the policies. For the reasons best known, the opposite parties issued five policies to the life assured without following the procedure as contemplated under IRDA Guidelines. Basing on the material available on record, we have no hesitation to hold that the life assured has not given any declaration before obtaining of the policies. In the absence of declaration in the proposal forms, the opposite parties are debarred to take the plea of suppression of material facts by the life assured.

14) It is needless to say the onus lies on the opposite parties to establish that the life assured suppressed the pre-existing disease. Once the Insurance Company discharges the burden lies on it, the onus of proof shifts on the complainant to establish his stand. Ex.B-2 is the Medical Attendants Certificate issued by the Superintendent, Christian medial College, Vellore. This document was prepared on the letter head of the Life Insurance Corporation of India, Nellore

Division. In Page-1 of Ex.B-2, it is mentioned that the life assured died on 20.12.2011. A perusal of Ex.B-2, reveals that the life assured consulted the concerned doctor for the first time on 14.12.2011. Page-2 of Ex.B-2, contains the declaration purported to have been given by the attendant of the patient by name, Gaurav Ch. This declaration was signed on 09.02.2011, certifying the facts mentioned therein are true and correct. Underneath of the declaration, the Medical Superintendent, Christian Medical College, Vellore, subscribed his signature identifying the declarant. If the declaration is made on 09.02.2011, how the concerned doctor seen the life assured on 14.12.2011. The opposite parties failed to explain the discrepancy in this document. When the life assured died on 20.12.2010, we are unable to understand, how he has given declaration, that the life assured consulted the doctor for the first time on 14.12.2011. The opposite parties failed to explain the reasons much less cogent reasons for the discrepancy in Ex.B-2. In view of the glaring discrepancies in Ex.B-2, much weight cannot be attached to it. Ex.B-3 is the out-patient card issued by NIMHNS (National Institute of Mental Health & Neuro Sciences), Bangalore. Ex.B-3 is the Xerox copy. If this document is taken into consideration, the life assured is an alcoholic. The opposite parties did not explain how this document was obtained by them. The opposite parties did not file the affidavit of the person alleged to have been issued Ex.B-3, to the Insurance Company. It is not the case of the opposite parties that this document was secured by the Investigator appointed by it. As observed supra, the Insurance Company has not obtained the signature of the life assured at the declaration column in order to bind him with regard to the information furnished by him, therefore, much weight cannot be attached to Ex.B-3. Ex.B-4, is the discharge summary issued by St. Johns Medical College Hospital, Bangalore, which is subsequent to the issuance of policies. Absolutely, there is no material on record to establish that the life assured suppressed the pre-existing disease. In the absence of material much less convincing material, there is no justification on the part of the opposite parties to repudiate the claim of the complainant. The acts done by the opposite parties will fall within in the ambit of deficiency in service. Hence, Point No.1 is answered in favour of the complainant and against the opposite parties.

15) POINT NO.2:- The District Forum considered the material on record in right direction and arrived at a conclusion that there was deficiency in service on the part of the opposite parties. The findings recorded by the District Forum are supported by the material much less cogent and convincing material. We are fully endorsing with the findings recorded by the District Forum. There is no irregularity or illegality in the impugned order, which warrants interference of this Commission. Viewed from any angle, the appeal is liable to be dismissed. Hence, Point No.2 is answered in favour of the complainant and against the opposite parties.

16) In the result, the appeal is dismissed. No costs.”

7. Being dissatisfied by the Impugned Order dated 22.10.2019 passed by the State Commission, the Petitioners / OPs has filed the instant Revision Petition bearing no.176 of 2020.

8. The learned counsel for the Petitioners/OPs asserted that the present Revision Petition under Section 21(b) of the Consumer Protection Act, 1986 assails the judgment dated 22.10.2019 passed by the State Commission, in FA. No. 529/2016, wherein the Appeal preferred by the OPs/Petitioners was dismissed and the order dated 03.08.2016 of the District Forum was affirmed, directing payment of the sum assured of Rs. 10,00,000 under Policy Nos. 844214325 - 29 with interest @ 9% per annum from 31.03.2011, along with compensation and costs, despite overwhelming evidence of material suppression by the Deceased Life Assured (DLA). The learned counsel for the insurer argued that the DLA, while submitting the proposal forms dated 24.08.2009, made false declarations in Column 11 regarding his health and suppressed the fact that he was a chronic alcoholic suffering from alcoholic liver disease with portal hypertension prior to issuance of the policies, as clearly established from contemporaneous medical records of NIMHANS (March 2008), St. John's Medical College Hospital (December 2010), and the medical attendant's certificate indicating

alcoholic hepatitis as a contributory cause of death. The claim was therefore lawfully repudiated on 31.03.2011. This decision was duly upheld by the Insurance Ombudsman. The learned State Commission, however, committed manifest errors of record by incorrectly observing that the declarations were blank, misconstruing the medical attendant certificate as LIC-generated, ignoring the unchallenged authenticity of prior medical treatment records, and failing to appreciate that the discharge summary, though subsequent in date, unequivocally revealed a pre-existing disease of several years' duration. In view of the admitted concealment of material facts by the DLA, the repudiation was fully justified, and the concurrent findings of the District Forum and the State Commission are *ex facie* perverse, contrary to settled principles of insurance law, and liable to be set aside in exercise of the revisional jurisdiction of this Commission in the interest of justice.

9. Per contra, the learned counsel for complainant argued the rejection of death claim under a life insurance policy was patently illegal and the present Revision Petition is wholly misconceived, untenable both in law and on facts, and deserves outright dismissal. The OPs failed to demonstrate any jurisdictional error, material irregularity, or perversity in the concurrent and well-reasoned findings recorded by the District Forum and affirmed by the learned State Commission. He argued that the undisputed facts establish that the complainant's father had obtained multiple life insurance policies from the petitioners after due medical examination and certification of good health. He asserted that the insured had not undergone any prior treatment nor concealed any material health condition, and that the petitioners arbitrarily honoured one policy while repudiating the remaining five, without any cogent evidence causing grave hardship to the complainant and constituting clear deficiency in service. The medical records relied upon

by the OPs are unreliable being unsupported by any Affidavit or examination of their authors, which will afford the complainant opportunity to rebut. These documents contain replete with patent inconsistencies and discrepancies as to dates of admission and death, rendering them devoid of evidentiary value. The OPs failed to produce the complete proposal forms before the fora below. This disentitles them from raising belated pleas of suppression or misrepresentation at this stage. He further argued that in the absence of any substantial question of law or jurisdictional infirmity, the revisional jurisdiction cannot be invoked merely to seek re-appreciation of evidence. He, therefore, sought that the impugned order be upheld and the Revision Petition be dismissed with costs. He relied upon the judgment of Hon'ble Supreme Court in the case of ***Rubi (Chandra) Dutta V. United India Insurance Co. Ltd., (2011) 11 SCC 269.***

10. We 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.

11. The principal issues for consideration are:

- (i) Whether the life assured was under a duty to disclose his alleged history of alcoholism and liver disease?
- (ii) Whether there was any suppression of material facts; and
- (iii) Whether such suppression, if any justified claim repudiation?

12. It is undisputed that the DLA, in the proposal form dated 26.08.2009, answered "No" to Questions 11(a) to 11(h) and described his usual state of health as "Good" in Question 11(i). The Complainant/ Respondent contended that at the time of obtaining the policy, the insured was not suffering from any known disease and had not undergone any prior treatment warranting disclosure.

13. The law governing insurance contracts is well settled. Insurance is a contract of utmost good faith. However, the burden to establish suppression of material facts lies squarely on the insurer. The Hon'ble Supreme Court in *United India Insurance Co. Ltd. Vs M/s Hyundai Engineering & Construction Co Ltd & Ors*, **2024 LiveLaw 409** has held:

“16. Insurance is a contract of indemnification, being a contract for a specific purpose, Oriental Insurance Co. Ltd. v. Sony Cheriyan, (1999) 6 SCC 451, which is to cover defined losses, United India Insurance Co. Ltd. v. Levis Strauss (India) (P) Ltd., (2022) 6 SCC 1. The courts have to read the insurance contract strictly. Essentially, the insurer cannot be asked to cover a loss that is not mentioned. Exclusion clauses in insurance contracts are interpreted strictly and against the insurer as they have the effect of completely exempting the insurer of its liabilities, New India Assurance Co. Ltd. v. Rajeshwar Sharma, (2019) 2 SCC 671; Canara Bank v. United India Insurance Co. Ltd., (2020) 3 SCC 455; Oriental Insurance Co. Ltd. v. Samayanallur Primary Agricultural Coop. Bank, (1999) 8 SCC 543.

17. In Texco Marketing P. Ltd. v. TATA AIG General Insurance Company Ltd., Oriental Insurance Co. Ltd. v. Samayanallur Primary Agricultural Coop. Bank, (2023) 1 SCC 428, while dealing with an exclusion clause, this Court has held that the burden of proving the applicability of an exclusionary clause lies on the insurer. At the same time, it was stated that such a clause cannot be interpreted so that it conflicts with the main intention of the insurance. It is, therefore, the duty of the insurer to plead and lead cogent evidence to establish the application of such a clause, National Insurance Company Ltd. v. Vedic Resorts and Hotels Pvt. Ltd., 2023 SCC OnLine SC 648. The evidence must unequivocally establish that the event sought to be excluded is specifically covered by the exclusionary clause, National Insurance Co. Ltd. v. Ishar Das Madan Lal, 2007 (4) SCC 105. The judicial positions on the nature of an insurance contract, and how an exclusion clause is to be proved, shall anchor our reasoning in the following paragraphs.”

14. In ***Narsingh Ispat Ltd Vs Oriental Insurance Company Ltd. & Anr 2022 LiveLaw (SC) 443***, the Hon'ble Supreme Court while reiterating ***National Insurance Co Ltd vs Ishar Das Madan Lal (2007) 4 SCC 105 (Para 12)*** held that exclusionary clauses and allegations of suppression must be strictly proved by cogent and reliable evidence, and in case of ambiguity, the benefit must go to the insured.

15. In the present case, the District Forum and the State Commission, upon detailed appreciation of the evidence, have concurrently held that the OP insurer failed to establish that the insured had knowledge of any pre-existing disease or that there was deliberate and material suppression at the time of submitting the proposal form by leading credible evidence. The medical records relied upon by the OPs, though indicative of illness at a later stage, were found insufficient by the fora below to prove conscious suppression of material facts as on the date of proposal. These are findings of fact based on evidence on record.

16. The scope of revisional jurisdiction under Section 21(b) of the Consumer Protection Act, 1986 is extremely limited. As held by the Hon'ble Supreme Court in ***Rubi (Chandra) Dutta v. United India Insurance Co. Ltd., (2011) 11 SCC 269, Sunil Kumar Maity v. SBI (Civil Appeal No. 432 of 2022), and Rajiv Shukla v. Gold Rush Sales and Services Ltd., (2022) 9 SCC 31***, this Commission cannot interfere with concurrent findings of fact unless the same are shown to be perverse or suffering from jurisdictional error or material irregularity.

17. In view of the foregoing discussion, we hold that the OPs failed to establish any material suppression or misrepresentation on the part of the deceased life assured so as to justify repudiation of the death claim. The concurrent findings recorded by the District Forum in C.C. No.35/2915 dated 03.08.2016 and affirmed by the State Commission in F.A. No.529/2016 dated 22.10.2019 are based on proper appreciation of evidence and do not suffer from any illegality, perversity, or material irregularity. The Revision Petition No.176 of 2020 is accordingly dismissed.

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

20. All pending applications, if any, stand disposed of accordingly.

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**(AVM J. RAJENDRA, AVSM, VSM (RETD.)
PRESIDING MEMBER**

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**(ANOOP KUMAR MENDIRATTA, J.)
MEMBER**

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