



RSA-1211-1996 (O&M)

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**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

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**RSA-1211-1996 (O&M)
Reserved on:-28.10.2025
Date of Decision : 29.10.2025**

Ranjit Kaur

....Appellant

VERSUS

The Life Insurance Corporation of India and Others

....Respondents

CORAM : HON'BLE MS. JUSTICE MANDEEP PANNU

Present: Ms. R.K.Grewal, Advocate for the appellant.

Mr. Rajiv Sharma, Advocate for respondents No.1 to 4.

Service of respondents No.5 to 7 dispensed with
vide order dated 20.09.1996.Respondent No.6 proceeded against ex-parte
vide order dated 20.09.1996

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MANDEEP PANNU, J.

1. This Regular Second Appeal has been filed by the appellant–plaintiff Ranjit Kaur against the judgment and decree dated 2.11.1995 passed by the learned lower Appellate Court whereby the judgment and decree of the learned Sub Judge 1st Class, Samrala dated 4.8.1994 was set aside and the suit of the plaintiff was dismissed.

Brief Facts

2. The brief facts giving rise to the present appeal are that Ranjit Kaur, widow of Kehar Singh, filed a suit for recovery of ₹73,500 against the Life Insurance Corporation of India (LIC) through its Chairman and other officials (defendants No.1 to 4) and defendants No.5 to 7 being the legal representatives of

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the deceased Kehar Singh. The amount claimed comprised the assured sum of ₹50,000 under Policy No. 160102143, together with ₹23,500 as interest from 28.6.1988 to 29.5.1992, along with bonus and other consequential benefits. It was pleaded that the husband of the plaintiff, Kehar Singh, was serving as Kanungo under the Punjab Government and was a resident of village Sehjomajra, Tehsil Samrala, District Ludhiana. During his service, he applied for a life insurance policy with the defendant Corporation through its Samrala Branch. After completing all necessary formalities, including medical examination by the authorised medical officer of the LIC, the proposal was accepted and Policy No. 160102143 was issued on 27.12.1987 for an assured sum of ₹50,000. The authorised doctor of LIC had found Kehar Singh to be in sound health and medically fit at the time of issuance. Kehar Singh paid the requisite premium regularly until his death on 28.6.1988. Upon his death, the plaintiff, being the nominee under the policy, submitted the claim along with the original policy documents to the defendant Corporation. However, the claim was repudiated by LIC vide letter dated 1.6.1989, alleging suppression of material facts and fraudulent concealment of illness by the deceased at the time of obtaining the policy. It was stated that the deceased had been suffering from diabetes for 15 years and hypertension for two years prior to the proposal. The plaintiff asserted that the repudiation was wholly illegal, false, flimsy and against the terms of the contract. Consequently, the present suit was filed.

3. The defendants contested the suit, raising preliminary objections that the claim had already been duly investigated and repudiated under Section 45 of the Insurance Act. It was alleged that the deceased had fraudulently suppressed material facts regarding his health condition. As per the defendants, Kehar Singh



was a known diabetic and hypertensive patient who was under oral hypoglycaemic and insulin treatment, and this was not disclosed in the proposal form dated 27.12.1987. It was further averred that the deceased fell ill within a month of the issuance of the policy and died within six months, which indicated concealment of true facts. Reliance was placed on the report of the C.M.C. Hospital, Ludhiana (Ex.D2/A) and certain leave applications (Ex.D3/1 to D3/6) said to have been taken on account of illness. Hence, the suit was prayed to be dismissed with costs.

4. The plaintiff filed replication denying all allegations of concealment and reiterated her original stand.

5. From the pleadings of the parties, the learned trial court framed the following issues:

1. Whether the plaintiff is entitled to recover the amount as claimed in the suit from defendant No.1 to 7?
2. Whether the plaintiff is entitled to recover any amount of interest and future interest, and if so, to what extent?
3. Whether the plaintiff has no locus standi to file the present suit?
4. Relief.

6. In support of her case, the plaintiff appeared as PW1 and examined PW2 Sanjiv Kumar, Assistant in the LIC Branch Office, Samrala, and PW3 Taranjit Singh.

7. The defendants examined DW1 Dr. A. Manni, DW2 T.R. Girdhar, and DW3 Labh Singh, Bill Clerk, to substantiate their plea of suppression of material facts.

**Findings of the Trial Court**

8. After hearing the learned counsel for the parties and examining the evidence on record, the learned Sub Judge 1st Class, Samrala (Sh. P.S. Virk), held The LIC's authorised medical officer had examined Kehar Singh before issuing the policy and found him normal and medically fit. Hence, the Corporation could not repudiate the claim later on the ground of alleged concealment. The documents relied upon by the defendants, the hospital record (Ex.D2/A) and leave applications (Ex.D3/1–D3/6), did not prove any suppression of material fact or prior illness, as they pertained to the period after issuance of the policy. The evidence of DW1 Dr. Manni itself supported the plaintiff, as she admitted in cross-examination that a diabetic person could live a normal life till natural death.

9. Similarly, DW2 T.R. Girdhar admitted that LIC never issues a policy without examining the insured through its authorised doctor, and that once issued, the policy binds the Corporation. The investigating officer who allegedly conducted inquiry for LIC was not examined, which further weakened the defence. There was no cogent evidence on record to prove that the deceased had played any fraud or concealed any material fact from the Corporation. Accordingly, the court held that the repudiation was illegal, and the plaintiff was entitled to the policy amount of ₹50,000 with 12% per annum interest from the date the amount became due, along with bonus and costs. The suit was decreed in favour of the plaintiff on 4.8.1994.

Findings of the Lower Appellate Court

10. Feeling aggrieved by the decree of the trial court dated 4.8.1994, the Life Insurance Corporation of India (LIC) through its Senior Divisional Manager



preferred an appeal before the learned District Judge, Ludhiana. The lower Appellate Court, after reappraising the entire evidence and hearing both sides, reversed the judgment of the trial court and dismissed the plaintiff's suit.

11. The Appellate Court observed that Kehar Singh, the deceased husband of the plaintiff, had obtained the insurance policy in question by practicing fraud and misrepresentation upon the Corporation. It was held that the record of the C.M.C. Hospital, Ludhiana, and the evidence of Dr. A. Manni, Reader in the Department of Medicine, clearly proved that Kehar Singh was a known diabetic for the last fifteen years and had been suffering from hypertension for the last two years prior to obtaining the policy. The certificate Ex.D3/A issued by the said doctor further revealed that he was also suffering from chronic renal failure, diabetic nephropathy, retinopathy and neuropathy, for which he had been receiving treatment and was on insulin at the time of effecting the insurance. Despite these serious ailments, Kehar Singh, while filling up the proposal form on 27.12.1987, answered all relevant queries in the negative and specifically denied suffering from diabetes, hypertension, kidney trouble or any other disease, thereby concealing his true state of health.

12. The lower Appellate Court found that such false answers amounted to deliberate suppression of material facts, which went to the very root of the contract of insurance. The court observed that the contract of life insurance is based upon the principle of uberrima fides, that is, utmost good faith, and it is incumbent upon the proposer to make a full and honest disclosure of his state of health at the time of entering into the contract. The declaration made in the proposal form constitutes the basis of the policy and, therefore, any untrue statement or material suppression therein renders the contract voidable at the option of the insurer. The learned



District Judge further noted that Kehar Singh was admitted in C.M.C. Hospital, Ludhiana on 24.1.1988, barely a month after the issuance of the policy, and remained under treatment till his death on 28.6.1988. This circumstance, according to the court, clearly indicated that the ailments were not of recent origin but chronic and pre-existing.

13. The Appellate Court also referred to Section 45 of the Insurance Act, 1938, observing that an insurer is entitled to repudiate the policy within two years of its issuance if it is established that the policyholder had made false statements or suppressed material facts knowing the same to be false, and that such suppression was material to the risk undertaken. In the opinion of the learned District Judge, the Life Insurance Corporation of India had successfully discharged this burden by producing medical and documentary evidence showing that Kehar Singh knowingly suppressed vital information regarding his health. The contention raised on behalf of the plaintiff that the Life Insurance Corporation's own medical examination of the insured prior to issuance of the policy precluded repudiation was rejected. The court held that the authorised doctor of the Corporation examines the proposer on the basis of answers given by him in the proposal form and is not expected to discover latent or internal ailments which the insured deliberately conceals. Thus, the medical examination conducted by the Corporation could not absolve Kehar Singh of his duty to disclose true and complete facts about his health.

14. The learned Appellate Court relied upon the authorities reported as ***Brahm Dutt Sharma versus Life Insurance Corporation of India (AIR 1966 Allahabad 474)*** and ***Smt. Krishna Wanti Puri versus Life Insurance Corporation of India (AIR 1975 Delhi 19)***, to hold that when an insured person knowingly



makes false declarations relating to material facts affecting the risk, the insurer is justified in avoiding the contract. The court also noticed that Kehar Singh had taken several medical leaves on account of illness immediately after the issuance of the policy, as evidenced from leave applications Ex.DW3/1 to Ex.DW3/6, which further proved that he was aware of his condition but chose to conceal the same while submitting the proposal. The lower Appellate Court concluded that the non-disclosure of such serious ailments as diabetes, hypertension, and chronic renal failure could not be regarded as trivial omissions but amounted to a material suppression of facts which went to the foundation of the contract.

15. It was accordingly held that Kehar Singh made false statements and wilfully suppressed the true facts regarding his health while obtaining the policy, and therefore, the Life Insurance Corporation of India was fully justified in repudiating the claim made by the plaintiff, Ranjit Kaur. The learned District Judge observed that the insurance contract stood vitiated by reason of fraud and misrepresentation practiced by the insured, and hence, the plaintiff, being his nominee, could not claim any benefit under the policy. The Appellate Court thus allowed the appeal, set aside the judgment and decree of the trial court, and dismissed the suit of the plaintiff.

16. Feeling aggrieved by the judgment of reversal passed by the learned District Judge, Ludhiana, dated 2.11.1995, the present Regular Second Appeal has been filed by the plaintiff-appellant Ranjit Kaur.

Submissions of learned counsel for the appellant

17. It has been vehemently argued by the learned counsel for the appellant that the impugned judgment and decree of the lower Appellate Court are wholly illegal, perverse, and contrary to the evidence on record. It was contended that the



learned Appellate Court misdirected itself in law and facts while reversing the well-reasoned and justified findings of the trial court. The learned counsel submitted that the lower Appellate Court had ignored the settled principles governing contracts of insurance and failed to appreciate that the onus to prove suppression of material facts or fraud was upon the insurer. It was urged that the Life Insurance Corporation had not produced the best possible evidence available with it, particularly the authorised doctor who had medically examined Kehar Singh at the time of issuance of the policy and had found him to be medically fit and sound. It was further contended that even the investigating officer on whose report the Corporation had repudiated the claim was not examined in court, and the report produced through DW2 T.R. Girdhar could not be treated as substantive evidence.

18. The learned counsel further pointed out that the authorised doctor of the Corporation, who had given a clean certificate of health to Kehar Singh, and the confidential report of the agent, were both in possession of the Corporation but intentionally withheld from the court. It was submitted that the absence of these witnesses gave rise to an adverse inference under Section 114(g) of the Evidence Act that, had they been examined, their testimony would have gone against the case of the Corporation. The medical report of Dr. A. Manni, relied upon by the respondents, was argued to be merely based on a hospital admission history written after the policy had already been issued and was, at best, hearsay evidence. It was further urged that even Dr. Manni herself admitted in her cross-examination that a diabetic person could live a normal and natural life if given proper treatment, thereby destroying the very basis of LIC's plea of fraudulent concealment. The counsel contended that the reliance of the lower Appellate Court on such post-



policy hospital records was misplaced because there was no evidence that Kehar Singh had concealed any illness known to him at the time of proposal.

19. It was also argued that the leave applications (Ex.DW3/1 to DW3/6) relied upon by the Corporation related to periods after the issuance of the policy, except one which was on account of the marriage of the insured's daughter and had no connection whatsoever with illness. Hence, no inference of pre-existing disease could have been drawn. The learned counsel submitted that the trial court had rightly held that there was no material suppression or fraud on the part of the insured, as the LIC itself, after conducting its medical examination through a competent doctor, had issued the policy having been fully satisfied about the health and insurability of Kehar Singh. Therefore, once the Corporation's own doctor had certified him fit, the Corporation could not later repudiate the policy merely on the basis of subsequent illness or conjectures.

20. It was further argued that the Appellate Court had failed to notice that at the time of issuance of the policy, Kehar Singh was in active government service as a Kanungo, performing field duties in Khamano Circle, and had not taken any sick leave for one year prior to obtaining the insurance. The Appellate Court, it was urged, had completely misread the evidence and had based its findings on assumptions rather than proof. The finding that Kehar Singh was aware of his ailments and deliberately suppressed them was wholly unsupported by evidence. The learned counsel maintained that even assuming Kehar Singh was suffering from diabetes, the same cannot be termed a material ailment unless it directly affects life expectancy or was known to be fatal, and therefore non-disclosure of such a condition cannot be treated as fraudulent. It was thus contended that the lower Appellate Court's findings were not only contrary to evidence but also



against settled principles of insurance law, and hence, the well-reasoned decree of the trial court dated 4.8.1994 deserved to be restored.

Submissions of learned counsel for respondents No.1 to 4

21. On the other hand, the learned counsel for the respondents supported the judgment of the learned lower Appellate Court and argued on the same lines as were urged before it. It was submitted that the policy had been rightly repudiated by the Life Insurance Corporation on the ground that the insured had suppressed his true state of health and had made false statements in the proposal form. The learned counsel contended that the contract of life insurance being one of utmost good faith, any suppression or misrepresentation of material facts renders the policy voidable at the instance of the insurer. It was pointed out that Kehar Singh had been a known diabetic and hypertensive for many years, as proved from his hospital records, and the lower Appellate Court had rightly found that such facts were within his knowledge but were not disclosed in the proposal form. Hence, the Life Insurance Corporation was justified in repudiating the claim under Section 45 of the Insurance Act, 1938.

Findings of this Court

22. I have heard learned counsel for the parties and perused the record.

23. The judgment and decree of the learned District Judge, Ludhiana dated 2.11.1995 cannot be sustained and must be set aside, and that the decree of the learned trial court dated 4.8.1994 should be restored for the reasons which follow. In arriving at this conclusion the Court has applied its mind to the evidence in a careful and structured manner, assessed the burden of proof under Section 45 of the Insurance Act, and weighed the credibility and probative value of the material placed before both courts. It is axiomatic that a contract of life insurance



is founded on the principle of uberrima fides and that an insurer is entitled to repudiate a claim only where it is shown, on admissible and reliable evidence, that the proposer knowingly made false statements or suppressed material facts which were within his knowledge and material to the risk. This is a strict standard of proof and it imposes on the insurer the primary onus of establishing both the falsity and the materiality of the non-disclosure. The record before us discloses that the Corporation did not adduce in evidence the best available witnesses and documents necessary to discharge that onus. The authorised medical officer of the Corporation who examined Kehar Singh before acceptance of the proposal and upon whose medical note the policy was granted was not produced. Nor was the investigating officer who prepared the report on the basis of which the Corporation repudiated the claim produced for examination. Both witnesses were clearly within the control of the Corporation and their absence cannot be treated as neutral, in such circumstances an adverse inference can legitimately be drawn that their testimony, had it been produced, would not have supported the case of the insurer. Equally significant is the fact that the documentary material relied upon by the respondents, notably the hospital history and treatment records, relates to events after the issuance of the policy and therefore has limited value in proving the state of health at the time of proposal. The leave applications, largely relied upon by the respondents, pertain mostly to the post-policy period and one of them was for the marriage of a daughter; they do not, without more, establish the existence of a material and longstanding ailment at the date of the proposal.

25. Moreover, the evidence of Dr. A. Manni, which on its face records certain clinical findings on admission to hospital, must be read in context. The doctor herself had not examined the deceased at any time prior to 24.1.1988 and



her note is essentially an admission record supplemented by contemporaneous clinical findings. It does not amount to direct evidence that the insured had made deliberate false statements in the proposal form several weeks earlier. To treat such hospital admission notes as conclusive proof of fraudulent suppression would be to permit post-hoc inferences to override the contemporaneous act of the insurer, namely, the medical examination by the Corporation's authorised doctor, without the insurer producing that very officer to explain why, despite knowledge of any alleged condition, the policy was issued. The trial court, for these reasons, concluded that the Corporation had failed to establish suppression of material facts. The learned District Judge, in reversing, relied heavily on the post-policy hospital records and on inferences drawn therefrom. That approach, in the opinion of this Court, was a misapplication of the law because it allowed conjecture and after-the-event history to supplant the evidentiary requirement that the insurer prove, affirmatively and by admissible evidence, both knowledge by the insured of the falsity and the materiality of the fact suppressed at the time of the proposal.

26. Credibility assessments also favour the trial court. The witnesses produced by the Corporation were either not the primary one whose evidence would have been decisive for example, the investigating officer and the authorised medical officer or, where produced, admitted, on cross-examination, that a diabetic patient receiving regular treatment can live a normal life, an admission that undermines any assertion that diabetic status alone, without more, was so materially prejudicial as to vitiate the contract. The cautious and reasoned approach of the trial court in refusing to infer fraud from the limited and partly hearsay material before it was therefore not perverse, it was consonant with the principle that doubts or equivocal probabilities must be resolved against a party



who has the best means of adducing the decisive proof. In short, the Corporation failed to discharge the heavy onus cast upon it by Section 45 and by the settled law on insurance contracts.

Conclusion

27. For all these reasons, this Court is satisfied that the lower Appellate Court misdirected itself in allowing the appeal and upsetting the trial court's decree. The impugned judgment dated 2.11.1995 is therefore set aside, the judgment and decree dated 4.8.1994 passed by the learned Sub Judge 1st Class, Samrala, are restored, and the plaintiff's decree shall stand. The appeal is allowed

28. Pending application(s), if any, also stands disposed of.

October 29, 2025
tripti

(MANDEEP PANNU)
JUDGE

Whether speaking/non-speaking : Speaking
Whether reportable : Yes/No.