

\* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

*Date of Decision: December 08, 2017*

+ **W.P.(C) 10935/2017**

RAJESH KUMAR ..... Petitioner

Through: In person.

Versus

SBI LIFE INDURANCE COMPANY LIMITED ..... Respondent

Through: Mr. Rakesh Malhotra & Mr.  
Aditya, Advocates

**CORAM:**

**HON'BLE MR. JUSTICE SUNIL GAUR**

**JUDGMENT**

**ORAL**

1. Petitioner is aggrieved by termination of his insurance agency by respondent and seeks its restoration with direction to respondents to pay the renewal commission from the date of termination, till the date of payment with interest. Petitioner claims that he was appointed as respondent's Insurance Agent and was issued license of 27<sup>th</sup> October, 2010 (*Annexure P-1*) by *Insurance Regulatory and Development Authority of India*. It is pertinent to note that this license was valid up to 26<sup>th</sup> October, 2013. Petitioner, who appears in person, has chosen to argue this petition by submitting that the requisite fee to renew the license was deposited in October, 2013 only and when he sought further renewal of license, it was not renewed and he was informed by respondent that petitioner's insurance agency stands terminated.

2. The grievance of petitioner is that prior to termination of the insurance agency, no Show Cause Notice was issued to him and he received the termination letter of 24<sup>th</sup> June, 2015 (*Annexure P-4*) only in January, 2016 and that petitioner had preferred an appeal, which stood dismissed vide order of 10<sup>th</sup> February, 2016 (*Annexure P-7*), in which it was disclosed that petitioner had issued a fake premium receipt to the client. Petitioner further claims that he had approached *the Insurance Regulatory and Development Authority of India (IRDA)* and with its intervention, petitioner's second appeal was entertained by respondents, which also stands dismissed vide order of 28<sup>th</sup> December, 2016 (*Annexure P-10*) holding that petitioner had provided fake premium receipt to customers and had indulged in sourcing business through telemarketing. Thereafter, petitioner had sent an e-mail on 3<sup>rd</sup> August, 2012, which has been responded to by respondents on 16<sup>th</sup> August, 2017 (*Annexure P-11*) reiterating the order in appeal.

3. Petitioner submits that the reason put forth in the impugned termination order of 24<sup>th</sup> June, 2015 (*Annexure P-4*) is of petitioner misguiding customers regarding policy benefits and that the said policy was used with the help of unauthorized party whereas in the appellate order, the reason given for cancellation is different i.e. providing fake premium receipt to customer and sourcing business through telemarketing.

4. It is pointed out by respondent's counsel that allegations of petitioner providing fake premium receipt to customer also finds mentioned in the termination order of 24<sup>th</sup> June, 2015 (*Annexure P-4*) and so, there is no anomaly between termination order of 24<sup>th</sup> June, 2015

(Annexure P-4) and appellate order of 16<sup>th</sup> August, 2017 (Annexure P-11). During the course of hearing, respondent's counsel raised the plea of this petition being not maintainable, as it is submitted by petitioner's counsel that on the website of Ministry of Corporate Affairs, it is indicated that SBI's Life Insurance is a non-government company. It is also pointed out by respondent's counsel that this plea is sub-judice before Supreme Court.

5. Be that as it may. Respondent's counsel is unable to rebut that State Bank of India owns 74% of the total capital in respondent-Company and in turn Government of India holds 62.31% equity shares in State Bank of India and in such a situation, plea of respondent being not amenable to the writ jurisdiction, cannot be entertained.

6. Upon hearing and on perusal of impugned termination order of 24<sup>th</sup> June, 2015 (Annexure P-4) and appellate order of 16<sup>th</sup> August, 2017 (Annexure P-11), I find that the "*Guidelines on Appointment of Insurance Agents, 2015*" categorically provides that before appointment of an agent is cancelled, prior notice is to be given and thereafter, a reasonable opportunity of hearing is to be provided. The order of 28<sup>th</sup> December, 2016 (Annexure P-10) and even the second order of 16<sup>th</sup> August, 2017 (Annexure P-11) in appeal, does not spell out if any notice prior to termination of petitioner's agency was given to him or not. However, an opportunity of hearing was provided to petitioner.

7. Since guidelines under the "*Guidelines on Appointment of Insurance Agents, 2015*" require that a Show Cause Notice has to be given to an agent before terminating the insurance agency, but Appellate Order of 16<sup>th</sup> August, 2017 (Annexure P-11) does not deal with this vital

aspect, thereby vitiating, appellate order of 16<sup>th</sup> August, 2017 (*Annexure P-11*). Consequently, appellate order (*Annexure P-11*) is set aside with direction to Appellate Authority to pass a speaking order on the aspect of giving Show Cause Notice prior to termination of petitioner's Insurance Agency. Let it be so done within a period of twelve weeks and its fate be communicated to petitioner within two weeks thereafter, so that petitioner may avail of the remedy, as available in law, if need be.

8. With aforesaid directions, this petition is disposed of.

**SUNIL GAUR  
(JUDGE)**

**DECEMBER 08, 2017**

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