

IN THE HIGH COURT OF JUDICATURE AT PATNA
Civil Writ Jurisdiction Case No.2862 of 2024

PNB MetLife India Life Insurance Co. Limited having its registered office at Unit Nos. 701, 702 and 703, 7th Floor, West Wing, Raheja Towers, 26/27, M.G. Road, PS. - Ashok Nagar, District - Bangalore, Karnataka - 560001, represented through authorized representative Mr. Gautam Mukherjee.

... .. Petitioner/s

Versus

1. Union of India through Secretary, Ministry of Finance, Department of Financial Services, 3rd Floor, Jeevan Deep Building, Sansad Marg, New Delhi-110001.
2. Insurance Regulatory Development Authority of India, Sy. No. 115/1, Financial District, Nanakramguda, Gachibowli, Hyderabad - 500032.
3. Chairman, Insurance Regulatory Development Authority of India, Sy. No. 115/1, Financial District, Nanakramguda, Gachibowli, Hyderabad - 500032.
4. Udha Devi, W/o Late Bhola Roy, presently residing at Mohalla - Anandpuri, PS - Brahmpura, District - Muzaffarpur, Bihar and R/o Bhagwanpur Ratti, PO - Balukaram, PS - Vaishali, District - Vaishali.

... .. Respondent/s

Appearance :

For the Petitioner/s	:	Mr. P.N. Shahi, Sr. Advocate Mr. Dayanand Kashyap, Advocate
For the UOI	:	Mr. Rajesh Kumar, CGC
For the Resp. No. 4	:	Mr. Nikhil Kumar Agrawal, Advocate Ms. Aditi Hansaria, Advocate Mr. Yash Sahay, Advocate

CORAM: HONOURABLE MR. JUSTICE SATYAVRAT VERMA
ORAL JUDGMENT

Date : 10-02-2025

Heard Mr. P.N. Shahi, learned Senior Counsel for the petitioner assisted by Mr. Dayanand Kashyap, learned Advocate, Mr. Rajesh Kumar, learned CGC for the UOI and Mr. Nikhil Kumar Agrawal, learned counsel appearing on behalf of the respondent no. 4 assisted by Mr. Yash Sahay, learned Advocate.

2. Mr. P.N. Shahi, learned Senior Counsel for the petitioner submits that PNB MetLife Insurance Co. Limited is a



Life Insurance Company registered under the provision of Section 3 of the Insurance Act, 1938 and the relevant provision of the Companies Act, 1956 and is licenced by the Insurance Regulatory and Development Authority of India (hereinafter referred to as the 'IRDAI') for providing Life Insurance cover to its customer across the length and breadth of the country.

3. Learned Senior Counsel for the petitioner further submits that petitioner's company was in receipt of a duly filled and signed application form from the Deceased Life Assured (hereinafter referred to as the 'DLA'). It is next submitted that the petitioner was in receipt of 2 proposal forms dated 27.01.2015 and 12.02.2025 bearing Application No. 191103094 and 191184657 respectively. In the proposal forms, the DLA had answered in negative in response to questions seeking medical history of the DLA. It is submitted that the DLA with respect to question no. 3(3) and (14) of part E of the proposal form had replied in negative with regard to query 3(3) -- Tuberculosis, Asthama, Bronchitis, Avian Flu, Shortness of Breath or any other respiratory disorder -- the answer by the DLA was 'No', with respect to queries with regard to 3(14)(a) -- during the past 5 years, have you consulted any doctor or health practitioner for illness lasting more than 4



days, except for fever, common cold or cough, the answer by the DLA was 'No'.

4. Learned Senior Counsel for the petitioner submits that the DLA was a prudent person, who had signed the proposal forms, declaring that he had duly read the application forms and understood the same and consequently furnished information after duly understanding the contents thereof as well as the terms and conditions of the policies. It is further submitted that it also covered in the declaration that the DLA had made true, complete and accurate disclosure of all facts to the best of his knowledge. The company believing the details given by the proposal i.e. the DLA, the petitioner issued the subject policies as detailed at para 7(III) of the writ application which are as follows:-

“That the DLA was a prudent person who had signed the proposal forms thereby declaring that he had duly read the application forms and understood the same consequently furnished information after duly understanding the contents thereof as well as terms and conditions of the policies. It was also covered in the declaration that DLA had made true complete and accurate disclosures of all facts to the best knowledge of DLA. Thus believing the details given by the proposer the Petitioner company issued the subject policies as per the details mentioned below:-



Policy No.	21494215	21484320
Policy Plan	Met Family Income Protector Plus	Met Family Income Protector Plus
Life Assured	Bhola Ray	Bhola Ray
Proposer	Udha Devi	Udha Devi
Sum Assured	Rs.9,10,000/-	Rs.9,10,000/
Risk Commencement Date	12.02.2015	28.01.2015
Premium	Rs.15433/-	Rs.15433/-
Premium Frequency	Annual	Annual

A Copy of the Proposal forms bearing number 191103094 & 191184657 is annexed herewith and marked as Annexure- P/1 (Colly) to the instant writ application.”

5. It is submitted that the policy documents (Annexure-P/2) were dispatched to the DLA under Regulation 8(1) of the IRDAI, 2017 so that the DLA could review the answer and inform the company if any material fact has been concealed while filling the form but no such information was provided, hence, it was presumed that DLA had not concealed any relevant fact. It is further submitted that in pursuance of the policies, the risk commenced with respect to the Policy No. 21484320 and 21494215 (Annexure-P/1) w.e.f. 28.01.2015 and 12.02.2015 respectively for one year. It is next submitted that the petitioner received death claim intimation dated 28.11.2015 (Annexure-P/3)



i.e. during subsistence of the policy from the respondent no. 4 informing the petitioner that the DLA died on 15.06.2015 in a road accident.

6. Learned Senior Counsel for the petitioner submits that since it was an early claim, hence, the petitioner in terms of Section 45 of the Insurance Act conducted investigation through an independent investigating agency under Clause 8(3) of the Insurance Regulatory and Development Authority (Protection of Policy Holders Interest) Regulations, 2002 (hereinafter referred to as the 'Regulations of 2002'). It is stated that Regulations of 2002 was superseded by the Regulation 14(2) of the Insurance Regulatory and Development Authority (Protection of Policy Holders Interest) Regulation, 2017 (hereinafter referred to as the '2017 Regulation').

7. Learned Senior Counsel for the petitioner next submits that the investigating agency, after investigation, submitted a report that the DLA had suffered Tuberculosis (hereinafter referred to as the 'TB') and was under treatment from May, 2013 to October, 2013 i.e. the DLA two years prior to issuance of the subject policy was under treatment of TB as would manifest from the medical document annexed as Annexure-P/4 to the writ application. It is, thus, submitted that the



DLA while taking the instant policy deliberately suppressed the information that he suffered from TB and was under treatment, thus, intentionally answered “No” to question pertaining to 3(3) and (14)(a) of part E of the proposal form as would manifest from the investigation report of the investigator and his affidavit annexed as Annexures-5 and 6 to the writ application.

8. Learned Senior Counsel for the petitioner, thus, submits that petitioner was misled in issuing the subject policy based on false information provided by the DLA intentionally, hence, the petitioner repudiated the claim of respondent no. 4 vide letter dated 12.02.2016 (Annexure-P/7 to the writ application) for each policy separately detailing the reason for repudiation of the claim on the ground that the petitioner was misled in issuing the policy on the basis of false declaration by the DLA in terms of Section 45 of the Insurance Act which incorporates the consequence of false declaration as the DLA in the present case had concealed his pre-existing disease. It is further submitted that the respondent no. 4 being aggrieved by repudiation of her claim filed CC No. 240 of 2016 (Annexure-P/8) before the learned District Consumer Forum, Muzaffarpur for setting aside the order dated 12.02.2016 passed by the petitioner repudiating her claim. It is next submitted that the legal team of the petitioner was set up



in Mumbai and all the cases were transferred from Gurugram to Mumbai in April, 2018, however, during handover the CC No. 240 of 2016 could not be handedover inadvertently, hence, no one could appear before the learned District Consumer Forum, Muzaffarpur (hereinafter referred to as the 'DCF, Muzaffarpur') on behalf of the petitioner, accordingly, the DCF, Muzaffarpur allowed the CC No. 240 of 2016 by its order dated 18.07.2019 (Annexure-P/9) and the petitioner was directed to pay Rs.18,20,000/- along with interest @ 7% per annum from 15.06.2015 to the respondent no. 4 and also directed to pay Rs.20,000/- towards mental agony and Rs.10,000/- towards cost of litigation.

9. It is submitted that petitioner being aggrieved by the order dated 18.07.2019 in CC No. 240 of 2016 passed by the DCF, Muzaffarpur filed FA/63/2020 before the learned State Consumer Disputes Redressal Commission, Patna. The learned State Commission dismissed the appeal by an order dated 23.02.2023 (Annexure-P/10). Thereafter, the petitioner filed revision being RP/1383/2023 before the National Commission. The revision was also dismissed vide order dated 29.09.2023 (Annexure-P/11 to the writ application), hence, the instant writ application has been filed for quashing the order dated 18.07.2019



(Annexure-P/9), 23.02.2023 (Annexure-P/10) and 29.09.2023 (Anneuxre-P/11) in view of the order of the Hon'ble Supreme Court in the case of **M/s. Universal Sompo General Insurance Co. Limited Vs. Suresh Chand Jain and Anr.** reported in **2023 SCC OnLine SC 914** wherein it has been held that concerned High Court will have jurisdiction to consider the issue in writ jurisdiction with respect to the dispute raised within the jurisdiction of the concerned High Court.

10. Learned Senior Counsel for the petitioner submits that the entire insurance sector and insurance agreement are based on the principles of “uberrimae fidei” i.e. in utmost good faith. It is further submitted that the Hon'ble Supreme Court in the case of **Reliance Life Insurance Co. Ltd. and Anr. Vs. Rekhaben Nareshbhai Rathod** reported in **2019(6) SCALE 734** has held that expression ‘material’ in context of insurance policy can be defined as any contingency or event that may have an impact upon the risk appetite or willingness of the insurer to provide insurance cover. Further, it was also observed that it is not for the life assured to decide whether any fact sought is material or not as it follows the test of materiality that prudent insurer would have considered that any particular circumstance was a material fact. Further, the contracts of insurance are governed by the principle



of utmost good faith which requires that all the party to the contract to be fair and honest in the dealing. The object of the proposal form is to gather information about the life to be insured which is material to the insurer to know in order to assess the risk and decide whether to accept the proposal form or not, thus, proposal form is a crucial part of exercising utmost good faith, hence, the same should be filled with due care. It is a contractual obligation upon the insured to ensure that all true facts are communicated to the insurer and in case of any suppression, untruth or inaccuracy in the statement in the proposal form, it would be a breach of the duty of good faith and will render the policy voidable by the insurer. The judgment in the case of **V.K. Srinivasa Setty V. Premier LGI Co.** reported in **AIR 1958 MYS 53** decided by the Hon'ble Mysore High Court, wherein it was held that a person who affixes his signature to a proposal which contains a statement which is not true, cannot ordinarily escape from the consequence arising therefrom by pleading that he chose to sign the proposal form containing such statement without either reading or understanding the said judgment of the Hon'ble Mysore High Court was affirmed in the aforesaid Reliance Case.

11. Learned Senior Counsel for the petitioner next submits that the Hon'ble Supreme Court in the case of **Mithoolal**



Nayak Vs. LIC reported in **AIR 1962 SC 814** held that medical examination conducted by the insurer would not bring forth some hidden disease, ailment etc. on superficial examination of the proposal by the doctor of the insurer. It is, thus, submitted that had the DLA disclosed the ailment, the petitioner would have subjected the DLA to rigours in depth medical check so as to consider the proposal before entering into the contract of insurance. Learned Senior Counsel further submits that the Hon'ble Supreme Court in the case of **LIC of India Vs Manish Gupta** reported in **(2019) 11 SCC 371** has held that even if the LA was medically examined by the Insurance Company before issuance of the Policy, it does not exempt or absolve the LA from his liability of disclosing all his existing medical conditions at the time of proposal, accordingly, the death claim was repudiated on the ground of recorded medical history. It is next submitted that the DLA had multiple policies from different companies, hence, all such policies were repudiated on the ground of concealment of TB for which respondent no. 4 had filed different cases and all the cases were allowed as would manifest from Annexure-P/12 to the writ petition.

12. Learned Senior Counsel for the petitioner, thus, in sum and substance, submits that the DLA at the time of



submitting the proposal form was aware of his pre-existing disease but still he chose to conceal the same, as such, the same was in complete breach of Section 45 of the Insurance Act and, thus, rightly the claim of respondent no. 4 was repudiated.

13. Learned counsel appearing on behalf of the respondent no. 4 submits that a helpless widow is pitted against a corporate giant and despite being successful before the DCF, Muzaffarpur, the State Commission and the National Commission is still litigating and the litigation which commenced from the year 2015 till date has not come to an end, as such, one can well imagine the plight of a helpless widow how she is suffering.

14. Learned counsel appearing on behalf of the respondent no. 4 vehemently rebuts the submission of the learned Senior Counsel for the petitioner and submits that it is the case of respondent no. 4 all throughout that the proposal form was filled by the agents of the petitioner who had approached the DLA for the insurance. The DLA was not well versed with English language and had only signed the proposal form without understanding its content. It is further submitted that the DLA in good faith trusting the agent of the petitioner signed the proposal form and the policy was issued only after the doctor of the



corporation had examined the DLA thoroughly and did not find any adverse medical condition.

15. Learned counsel appearing on behalf of the respondent no. 4 next submits that the respondent no. 4 before the DCF, Muzaffarpur at para (xi) had pleaded that life assured i.e. the DLA did not consult any doctor for TB. It is pertinent to mention here that TB is a curable disease under the dose of medicine of six months and the petitioner is talking about treatment of TB of two years before assigning the proposal form which is quite wrong and concocted, when in the instant case, the life assured died in an accident.

16. Learned counsel submits that the said statement in the complaint case was made to emphasize on the non-seriousness and curable nature of TB and, thus, by no stretch of imagination, it can be construed as an admission by the respondent no. 4 and the petitioner by taking cue of the said pleading before the DCF, Muzaffarpur is trying to misconstrue the statement by taking it out of context and twisting it. It is submitted that the medical documents being relied upon by the petitioner are not related to the DLA as the DLA was never suffering from TB nor underwent any treatment for the same. The medical records being relied upon by the petitioner are false, forged and fabricated as from the



pleadings made in the writ petition, it does not even remotely suggest that the investigator or the company examined the doctor or the author of the document to ascertain the genuineness of such records. It is next submitted that it is a settled principles of insurance policy that if any medical document is being relied upon then it has to be ascertained/supported and substantiated by an affidavit of the doctor or author of the said document for which reliance is placed on the judgment in the case of **Sushil Kumar Jain Versus United India Insurance Co. Limited** reported in **(2012) 1 CPJ 204 (NC)**. Learned counsel submits that the said judgment attained finality.

17. Learned counsel for the respondent no. 4 after making the said submission draws the attention of the Court to the report of the investigating agency dated 29.12.2015 (Annexure-P/5 page 133) and submits that the report is cryptic and is lacking in essential details. Further, the report with certainty does not record that it was DLA who died of TB nor records the name of the father of the DLA and the doctor who treated the DLA for TB. It is next submitted that the report also records that the DLA was not found on the address as recorded in the proposal form, on inquiry, it was found that DLA was resident of village Siddhorpur. Further, on inquiry at the address mentioned in the proposal form



everyone refused to recognize the DLA but informed that one person named Bhola Roy resided in the area who died five years ago but then his father's name did not tally with the father's name of the DLA. Further, the DLA was resident of village Siddhorpur who died about one and a half years back on account of TB and was taking treatment at the PHC since he was an alcoholic. Further, the wife of DLA informed that DLA died on account of road accident and the same was supported by Anganwari worker and the Asha worker. Further, the LA showed himself as a 43 years old man and had submitted his PAN Card at the time to proposal as age proof which was verified from the data base of the Income Tax Department and was found genuine as per its content.

18. Learned counsel for the private respondent no. 4, thus, submits at the cost of repetition that the investigation report of the investigator does not even remotely suggest with certainty that it was DLA who was alcoholic and died of TB. It is next submitted that from closure scrutiny of Annexure-5, it would manifest that the same records that one Bhola Roy died five years ago i.e. in the year 2011 and the other Bhola Roy died of TB one and a half years back i.e. in mid 2014 as the inquiry report is dated 29.12.2015.



19. Learned counsel next submits that from perusal of the inquiry report dated 29.12.2015, it manifests that one Bhola Roy died in the year 2011 and the other Bhola Roy died in the year 2014. Bhola Roy, who died in the year 2014, was an alcoholic and was suffering from TB. It is, thus, submitted that if the said Bhola Roy is the person who is the DLA in that event how could he had taken the policy in the year 2015. It is further submitted that though the inquiry report dated 29.12.2015 records that inquiry was done on information provided by people to the investigator who investigated investigating but then the report of the investigator does not even remotely suggest that as to who were the person who informed him that one Bhola Roy died in the year 2011 and the other Bhola Roy died in the year 2014 i.e. the name, address and parentage of such person is missing in the report dated 29.12.2015, as such, it can well be construed that it was a table report prepared sitting in the office, as such, no credence can be given to such a report as the same is lacking in essential details.

20. Learned counsel appearing on behalf of the respondent no. 4, thus, submits that the claim of the respondent no. 4 stands repudiated based on an investigation report of the investigator which lacks clarity, credence and lacks in recording



the essential facts i.e. name of the doctor is missing who treated the DLA even the name of persons with their address and parentage is missing who disclosed about the aforesaid two Bhola Roy, further, father's name of both Bhola Roy is missing in the report and above all if second Bhola Roy died in mid 2014, then who was the person who took the policy.

21. Learned counsel for the respondent no. 4 next submits that the DLA died on account of accident which he met while he was going to Reepura to meet his friend when he met with an accident by a motorcycle for which Sakara P.S. Case No. 271 of 2015 was instituted and thereafter the dead body of the DLA was cremated, as such, TB was not the proximate cause of the death of the DLA rather he died on account of a fatal accident with which he met. It is next submitted that since a police case was registered, as such, the postmortem of the body was also carried out which was of the DLA and thereafter the body of the DLA was cremated in presence of the family members, hence, the contention of the petitioner that the DLA died on account of TB is nothing but a far fetched imagination based on an inquiry conducted by an agency recruited by the petitioner and the inquiry report also does not inspire confidence for the reasons recorded hereinabove.



22. Learned counsel for the respondent no. 4, thus, submits that the DLA died on account of a fatal accident with which he met while going to meet his friend at Reepura and not because of TB and when the policy document was issued at that time the DLA was not suffering from any kind of disease, as such, the contention of the petitioner that pre-existing disease was concealed is a figment of imagination and, hence, the DCF, the State Commission and the National Commission has rightly upheld the claim of the respondent no. 4 by setting aside the order dated 12.02.2016 passed by the petitioner’s company.

23. After hearing the learned counsel for the parties, the Court is in complete agreement with the submission made by the learned counsel appearing on behalf of the respondent no. 4 and, thus, does not find any merit in the writ application.

24. Accordingly, the writ application is dismissed with cost of Rs.50,000/- to be paid by the petitioner to the respondent no. 4 within a period of one month from today.

(Satyavrat Verma, J)

Kundan/-

AFR/NAFR	AFR
CAV DATE	N.A.
Uploading Date	11.02.2025
Transmission Date	

