IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATE : 01.09.2025

CORAM:

THE HON'BLE MR.JUSTICE M.DHANDAPANI

W.P. NO.20044 OF 2020

AND

W.M.P. NO.24728 OF 2020

R.Varun Prasanth (Deceased)
2. Abirami
(P-2 substituted as LR of deceased
petitioner P1 vide order dated 23.04.2025
made in WMP.No.15005/2025 in
W.P.No.20044/2020) .. Petitioner

- Vs -

1. The State Bank of India,
Assistant General Manager,
RACPC Ayyappan Thangal,
No.50 AR Plaza, Mount Poonamallee,
Chennai – 600 056.

2. Regional Director,
SBI Life Insurance Company Limited,
4th Floor, Centennial Square,
6A, Dr.Ambethkar Road,
Kodampakkam, Chennai – 600 024.

3. The Chairman,
Insurance Regulatory and Development
Authority of India,

No.115/1, Financial District,
Nanakramguda, Gachibowli,
Hyderabad – 500 032.

4. Office of the Insurance Ombudsman,
(Tamil Nadu & Pondicherry),
Fathima Akthar Court, 4th Floor,
453, Anna Salai, Teynampet, Chennai -18. .. Respondents

Writ Petition filed under Article 226 of Constitution of India, to issue a Writ of Certiorarified Mandamus calling for the entire records pertaining to impugned award passed by the fourth respondent in award No.IO/CHN/A/LI/0165/2019-20 dated 13.03.2020 and quash the same and consequently direct the second respondent to honor the claim of Rs.30,55,304/- made by the petitioner in respect of health insurance policy availed by the petitioner's father in Policy No.70000018310 dated 01.06.2017 without insisting for any further documentations or particulars in accordance with law.

For Petitioner : Mr.R.Rajarajan

For Respondents : Mr.B.Jawahar for R-1
: Ms.M.Sandhiya
for M/s. Rank Associates for R-2
: Mr.M.B.Raghavan for
M/s.M.B.Gopalan Associates for RR-3 & 4

ORDER

This rejection of claim by the 4th respondent vide award

No.IO/CHN/A/LI/0165/2019-20 dated 13.03.2020 is put in issue before this Court by the petitioner and consequently with a prayer to direct the second respondent to honor the claim of Rs.30,55,304/- based on the insurance policy availed by the petitioner's father in Policy No.70000018310 dated 01.06.2017.

2. It is the case of the petitioner that his father had availed housing loan vide Loan Account No.36477259502 with the 2nd respondent and at the time of availing housing loan, the petitioner's father was compelled to take a life insurance policy with State Bank of India, which was duly complied with in June, 2017 by the father of the petitioner undergoing all the medical tests as prescribed by the respondents and based on the medical tests and fitness certificate issued by the panel doctor of the 2nd respondent, the insurance policy was issued.

3. It is the further averment of the petitioner that his father expired on 26.4.2019, whereinafter the petitioner approached the 2nd respondent and submitted the claim form, but without proper reason the claim was rejected by the 2nd respondent aggrieved by which the petitioner preferred a complaint before the 4th respondent the dismissal of which has resulted in the filing of the present petition.

4. The learned counsel for the petitioner submitted that the petitioner's father late Rajendran had availed housing loan in the office of the State Bank of India, RACPC, Ayyapanthangal, Chennai in the month of May, 2017 from the first respondent and at the time of availing housing loan, the officials of the first respondent insisted and compelled the petitioner's father to take SBI Life Insurance Policy and the Officials of the first respondent gave enough assurance that in future, if something happens to the petitioner's father, the claim will be settled from out of the life insurance policy. On the basis of the assurance, the petitioner's father availed SBI Life Insurance from the second respondent in the month June of 2017.

5. It is the further submission of the learned counsel that even at the stage of proposal, the father of the petitioner was made to undergo various medical tests and only after satisfying the health condition of the petitioner’s father, based on the report of the panel doctor of the 1st respondent, the insurance policy had come to be issued. It is further submitted that the panel doctor had given a report that the petitioner's father has no previous illness or was taking treatment for any health disorder and that he petitioner's father paying the housing loan properly till he was alive.

6. It is the further submission of the learned counsel that in the month of January, 2019, the petitioner's father was diagnosed with cardio vascular disease and admitted in the Madras Medical Mission Hospital and surgery was conducted on 11.04.2019, but the surgery being unsuccessful, the petitioner's father expired on 26.04.2019.

7. It is the further submission of the learned counsel that the claim petition filed by the petitioner, as nominee, before the 2nd respondent was rejected on the ground that the pre-existing illness of the petitioner's father was not divulged in the proposal form. It is the further submission of the learned counsel that when the panel doctor had clearly opined that the petitioner's father had no illness or was taking treatment and all the medical tests, including the Treadmill test did not show any abnormality in the petitioner's father's health, the findings recorded by the 4th respondent to the contra is wholly arbitrary and unreasonable and the same deserves to be interfered with.

8. Per contra, learned counsel appearing for respondents 1 and 2 submitted that the pre-existing illness of the father of the petitioner was not disclosed in the proposal form as even during the year 2017, more particularly between 2.9.2017 and 6.9.2017, the petitioner's father was treated as in-patient

at Sundaram Medical Foundation, even as per the records submitted by the petitioner before the 4th respondent. It is the further submission of the learned counsel that though the death summary of Madras Medical Mission recorded that the father of the petitioner underwent CAG in 2012 at Vijay Hospital, which was disputed by the petitioner, however, the petitioner has not questioned the said death summary. It is the further submission of the learned counsel that not only the life assured did not disclose the material facts relating to his pre-existing illness, but preliminary examination alone is not suffice to find out the diseases suffered by a life assured, as certain latent diseases like coronary artery disease will not get revealed if the life assured is under medication.

9. It is the further submission of the learned counsel that had the pre-existing illness such as hypertension and coronary artery disease suffered by the life assured had been revealed, the insurer would not have accepted the proposal of the life assured. It is the further submission of the learned counsel that even according to the petitioner, his father was an in-patient at Sundaram Medical Foundation, which fact has not been disclosed in the proposal form and the non-disclosure has led to the rejection of the claim, which is as per the policy conditions, more particularly, clause 3 and rightly considering all the aforesaid facts and materials, the 4th respondent has rejected the claim of the

petitioner, which does not require any interference at the hands of this Court.

10. This Court gave its careful consideration to the submissions advanced by the learned counsel appearing on either side and perused the materials available on record.

11. There is no quarrel about the fact that upon a housing loan been secured by the petitioner's father, a life insurance policy covering the amount of housing loan, as a collateral, was offered to the petitioner's father and the petitioner's father had also accepted the same and for the purpose of issuance of the policy, the petitioner's father was directed to undergo medical tests, which included Treadmill Test, which has also been undergone. The report of the Treadmill test as also the report of the Panel Doctor of the 2nd respondent is available in the typed set of documents.

12. The policy period during which the risk is covered starts from 1.6.2017 and ends on 1.6.2027 and the sum assured of the policy is Rs.34,29,260/-. Premium has also been regularly paid on the policy, which is not in dispute. According to the 2nd respondent, the policy was issued to the petitioner's father, viz., the life assured, based on the information given by him in the Membership form dated 8.5.2017. In the Membership Form, there is no

disclosure by the life assured about any pre-existing illness, which, according to the insurer, has resulted in the repudiation of the claim and in this regard, the insurer lays reliance upon the clauses in the Master Policy, where it is stated that if it is found that any information furnished by the life assured is inaccurate or false or that the member had withheld any material information, the insurer has the right to decline the claim subject to the provisions of Section 45 of the Insurance Act.

13. There is no quarrel that after issuance of the policy on 1.6.2017, the life assured had been regularly paying the premium and on 26.4.2019, all of a sudden, the life assured breathed his last, which was brought to the notice of the insurer by submitting the requisite claim form on 15.5.2019. Thereafter, the insurer, scrutinising the claim, rejected the said claim for the reason that the pre-existing illness has not been divulged in the Membership Form, as the life assured had not given full and accurate information and had withheld material information from the insurer.

14. The main ground on which the 4th respondent had rejected the application of the petitioner herein is that though the stand of the insurer was that the death summary of Madras Medical Mission Hospital records that the father of the petitioner underwent CAG in the year 2012 at Vijay Hospital and,

therefore, material information was not given while submitting the proposal and that inaccurate and false information was given and material details were withheld from the insurer. However, the reason for the said repudiation was refuted by the petitioner by stating that prior to the taking of the policy, the life assured had not suffered any ailment and only on 2.9.2017 the life assured had been admitted as an in-patient for about 5 days till 6.9.2017 at Sundaram Medical Foundation, where he was diagnosed with Ischemic Dilated Cardiomyopathy, Cardiac Failure-Stage C and Severe LV Dysfunction with secondary diagnosis of Diabetes Mellitus, Hypertension and CAD.

15. Though it is the claim of the insurer that CAG was done in 2012 on the life assured, but that is based on the death summary of Madras Medical Mission, where the life assured had breather his last. However, the person, who had signed the death summary at Madras Medical Mission had not been examined to find out the basis on which the said recording was made. In this regard, it would be necessary to refer to the opinion recorded in the Treadmill Test, wherein, the opinion with regard to the condition of the heart has been recorded as '*TMT Negative for Inducible Ischemia',* meaning thereby that at the time when the test was performed, no abnormal condition was found with regard to the functioning of the heart.

16. Medical check up of the life assured was undertaken on 28.5.2017, wherein as well there was no abnormal opinion recorded by the doctor, who was the panel doctor of the insurer. Therefore, on the date when the proposal was accepted and policy document was issued, the life assured was not diagnosed with any illness nor was there any pre-existing illness, which turned in the radar of the medical report and only on the strength of the report, the policy had come to be issued.

17. The whole case has been looked into by the 4th respondent by placing reliance on a document, which had come posterior in point of time to the taking of the policy. The document relied on by the 4th respondent is the medical records of Sundaram Medical Foundation, which was three months after the policy was taken by the life assured. In the said medical records, true it is that the life assured was shown to have suffered cardiac complications, as detailed above. However, it is to be noted that Treadmill Test was done on the life assured, which resulted in a negative report in favour of the life assured. Though both the documents were available before the 4th respondent, the 4th respondent has entertained a doubt that the life assured was not in a good health at the time of proposal and further held that TMT is not a conclusive test for diagnosing CAD coupled with the failure of the petitioner to produce any

confirmation from Vijaya Hospital from where the life assured is alleged to have taken treatment in the year 2012.

18. The finding recorded by the 4th respondent, *per se,* on the face of it is erroneous and perverse. There is no material to show that the recording in the death summary of Madras Medical Mission Hospital relating to CAG underwent by the life assured was even prima facie established by the insurer through the person who had recorded the same. In the absence of any such establishment, placing the onus on the petitioner to produce materials that the life assured was not suffering any pre-existing complications related to heart is more of an ask. When an allegation is made by the insurer, a duty is cast upon the insurer to prima facie place materials to substantiate the said findings. However, there is not even an iota of evidence to show that on the date when the policy was issued, the life assured had suffered any illness or had taken any surgical or other medical procedures.

19. Further, on the basis of the age of the life assured, the insurer had asked the life assured to undergo various medical procedures, including taking TMT test before issuing the insurance policy. The insurance policy had come to be issued not only on the basis of the declaration of the life assured relating to the pre-existing illness, but also on the basis of the various tests done on the life

assured by the insurer, which had resulted in a report in favour of the life assured.

20. The 4th respondent has held that TMT is not a conclusive test for diagnosing CAD. However, it is to be pointed out that a common man like the life assured cannot be expected to anticipate medical complications when he was fully fine and fit on the date when he submitted the proposal for the policy, that too at the instance of the insurer, assuring the coverage in the event of any unforeseen thing happening.

21. It is to be pointed out that only to avoid contingent situations, insurance is taken. A healthy individual takes an insurance policy not as a matter of investment, but only to avoid any contingent and unforeseen situation that may arise. The concept of insurance is only predicated on the unforeseen situations that arises in human life and only to safeguard the interests of the families in the event of the untimely death of the bread winner, insurance policies are taken to cover such situations.

22. In the present case, the life assured had entered into the policy in June, 2017 and had suffered ill health during April, 2019 and succumbed to the same, whereinafter, the claim had come to be lodged. Almost the life assured

had survived for a period of two years from the date on which the policy had come into force. Without admitting, even if it is construed that the life assured had underwent CAG in Vijay Hospital during the year 2012, even then the life assured had survived from 2012 to 2019 for about seven years.

23. It is to be pointed that Coronary Angiography, for short is CAG, which is done to ascertain about the cardiac health of a patient and to find out about any abnormality in the heart and pumping of blood. Mere taking of CAG cannot be held that a person is suffering from cardiac disease. At best, the medical test, if any, taken by the life assured at Vijay Hospital, which is not admitted by the petitioner and not established by the insurer, could only be taken to be a preventive step done to ascertain the cardiac health of the life assured and it cannot be held that the life assured was suffering from any cardiac ailment.

24. It is to be pointed out that neither the doctor, who prepared the Death Summary nor any official Vijay Hospital in which the life assured is alleged to have undergone CAG treatment has been placed before the 4th respondent by the insurer. However, the 4th respondent had relied on the report issued by Sundaram Medical Foundation in which the life assured had underwent medical treatment for his illness post the issuance of the policy to hold that the illness is

a serious cardiac complication and, therefore, had doubted the health condition of the life assured. However, the 4th respondent had forgotten that a duty is cast on the insurer to establish that the life assured was suffering a serious medical complication, which had not been disclosed but had put the ball in the court of the petitioner to establish that the life assured had not undertaken any medical treatment at Vijay Hospital by producing any documents, as the petitioner had claimed that the life assured had not underwent any medical procedure at Vijay Hospital.

25. It is to be pointed out that only for the purpose of establishing that the life assured had underwent a medical procedure, documents could be filed to substantiate it and not to the contrary. However, the 4th respondent had called upon the petitioner to produce confirmation from Vijaya Hospital with regard to the treatment taken by the life assured, when it is the case of the petitioner that the life assured had not taken any treatment at Vijaya Hospital.

26. Further, as stated above, the life assured had succumbed to the medical complications in his heart almost two years after taking the policy. At the time when the policy was taken TMT done did not reveal any medical complication and it was only negative. Therefore, on the crucial date, the life

assured cannot be said to have been an unhealthy person, as any medical complication would have had a telling effect in the TMT, moreso, if it is connected with the heart. Based on the TMT, the panel doctor had also certified the life assured as not suffering from any pre-existing ailment. Therefore, it is decisive that on the crucial date, the life assured was not assessed to any pre-existing medical complication nor was he of any unhealthy physique which rendered him unfit to hold the policy or to hold a policy on differential terms.

27. Further, it should not be lost sight of that howsoever a person may be healthy, illness or sudden medical complications even in respect of a healthy individual cannot be ruled out. Human health is prone to the vagaries of the situation. On the date when the life assured was assessed, his health condition on the said date is the determining factor in issuance of policy and unless fraud is played by shielding crucial medical factors, which stand established, any medical complication in the course of normal human life cannot be put against a life assured to defeat his rights to the benefit of insurance, else the concept of insurance would lose its colour and sheen.

28. True it is that any misstatement/concealment in the declaration, as submitted by the insurer, would amount to the breach of the doctrine of utmost

good faith. However, in the present case, there is no material evidencing the fact that the life assured had given any misstatement or concealed any material with regard to his health while signing the declaration and, therefore, breach of doctrine of good faith as pleaded by the insurer cannot be held to have been proved.

29. Insurance products are sold only on the promise that any unforeseen situation meted out to the life assured would guarantee the safety and security of his family monetarily. Any situation arising to a life assured beyond his control in the form of his health cannot be stated to be a pre-existing illness and was within the knowledge of the life assured unless it is established that the life assured had voluntarily and by deceit not disclosed the information, which would otherwise have been crucial in determining the life coverage of the individual.

30. In the present case, as aforesaid, on the crucial date, viz., 28.5.2017, when the life assured was examined, there was no material to doubt that the life assured was suffering from any illness and, therefore, the policy was issued on 1.6.2017. Thereafter, the life assured was alive till 26.4.2019 on which date the medical complications resulted in his death, though in the interregnum, during September, 2017, for a period of about 5 days, the life assured was

hospitalised and was diagnosed with cardiac illness. From the date of the said diagnosis, the life assured was surviving for more than a year and a half and his life came to an end on 26.4.2019. There is no material placed by the insurer to establish that the life assured was suffering any pre-existing illness, moreso, cardiac related, which was not disclosed resulting in his death.

31. The repudiation of claim made by the petitioner by the insurer ought to have been interfered with by the 4th respondent, as the 4th respondent ought to see that what is submitted by the life assured is the truth unless materials to the contrary are placed. In the present case, the insurer has not placed any materials to show that the life assured had concealed material particulars and thereby played fraud on the insurer for the purpose of claiming insurance.

32. The 4th respondent had predicated his findings based on his personal opinion by casting a doubt on the health of the life assured and not on any medical report/documentary evidence, which findings are *per se* erroneous, unreasonable, arbitrary and unsustainable.

33. For the reasons aforesaid, this writ petition deserves to be allowed. Accordingly, this writ petition is allowed and the order passed by the 4th

respondent approving the rejection of claim made by the 1st and 2nd respondents is hereby set aside. The 2nd respondent is directed to pay the insurance amount after adjusting the amount due towards the balance of housing loan from the insurance amount payable to the petitioner and pay the balance amount to the petitioner within a period of four weeks from the date of receipt of a copy of this order. In case, the 2nd respondent fails to pay the amount within the aforesaid period, the petitioner would be entitled to interest on the entire amount at the rate of 6% per annum from the date of making the claim petition till the date of payment. Consequently, connected miscellaneous petition is closed. There shall be no order as to costs.

01.09.2025

Index : Yes / No
DH/GLN

To

1. The Assistant General Manager,
RACPC Ayyappan Thangal,
No.50 AR Plaza, Mount Poonamallee,
Chennai – 600 056.

2. Regional Director,
SBI Life Insurance Company Limited,
4th Floor, Centennial Square,
6A, Dr.Ambethkar Road,
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M.DHANDAPANI, J.

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