



A.S.(MD)No.13 of 2016

WEB COPY

BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

Date of Reserving the Judgment	Date of Pronouncing the Judgment
07.10.2025	29.10.2025

CORAM:

**THE HONOURABLE MR.JUSTICE C.V.KARTHIKEYAN
and
THE HONOURABLE MR.JUSTICE R.VIJAYAKUMAR**

**A.S.(MD)No.13 of 2016
and
C.M.P.(MD)No.855 of 2016**

1.The Life Insurance Corporation of India,
Rep. by its Zonal Manager,
Chennai – 2.

2.The Life Insurance Corporation of India,
Rep. by its Senior Divisional Manager,
Madurai – 2.

... Appellants / Defendants 1 and 2

vs.

1.Maheswari

... 1st Respondent / Plaintiff

2.Vasantha

... 2nd Respondent / 3rd Defendant

PRAYER : Appeal Suit filed under Section 96 Civil Procedure Code against the judgment and decree dated 19.08.2015 passed in O.S.No.88 of 2011, on the file of Principal District Court, Dindigul.



A.S.(MD)No.13 of 2016

WEB COPY

For Appellants : Mr.G.Prabhurajadurai

For R1 : Mr.R.Anandharaj

For R2 : No Appearance

JUDGMENT

C.V.KARTHIKEYAN, J.

The first and second defendants in O.S.No. 88 of 2011, on the file of the Principal District Court, Dindigul, are the appellants herein.

2. O.S.No.88 of 2011 had been filed by the first respondent herein, Maheswari, seeking a judgment and decree against the first and second defendants therein, the Life Insurance Corporation of India, represented by its Zonal Manager at Chennai and its Senior Divisional Manager at Madurai, who are the appellants herein, directing payment of a sum of Rs.2,75,07,759.98, together with interest on Rs.2,25,30,000/- at 12% per annum from the date of plaint till the date of realization, and for costs of the suit.

3. The suit was also filed against the third defendant, Vasantha, who is the mother-in-law of the plaintiff.



A.S.(MD)No.13 of 2016

WEB COPY

3.1. The plaintiff instituted the suit on the ground that the first and second defendants had repudiated the claims made under the insurance policies obtained from them, in which the insured was the husband of the plaintiff. The insured died in a motor car accident on 18.01.2009. The learned Trial Judge, on the basis of the evidence adduced, decreed the suit with costs, thereby necessitating the filing of the present appeal by the first and second defendants.

O.S.No.88 of 2011 [Principal District Court, Dindigul]:-

4. It was contended by the plaintiff that her husband, Jeganathan, was engaged in profitable business activities and had obtained insurance policies from the first and second defendants after duly disclosing all correct and necessary particulars. He had taken five such policies, the details of which are as follows:-

Sl. No.	Date	Policy Nos.	Sum Assured Amount	Nominee
1	31.1.08	745306968	10,000/-	S.Maheswari
2	24.8.05	748905624	1,05,000/-	S.Vasanth
3	25.9.95	741559691	30,000/-	S.Vasanth
4	20.3.07	744586313	20,00,000/-	S.Maheswari
5	28.9.07	745302290	2,00,00,000/-	S.Maheswari



A.S.(MD)No.13 of 2016

WEB COPY

5. It was contended that the premium amounts had been paid regularly without any default. It was further contended that the husband of the plaintiff met with a fatal motor accident on 18.01.2009 at Chennai–Tindivanam Road, near Silavattam–Madura Ollupakkam Section of National Highways, in Maduranthangam Village, and died on the spot.

6. The plaintiff had preferred claims under the aforesaid insurance policies. The first and second defendants settled the claims in respect of Policy Nos.1 and 2 but rejected the claims relating to Policy Nos.3 to 5, alleging that the insured had failed to disclose material particulars regarding his health and that such non-disclosure was deliberate. The plaintiff thereafter preferred a claim before the Claims Review Committee at Chennai, which also rejected the claim. Subsequently, the plaintiff approached the Claims Review Committee at Mumbai, but her claim was again rejected.

7. Under these circumstances, the plaintiff instituted the present suit seeking a judgment and decree directing the defendants to pay the amounts due under Policy Nos.3 to 5, together with costs of the suit.



A.S.(MD)No.13 of 2016

WEB COPY

8. In the written statement filed by the second defendant, it was contended that the insured was required to answer specific queries at the time of obtaining the insurance policies. The first query was whether, during the preceding five years, he had consulted any medical practitioner for any ailment requiring treatment for more than one week. The next query was whether he had ever been admitted to any hospital or nursing home for general check-up, observation, treatment, or operation. The insured had answered both these queries in the negative.

9. It was further contended that, based on the declarations so made, the policies relating to Claim Nos.4 and 5 were issued.

10. It was also contended that the insured had earlier met with a motor accident on 24.06.2001 while allegedly driving a vehicle under the influence of alcohol, wherein he had sustained grievous injuries necessitating facial reconstruction. He had been treated as an inpatient from 24.06.2001 to 07.07.2001 and had undergone reconstruction of facial bones and Arch Bar fixation on 02.07.2001. It was further contended that in the year 2006, he had



A.S.(MD)No.13 of 2016

developed a severe stomach ailment and vomited blood. It was contended that these incidents had arisen prior to the dates on which the insurance policies were obtained. It was also stated that in the subsequent policies taken by him, he had failed to disclose the existence of the earlier policies, amounting to suppression of material facts at the time of the application.

11. It was further stated that the claim had been repudiated after due consideration by the Senior Divisional Manager, Madurai Zone, and subsequently reviewed and rejected by the Claims Review Committees at Chennai and at Mumbai. It was therefore contended that the suit is not maintainable and that the repudiation was valid and proper, and that the suit deserves to be dismissed.

12. On the basis of the above pleadings, the learned Principal District Judge, Dindigul, framed the following issues:—

"(i) Whether the plaintiff is entitled to recovery of the suit claim?

(ii) Whether the plaintiff is entitled to obtain the suit claim as prayed for in the plaint?

(iii) To what other reliefs is the plaintiff entitled?"



A.S.(MD)No.13 of 2016

WEB COPY

13. During the trial, the plaintiff examined herself as P.W.1 and marked Exhibits A.1 to A.17. The defendants examined four witnesses as D.W.1 to D.W.4 and marked Exhibits B.1 to B.8.

14. On consideration of the oral and documentary evidence, the learned Principal District Judge, Dindigul, held that the insured was hale and healthy at the time of obtaining the insurance policies. It was found that he had unfortunately met with a motor accident on 18.01.2009 and died on the spot. The learned Principal District Judge observed that the cause of death was the sudden accident and not attributable to any pre-existing medical condition. It was further held that non-disclosure of the previous accident would have no bearing, as the insured died while travelling as a passenger in a car. The Trial Court also held that non-disclosure of the ailment suffered in the year 2006 would not be fatal, since that was not the cause of the accident or the death of the insured. Accordingly, the suit was decreed with costs.

A.S.(MD)No.13 of 2016:-



A.S.(MD)No.13 of 2016

WEB COPY

15. It is the case of the appellants that the insured, while taking the suit policies in the year 2007, had specifically answered in the negative to a query as to whether, during the last five years, he had consulted a medical practitioner for any ailment requiring treatment for more than a week, and had similarly answered in the negative to another query as to whether he had been admitted to any hospital for general check-up, observation, treatment, or operation. It had been further contended that, in the insurance policies, the insured had not disclosed the details of all existing policies.

15.1. In this connection, it is contended that the insured had met with an accident on 24.06.2001 while driving a vehicle and had suffered injuries requiring facial reconstruction. The appellants contended that records relating to such medical treatment had been produced, but the insured had never disclosed any of these facts when he took the insurance policies.

15.2. It had also been stated that, in the year 2006, the insured had suffered from a stomach ailment, had vomited blood, and had taken treatment at a hospital in Coimbatore. It has been contended that he had not disclosed this particular fact



A.S.(MD)No.13 of 2016

WEB COPY

also.

15.3. It had been stated that the reasons for repudiating the policies were informed to the first respondent/plaintiff, who had preferred an appeal before the Zonal Claim Review Committee, but was not successful. The first respondent had thereafter preferred a further appeal before the Review Committee at the Corporate Office at Mumbai, wherein again the order of repudiation was upheld. It was contended that the appellants were justified in repudiating the three policies taken out by the insured.

15.4. During the course of arguments, however, the learned counsel for the appellants stated that, in respect of one of the three policies for which an order of repudiation had been passed, namely Policy No.741559691 dated 25.09.1995, the appellants were not pressing the appeal and would process that particular claim. However, arguments were advanced justifying the repudiation of the policies dated 20.03.2007 (Policy No.744586313) for a sum of Rs.20,00,000/-, and dated 28.09.2007 (Policy No.745302290) for a sum of Rs.2,00,00,000/-.

15.5. It had been very vehemently argued by the learned counsel for the



A.S.(MD)No.13 of 2016

apellants that, in respect of both the above policies, there had been suppression and non-disclosure of material facts. It was stated that, in response to specific queries as to whether the insured had, during the last five years, consulted any medical practitioner for any ailment requiring treatment for more than a week, or had ever been admitted to any hospital for general check-up, observation, treatment, or operation, the insured had answered in the negative. The learned counsel, however pointed out instances to the contrary, namely, the injuries suffered by the insured in the accident occurred on 24.06.2001, which required facial reconstruction, and the incident in 2006 when the insured had suffered a stomach ailment and vomited blood, which also required medical treatment.

15.6. The learned counsel further contended that the policies had been issued by the appellants in good faith, and that once there was suppression or non-disclosure of material facts, there was a violation of the terms and conditions of the policy. Therefore, the appellants were within their rights to repudiate the claims. The learned counsel also pointed out that the details regarding the earlier policies had also not been disclosed while obtaining the subsequent policies.



A.S.(MD)No.13 of 2016

WEB COPY

15.7. The learned counsel placed reliance on the judgment of the Hon'ble Supreme Court in **Reliance Life Insurance Company Limited and another v. Rekhaben Nareshbhai Rathod** reported in **(2019) 6 SCC 175**. The facts of that particular case have been summarized in paragraphs 2 and 3 of the judgment, which are as follows:-

"2. On 10-7-2009, the spouse of the respondent took a policy of life insurance from Max New York Life Insurance Co. Ltd., for a sum of Rs 11 lakhs. Barely two months thereafter, on 16-9-2009 he submitted a proposal for a life insurance term plan policy of the appellant for an insurance cover of Rs 10 lakhs. Among the questions that the proposer was required to answer in the proposal form was whether he was currently insured or had previously applied for life insurance cover, critical illness cover or accident benefit cover. This query was answered in the negative. Item 17 of the proposal form required a disclosure of:

"DETAILS OF LIFE INSURANCE POLICIES HELD/PROPOSALS APPLIED WITH LIFE INSURANCE COMPANIES (INCLUDING EXISTING POLICIES WITH RELIANCE LIFE INSURANCE COMPANY LTD.)"

The information which was required to be furnished under the above



A.S.(MD)No.13 of 2016

WEB COPY

head included : (i) name of the life to be assured/proposer; (ii) name of company; (iii) contract/proposal number; (iv) basic sum assured; (v) sum assured under rider; and (vi) year of commencement. The proposer was also required to furnish details in regard to the present status and terms of acceptance and to fill up one of the accompanying boxes namely : (i) declined; (ii) postponed; (iii) rated up; (iv) rejected; (v) in force; (vi) lapsed; and (vii) applied.

3. The proposer answered the query as to whether he was currently insured for a cover of life insurance, critical illness or accident benefit in the negative. On the details of other insurance covers held by him, the proposer had indicated "NA" or a "not applicable" response. The declaration which was required to be furnished by the proposer with the proposal form was in the following terms:

"I understand and agree that the statements in this proposal form shall be the basis of the contract between me and Reliance Life Insurance Company Ltd. ("the Company") and that if any statements made by me are untrue or inaccurate or if any of the matter material to this proposal is not disclosed by me then the Company may cancel the contract and all the premiums paid, will be forfeited." "

15.7.1. In the aforementioned judgment, the Hon'ble Supreme Court held as follows:-

12/43



A.S.(MD)No.13 of 2016

WEB COPY

"24. The Insurance Regulatory and Development Authority of India, by a Notification dated 16-10-2002 issued the Insurance Regulatory and Development Authority (Protection of Policyholders' Interests) Regulations, 2002.

24.1. The expression "proposal form" is defined in Regulation 2(d) thus:

*"2. (d) "**Proposal form**" means a form to be filled in by the proposer for insurance, for furnishing all material information required by the insurer in respect of a risk, in order to enable the insurer to decide whether to accept or decline, to undertake the risk, and in the event of acceptance of the risk, to determine the rates, terms and conditions of a cover to be granted.*

Explanation.—"Material" for the purpose of these Regulations shall mean and include all important, essential and relevant information in the context of underwriting the risk to be covered by the insurer."

24.2. Regulation 4 deals with proposals for insurance and is in the following terms:

*"4. **Proposal for insurance.**—(1) Except in cases of a marine insurance cover, where current market practices do not insist on a written proposal form, in all cases, a proposal*



A.S.(MD)No.13 of 2016

WEB COPY

for grant of a cover, either for life business or for general business, must be evidenced by a written document. It is the duty of an insurer to furnish to the insured free of charge, within 30 days of the acceptance of a proposal, a copy of the proposal form.

(2) Forms and documents used in the grant of cover may, depending upon the circumstances of each case, be made available in languages recognised under the Constitution of India.

(3) In filling the form of proposal, the prospect is to be guided by the provisions of Section 45 of the Act. Any proposal form seeking information for grant of life cover may prominently state therein the requirements of Section 45 of the Act.

(4) Where a proposal form is not used, the insurer shall record the information obtained orally or in writing, and confirm it within a period of 15 days thereof with the proposer and incorporate the information in its cover note or policy. The onus of proof shall rest with the insurer in respect of any information not so recorded, where the insurer claims that the proposer suppressed any material information or provided misleading or false information on any matter material to the grant of a cover."



WEB COPY

25. Regulation 2(d) specifically defines the expression “proposal form” as a form which is filled by a proposer for insurance to furnish all material information required by the insurer in respect of a risk. The purpose of the disclosure is to enable the insurer to decide whether to accept or decline to undertake a risk. The disclosures are also intended to enable the insurer, in the event that the risk is accepted, to determine the rates, terms and conditions on which a cover is to be granted. The Explanation defines the expression “material” to mean and include “all important essential and relevant information” for underwriting the risk to be covered by the insurer. Regulation 4(3) stipulates that while filling up the proposal, the proposer is to be guided by the provisions of Section 45. Where a proposal form is not used, the insurer under Regulation 4(4) is to record the information, confirming it within a stipulated period with the proposer and ought to incorporate the information in the cover note or policy. In respect of information which is not so recorded, the onus of proof lies on the insurer who claims that there was a suppression of material information or that the insured provided misleading or false information on any matter that was material to the grant of the cover.

26. The expression “material” in the context of an 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. In *MacGillivray on Insurance Law* [12th Edn., Sweet and Maxwell (2012). See p. 493 for cases relied upon.] it is observed thus:



A.S.(MD)No.13 of 2016

WEB COPY

"The opinion of the particular assured as to the materiality of a fact will not as a rule be considered, because it follows from the accepted test of materiality that the question is whether a prudent insurer would have considered that any particular circumstance was a material fact and not whether the assured believed it so. ..."

*27. Materiality from the insured's perspective is a relevant factor in determining whether the insurance company should be able to cancel the policy arising out of the fault of the insured. Whether a question concealed is or is it not material is a question of fact. As this Court held in **Satwant Kaur [Satwant Kaur Sandhu v. New India Assurance Co. Ltd., (2009) 8 SCC 316 : (2009) 3 SCC (Civ) 366] : (SCC p. 323, para 22)***

"22. ... Any fact which goes to the root of the contract of insurance and has a bearing on the risk involved would be "material"."

15.8. The learned counsel also placed reliance on the judgment of the Hon'ble Supreme Court in **Mahakali Sujatha v. Branch Manager, Future Generali India Life Insurance Company Limited and another** reported in **(2024) 8 SCC 712**. The facts of the case are as follows:



A.S.(MD)No.13 of 2016

WEB COPY

"3. The brief facts giving rise to the present appeal are as follows :

For the sake of convenience, the parties shall be referred to as complainant and opposite party.

4. Late Sri Siriveri Venkateswarlu, father of the complainant, obtained two insurance policies from the opposite party—one on 5-5-2009, for a sum of Rs 4,50,000, and the other on 22-3-2010, for a sum of Rs 4,80,000. Under the said two policies, in the event of death by accident, twice the sum assured was payable by the insurer. In the application form of the policy, the insured had been asked about the details of his existing life insurance policies with any other insurer, and the insured had answered the same in the negative. The complainant, being the daughter of the policy holder late Sri Siriveri Venkateswarlu, was nominated to receive the proceeds under both the policies.

5. On 28-2-2011, the policy holder unfortunately lost his life in a train accident, leaving behind the complainant alone as his legal heir as well as nominee for death benefits. Immediately thereafter, the complainant approached the opposite party and informed about the death of her father and they advised the complainant to submit a claim form along with necessary documents which she did. However, by letter dated 31-12-2011, the complainant's claims were repudiated by the opposite party.



A.S.(MD)No.13 of 2016

WEB COPY

6. *The claim of the complainant was repudiated on the ground that the policy holder had suppressed material facts in his application form with respect to existing life insurance policies from other insurers. Upon investigation by the opposite party, it was found that the insured had substantial life insurance cover with other insurance companies, even prior to the date of his application. After an evaluation of all facts and documents submitted and circumstances of the case, the opposite party came to the conclusion that the replies to the questions in the application form were incorrect, inasmuch as the opposite party held documentary proof in support of the same. They observed that had such information been disclosed, their underwriting decision would have materially changed. It was further remarked that the contract of insurance is based on the principle of utmost good faith and the company relies on the information provided by the life insured in the application for insurance. Thus, the claim was held to be not valid and the liability to pay under the policy was repudiated by the insurer."*

15.8.1. In the aforementioned case, while examining the issue of suppression of material information, the Hon'ble Supreme Court considered the ratio laid down in **Rekhaben Nareshbhai Rathod** [*referred supra*], and observed as follows:-

*"42.The question before this Court in **Rekhaben case** [Reliance*



A.S.(MD)No.13 of 2016

WEB COPY

Life Insurance Co. Ltd. v. Rekhaben Nareshbhai Rathod, (2019) 6 SCC 175 : (2019) 3 SCC (Civ) 174] was, whether, the repudiation could be sustained on the grounds of suppression of information about other insurance policies. It is pertinent to note that the insured therein had admitted the non-disclosure of the earlier cover for life insurance held by him, but argued that the non-disclosure of such information was not a material fact whose suppression would allow for repudiation of the claim under Section 45. Therefore, the Court ruled in favour of the insurance company and held that such suppression was indeed a material suppression of information, as it had a bearing on the decision of the insurer to enter into the contract of insurance or not."

15.8.2. Thereafter, the Hon'ble Supreme Court stated as follows in paragraph 44:-

"44.However, the aforesaid judgment in ***Rekhaben case [Reliance Life Insurance Co. Ltd. v. Rekhaben Nareshbhai Rathod, (2019) 6 SCC 175 : (2019) 3 SCC (Civ) 174]*** is distinguishable from the present case, insofar as there is no admission by the appellant herein of any previous policies taken by the insured. In that case, after the admission by the policy holder, the Court was tasked only with the question of whether the fact about previous policies qualified to be a "material fact" that was suppressed. However, in the present case, in light of Section 45 of the Insurance Act, 1938, the burden rests on the insurer to prove before the Court that the insured had suppressed the information about the previous



A.S.(MD)No.13 of 2016

WEB COPY

policies. This burden of proof has to be duly discharged by the insurer in accordance with the law of evidence."

15.8.3. The Hon'ble Supreme Court, on considering the law on the subject, further placed reliance on the *contra proferentem* rule and held as follows:-

*"53. In this context, it is necessary to place reliance on the contra proferentem rule. This Court in **Manmohan Nanda [Manmohan Nanda v. United India Assurance Co. Ltd., (2022) 4 SCC 582 : (2022) 2 SCC (Civ) 715]** , discussed the rule of contra proferentem as under : (SCC pp. 602-604, paras 45-46)*

"45. The contra proferentem rule has an ancient genesis. When words are to be construed, resulting in two alternative interpretations then, the interpretation which is against the person using or drafting the words or expressions which have given rise to the difficulty in construction, applies. This rule is often invoked while interpreting standard form contracts. Such contracts heavily comprise of forms with printed terms which are invariably used for the same kind of contracts. Also, such contracts are harshly worded against individuals and not read and understood most often, resulting in grave legal implications. When such standard form contracts ordinarily contain exception clauses, they are



A.S.(MD)No.13 of 2016

WEB COPY

invariably construed contra proferentem rule against the person who has drafted the same.

46. Some of the judgments which have considered the contra proferentem rule are referred to as under:

*46.1. In **General Assurance Society Ltd. v. Chandumull Jain** [(1966) 36 Comp Cas 468 : 1966 SCC OnLine SC 208 : AIR 1966 SC 1644] , it was held that where there is an ambiguity in the contract of insurance or doubt, it has to be construed contra proferentem against the insurance company.*

*46.2. In **DDA v. Durga Chand Kaushish** [(1973) 2 SCC 825], it was observed:*

"In construing document one must have regard, not to the presumed intention of the parties, but to the meaning of the words they have used. If two interpretations of the document are possible, the one which would give effect and meaning to all its parts should be adopted and for the purpose, the words creating uncertainty in the document can be ignored."

*46.3. Further, in **Central Bank of India Ltd. v. Hartford Fire Insurance Co. Ltd.** [(1965) 35 Comp Cas 378 : 1964 SCC OnLine SC 239 : AIR 1965 SC 1288] , it was held : (AIR p. 1291, para 11)*

"11. ... what is called the contra proferentem rule



A.S.(MD)No.13 of 2016

WEB COPY

should be applied and as the policy was in a standard form contract prepared by the insurer alone, it should be interpreted in a way that would be favourable to the assured."

46.4. In Mohd. Kamgarh Shah v. Jagdish Chandra Deo Dhabal Deb [1960 SCC OnLine SC 107 : AIR 1960 SC 953], it was observed that where there is an ambiguity it is the duty of the court to look at all the parts of the document to ascertain what was really intended by the parties. But even here the rule has to be borne in mind that the document being the grantor's document it has to be interpreted strictly against him and in favour of the grantee.

46.5. In United India Insurance Co. Ltd. v. Orient Treasures (P) Ltd. [(2016) 3 SCC 49 : (2016) 2 SCC (Civ) 14], this Court quoted Halsbury's Laws of England (5th Edn., Vol. 60, Para 105) on the contra proferentem rule as under : (SCC p. 59, para 37)

"37. ... "Contra proferentem rule.—Where there is ambiguity in the policy the court will apply the contra proferentem rule. Where a policy is produced by the insurers, it is their business to see that precision and clarity are attained and, if they fail to do so, the ambiguity will be resolved by adopting the construction favourable to the insured. Similarly, as regards language which emanates from



A.S.(MD)No.13 of 2016

WEB COPY

the insured, such as the language used in answer to questions in the proposal or in a slip, a construction favourable to the insurers will prevail if the insured has created any ambiguity. This rule, however, only becomes operative where the words are truly ambiguous; it is a rule for resolving ambiguity and it cannot be invoked with a view to creating a doubt. Therefore, where the words used are free from ambiguity in the sense that, fairly and reasonably construed, they admit of only one meaning, the rule has no application." "

46.6. The learned counsel for the appellant have relied upon **Sushilaben Indravadan Gandhi v. New India Assurance Co. Ltd.** [(2021) 7 SCC 151 : (2021) 3 SCC (Civ) 777 : (2021) 3 SCC (Cri) 118 : (2021) 2 SCC (L&S) 409], wherein it was observed that any exemption of liability clause in an insurance contract must be construed, in case of ambiguity, *contra proferentem* against the insurer. In the said case reliance was placed on **Export Credit Guarantee Corpn. (India) Ltd. v. Garg Sons International** [(2014) 1 SCC 686 : (2014) 1 SCC (Civ) 648], wherein this Court held as under: (Sushilaben Indravadan Gandhi case [(2021) 7 SCC 151 : (2021) 3 SCC (Civ) 777 : (2021) 3 SCC (Cri) 118 : (2021) 2 SCC (L&S) 409], SCC pp. 183-84, para 39)

"39. ... "11. The insured cannot claim anything more than what is covered by the insurance policy. 'The terms of the



A.S.(MD)No.13 of 2016

WEB COPY

contract have to be construed strictly, without altering the nature of the contract as the same may affect the interests of the parties adversely.' The clauses of an insurance policy have to be read as they are. Consequently, the terms of the insurance policy, that fix the responsibility of the Insurance Company must also be read strictly. The contract must be read as a whole and every attempt should be made to harmonise the terms thereof, keeping in mind that the rule of contra proferentem does not apply in case of commercial contract, for the reason that a clause in a commercial contract is bilateral and has mutually been agreed upon." (Export Credit Guarantee case [(2014) 1 SCC 686 : (2014) 1 SCC (Civ) 648], SCC pp. 690-91, para 11)" "

(emphasis in original and supplied)

54. Having regard to the aforesaid discussion on contra proferentem rule, it is noted that Queries 6.1 and 6.2 are not clear in themselves as we have discussed the same above. Therefore, the answer given by the deceased cannot be taken in a manner so as to negate the benefit of the policy by repudiation of the same on the demise of the insured."

15.8.4. However, the learned counsel for the appellants insisted that, in the instant case, there had been a specific non-disclosure of material facts. He further pointed out that the two policies dated 20.03.1997 and 28.09.2007 had been taken



A.S.(MD)No.13 of 2016

WEB COPY
shortly before the death of the insured, who had passed away on 18.01.2009 in a motor car accident. The learned counsel, therefore, contended that the judgment and decree of the Trial Court ought to be set aside with respect to the aforesaid two policies, namely, the policy dated 20.03.1997 bearing Policy No.744586313 and the policy dated 28.09.2007 bearing Policy No.745302290.

16. The learned counsel for the first respondent, however, pointed out that, upon the death of the insured in a motor car accident, claims had been preferred in respect of five separate policies. The first policy, dated 31.01.2008, had been taken after the earlier accident on 24.06.2001, and after the alleged treatment taken by the insured for a stomach ailment and vomiting of blood in the year 2006. However, the claim under that particular policy had been accepted and settled by the appellants. The learned counsel contended that if, as a matter of principle, the appellants were to deny the claim of the first respondent, they ought to have taken a consistent stand with respect to all the policies, and could not process and honour the claim under a policy of lesser value while repudiating the claims under policies of higher value.



A.S.(MD)No.13 of 2016

WEB COPY

16.1. The learned counsel further submitted that the insured had not died as a consequence of the earlier accident suffered in the year 2001 or the treatment allegedly taken in 2006. It was stated that the insured was a passenger in a car driven by another person, and that the car had hit the median, resulting in the insured's instantaneous death. It was thus contended that there was no connection whatsoever between the earlier accident in 2001 or the treatment in 2006 and the cause of death. Even if the insured had not suffered the earlier accident or had not taken treatment in 2006, the fatal accident of 2009 would still have resulted in his death.

16.2. The learned counsel therefore argued that the Trial Court had rightly considered all relevant aspects and decreed the suit with respect to all the policies. It was further contended that the appellants could not selectively repudiate certain policies and process claims under others merely on the basis of the value of the policies.

16.3. In support of his contentions, the learned counsel for the first respondent placed reliance on the following judgments:-



A.S.(MD)No.13 of 2016

WEB COPY

(i) **Mahaveer Sharma v. Exide Life Insurance Company Limited and another** reported in **2025 SCC OnLine SC 435**. The facts of the case are as follows:-

"7. The question raised before this Court is whether there was any material suppression of fact on the part of the appellant's father while obtaining an insurance policy or not? The terms and conditions as contained under clauses 51, 52, 53, 54 and 55 reads as under:

51. Are you an existing customer of Exide Life Insurance Company Limited?

52. Have you concurrently/simultaneously applied for any life, health insurance cover with us or any other life, health insurance company which is still under consideration?

53. Have you concurrently/simultaneously applied for any life, health insurance cover with us or any other life, health insurance company which is still under consideration?

54. Please provide details of existing insurance cover on your life in the below table. If you do not have any existing insurance on your life, please mention 'NIL' in Sum Assured column below. Please include any Keyman Insurance, Partnership Insurance & Employer Employee Insurance cover as well. If answer to question 52 to 55 is YES, then please provide the complete details in the below mentioned table:



A.S.(MD)No.13 of 2016

WEB COPY

<i>Policy/Proposal/ Application No.</i>	<i>Year of Issue/Submission</i>	<i>Company Name</i>	<i>Sum Assured</i>
No.89478	02/01/2014	AVIVA	400000

<i>Decision (Standard, other than standard terms</i>	<i>Status (In Force, Lapsed, Surrendered, Paid up, Applied for</i>	<i>Type of Policy (Life, Health, Accident)</i>
Standard	Force	Life

8. Clause 54 provides for details of the existing policies and the father of the appellant has certainly mentioned one policy issued by Aviva which is again a life insurance policy. It is also true that the father of appellant at the relevant point of time was also insured by Life Insurance Corporation of India and there were other insurance policies in existence at the time the insurance cover was issued by the respondent company.

9. It also merits consideration that that disclosed policy - issued by Aviva - was erroneously mentioned in the proposal form as assuring a sum of Rs.4 Lakhs. In fact, the disclosed policy was for Rs.40 Lakhs, an amount significantly more than the policies not disclosed and the sum assured by the subject policy herein. A perusal of material on record reflects that the insured had supplied a copy of the extant policy issued by Aviva assuring a sum of Rs. 40 Lakhs to the Respondent-Insurer at the



A.S.(MD)No.13 of 2016

WEB COPY

time of filing the Proposal Form."

On consideration of facts, the Hon'ble Spreme Court had held as follows:-

"18. The case at hand involves a slightly different consideration. The father of the appellant had disclosed one other life insurance policy availed by him at the time of filing the proposal form, but failed to disclose other similar policies. While the aforementioned judgment relates to a complete failure to disclose in the peculiar circumstances of two policies being availed of in a short span of time, the present case stands on a different footing of a substantial disclosure which would be sufficient for a prudent insurer to determine the risk assumed. We are of the considered view that such a failure would not influence the decision of a prudent insurer to issue the policy proposed. The policy in question is not a Mediclaim policy; it is a life insurance cover and the death of the deceased has taken place on account of an accident. Accordingly, failure to mention about other policies does not amount to a material fact in relation to the policy availed and consequently, the claim could not have been repudiated by the respondent company.

19. Therefore, we find that in the facts of this case the respondent-insurer decided to issue a policy to the father of the appellant herein even though it was aware that there was another policy for a higher sum assured which was taken by the insured from Aviva. Thus, the insurer was also aware of the fact that the insured had capability and capacity to pay



A.S.(MD)No.13 of 2016

WEB COPY

the premium for the policy obtained from Aviva and was confident that the insured had the capacity to pay the premium in respect of the policy which was issued to the insured by the respondent-insurer for a sum lesser assured being Rs. 25 lakh only. Consequently, we find that the repudiation of the policy, in the facts and circumstances of the present case, was improper. Therefore, the appellant herein is entitled to the benefit of the policy which was issued by the respondent herein."

(ii) In **Om Prakash Ahuja v. Reliance General Insurance Co. Ltd. etc.**, reported in **2023 SCC OnLine SC 760**, the Hon'ble Supreme Court considered the issue of repudiation of a policy where treatment of a disease was not disclosed. However, the Court found as a fact that the cause of death was not that particular disease for which treatment had been taken, but a different disease. In those circumstances, after analyzing the law, the Hon'ble Supreme Court held as follows:-

"26. The claim of the appellant was repudiated on that very ground namely non-disclosure of the disease by which the wife of the appellant (now deceased) suffered at the time of purchase of initial policy. The repudiation of claim by the insurance company was subject matter of consideration before the Fora at different levels under the Consumer Protection Act, 1986. The rejection of the claim on the ground that there was concealment of certain material facts by the appellant at



A.S.(MD)No.13 of 2016

WEB COPY

the time of purchase of policy, was not found to be tenable and the insurance company was directed to reimburse the expenses incurred for the period from 07.07.2007 to 06.07.2009. The aforesaid amount was paid by the insurance company. The order passed by the National Commission was not challenged any further by the Insurance Company. From this, it is established that even the Insurance Company accepted the fact that non-mentioning of the disease from which the deceased wife of the appellant suffered at the time of purchasing the policy was not material, as the death was caused from a different disease all together. Both had no relation with each other. "

Even in the instant case, the cause of death was an accident. To reiterate, the insured was sitting at the back of the motor car when it hit the median of the road, resulting in his death on the spot. This death can in no way be related to any previous incident either in 2001 or in 2006.

(iii) **Sulbha Prakash Motegaonkar and others v. Life Insurance Corporation of India** reported in **(2021) 13 SCC 561**, wherein the Hon'ble Supreme Court, while examining repudiation of a claim on account of non-disclosure of certain diseases that were neither life-threatening nor the cause of the death of the insured, held as follows:-



A.S.(MD)No.13 of 2016

WEB COPY

"5. It is not the case of the Insurance Company that the ailment that the deceased was suffering from was a life threatening disease which could or did cause the death of the insured. In fact, the clear case is that the deceased died due to ischaemic heart disease and also because of myocardial infarction. The concealment of lumbar spondylitis with PID with sciatica persuaded the respondent not to grant the insurance claim.

6. We are of the opinion that the National Commission was in error in denying to the appellants the insurance claim and accepting the repudiation of the claim by the respondent. The death of the insured due to ischaemic heart disease and myocardial infarction had nothing to do with his lumbar spondylitis with PID with sciatica. In our considered opinion, since the alleged concealment was not of such a nature as would disentitle the deceased from getting his life insured, the repudiation of the claim was incorrect and not justified."

16.4. Pointing out the ratio laid down in the aforementioned judgments, the learned counsel for the first respondent urged that the trial Court had considered all aspects and, therefore, its judgment does not warrant interference. He submitted that the appeal should be dismissed.

17. We have carefully considered the arguments advanced and perused the material records.



A.S.(MD)No.13 of 2016

WEB COPY

18. The points to be determined in the first appeal are:

(i) Whether the order repudiating the claim under Policy

No.744586313 dated 20.03.2007 [Ex.A.4] should be upheld?

(ii) Whether the order of repudiation under Policy

No.745302290 dated 30.09.2007 [Ex.A.5] should be upheld?

(iii) Whether the judgment of the trial Court requires

interference?

19. Since the appellants have raised common grounds to justify the repudiation of the claims made under the aforementioned two policies, and since the answer to the third point would depend upon the determination of the first and second points, all three points are taken up for discussion together.

20. The late husband of the first respondent, Jeganathan, had taken five insurance policies with the appellants. Although the details of these policies have been given earlier, they are reiterated below for the sake of clarity.

Sl. No.	Date	Policy Nos.	Sum Assured Amount	Nominee
1	31.1.08	745306968	10,000/-	S.Maheswari



A.S.(MD)No.13 of 2016

WEB COPY

2	24.8.05	748905624	1,05,000/-	S.Vasantha
3	25.9.95	741559691	30,000/-	S.Vasantha
4	20.3.07	744586313	20,00,000/-	S.Maheswari
5	28.9.07	745302290	2,00,00,000/-	S.Maheswari

21. The late husband of the first respondent met with an accident while travelling in a car bearing Registration No.TN-57-M-0001 on the Chennai–Tindivanam Road, near the Silavattam–Madura Ollupakkam section of the National Highway, in Maduranthangam Village, on 18.01.2009, and died on the spot.

22. The five insurance policies have been marked as Exs.A.1 to A.5. It is an admitted fact that the first and second respondents herein had laid claims under the said policies, having been designated as nominees. It is also an admitted fact that the appellants had processed the claims under the first and second insurance policies, but had repudiated the claims under the third, fourth, and fifth insurance policies.

23. During the course of arguments, the learned counsel for the appellants stated that the appellants would honour the claim under the third insurance policy.



A.S.(MD)No.13 of 2016

Consequently, the arguments were confined to justifying the repudiation of the claims under the fourth and fifth insurance policies referred to above.

24. The death certificate of the late husband of the first respondent was marked as Ex.A.7. The first respondent forwarded copies of the First Information Report, Post-Mortem Certificate, Chemical Analysis Report, and Claim Forms under Ex.A.8, seeking settlement of the policy claims. Further representations were made through letters marked as Exs.A.10, A.12, and A.14. The Post-Mortem Certificate was marked as Ex.A.17.

25. The Chemical Analysis Report revealed that no toxins or poisons were detected. It was opined that the cause of death was "*extensive haemorrhage and shock resulting from vital organ failure due to multiple injuries*". These multiple injuries had been sustained in the accident in which the late husband of the first respondent was involved while travelling in a car. He was not driving the vehicle but was seated as a rear-seat passenger. The car met with an accident, and he died on the spot.

26. By no stretch of imagination can it be contended that the accident resulting in his death was attributable to any act or omission on his part, either on



A.S.(MD)No.13 of 2016

the date of the occurrence or on any prior time. He was merely a passenger in the car that met with the accident on 18.01.2009, resulting in his instantaneous death. There can be no inference, by any reasonable construction, that the said accident was in any way connected to the earlier accident suffered by him on 24.06.2001 [Ex.B.1], which occurred more than seven years prior, or to the treatment he had taken in 2006 for stomach ailment and haematemesis (vomiting of blood).

27. It is the contention of the appellants that, while taking out the insurance policies and filling up the proposal forms, the late husband of the first respondent had answered “No” to specific Query Nos.11(a) and 11(b). The said queries read as follows:-

"11(a) : During the last five years did you consult a Medical Practitioner for any ailment requiring treatment for more than a week?

11(b) : Have you ever been admitted to any hospital or nursing home for general check up, observation, treatment or operation?"

28. It is the case of the appellants that the late husband of the first respondent had failed to disclose that he had been involved in an accident on



A.S.(MD)No.13 of 2016

24.06.2001, while driving a vehicle allegedly under the influence of alcohol, and had sustained grievous injuries requiring facial reconstruction. The documents relating to the said accident were marked as Exs.B.1 and B.6.

29. It is the further contention of the appellants that, in the year 2006, the late husband of the first respondent had developed a sudden stomach ailment, and vomited blood, and had undergone medical treatment. However, no documentary evidence in this regard has been produced by the appellants.

30. It is the argument advanced on behalf of the appellants that, since the aforesaid two facts had not been disclosed while answering Query Nos.11(a) and 11(b), the claims under the policies were rightly repudiated.

31. However, it is to be noted that, despite the same negative answers having been given, the appellants had honoured two of the policies and, during the course of arguments, had also stated that they would honour another policy, namely, the third policy. If, as a matter of principle, the appellants had decided to honour the policies irrespective of the answers given to the said queries, there can be no justification for denying the claims under the remaining two policies.



A.S.(MD)No.13 of 2016

WEB COPY

32. It was further contended that details of the earlier policies had not been disclosed. However, a perusal of the documents reveals that such details had, in fact, been furnished. It is also an undisputed fact that the late husband of the first respondent was a businessman of repute in Dindigul.

33. It must be reiterated that the cause of death of the late husband of the first respondent was totally unrelated to either the accident in the year 2001 or the treatment taken by him in 2006. As repeatedly pointed out, his death was the result of the accident that occurred while he was travelling in a car, in which he was not the driver but merely a rear-seat passenger, and he died on the spot due to the injuries sustained in the said accident.

34. We are unable to comprehend the grounds on which the claims were repudiated, or the reasoning behind the appellants' conclusion that the non-disclosure of the earlier accident in 2001 and the alleged treatment taken in 2006 would justify denial of the claim. Such a stand defies all logic.

35. As pointed out by the Hon'ble Supreme Court in the judgment reported in **(2024) 8 SCC 712 [Mahakali Sujatha (referred supra)]**, it is necessary to



A.S.(MD)No.13 of 2016

WEB COPY

examine whether the non-disclosure of such incidents constituted material facts when viewed in relation to the cause of death. In the present case, those incidents were not material facts, since the cause of death was an accident. It was this aspect that ought to have been considered by the appellants.

36. Further, the Hon'ble Supreme Court, in its judgment reported in **2025 SCC OnLine SC 435 [Mahaveer Sharma (referred supra)]**, while dealing with the issue of non-disclosure of earlier insurance policies, held as follows:-

"18. We are of the considered view that such a failure would not influence the decision of a prudent insurer to issue the policy proposed. The policy in question is not a Mediclaim policy; it is a life insurance cover and the death of the deceased has taken place on account of an accident. Accordingly, failure to mention about other policies does not amount to a material fact in relation to the policy availed and consequently, the claim could not have been repudiated by the respondent company."

37. It is thus evident that, when the deceased had died in an accident, the burden was squarely upon the appellants to honour the claim, particularly when the deceased was not responsible for causing the accident and was not driving the vehicle at the time of occurrence.

39/43



A.S.(MD)No.13 of 2016

WEB COPY

38. The Hon'ble Supreme Court, in its judgment reported in **2023 SCC OnLine SC 760 [Om Prakash Ahuja (*referred supra*)]**, held that the rejection of a claim on the ground of concealment of certain material facts was not tenable where the death had occurred due to a disease entirely unrelated to the facts allegedly not disclosed at the time the policy was purchased. Similarly, in the present case, there is no connection whatsoever between the cause of death, namely, the accident and the non-disclosure of the earlier accident suffered seven years prior or the alleged stomach ailment nearly three years prior to his death.

39. The Hon'ble Supreme Court, in its judgment reported in **(2021) 13 SCC 561 [Sulbha Prakash Motegaonkar (*referred supra*)]**, held that the repudiation of a claim was incorrect and unjustified where the death of the insured had no connection with the disease that was not disclosed at the time of policy purchase. In that case, the Court noted that the death was due to ischaemic heart disease and myocardial infarction, and had nothing to do with lumbar spondylitis, which had not been disclosed. The same reasoning applies to the facts of the present case. The cause of death of the late husband of the first respondent was an accident,



A.S.(MD)No.13 of 2016

which would have resulted in his death regardless of the earlier accident in 2001 or the stomach ailment treated in 2006.

40. Even in the judgment relied on by the learned counsel for the appellants in **Rekhaben Nareshbhai Rathod** [*referred supra*] reported in (2019) 6 SCC 175, the Hon'ble Supreme Court referred to its earlier judgment in **Satwant Kaur Sandhu v. New India Assurance Co. Ltd.**, reported in (2009) 8 SCC 316, wherein it has been held as follows:-

"22. ... Any fact which goes to the root of the contract of insurance and has a bearing on the risk involved would be "material"."

Thus, only such a fact which goes to the root of the contract of insurance and has a bearing on the risk involved can be considered material. In the instant case, the earlier accident suffered and the earlier ailment incurred could never be said to have any bearing on the cause of death of the insured.

41. We are of the firm opinion that the grounds advanced by the appellants to repudiate the two insurance policies cannot withstand the scrutiny of this Court. The trial Court considered all aspects and correctly decreed the suit with respect to all five insurance policies. We find no reason to differ with the findings

41/43



A.S.(MD)No.13 of 2016

therein. Accordingly, the first and second points are answered that the repudiation of the two policies by the appellants was incorrect and unjustified.

42. In consequence, we answer the third point that the judgment of the trial Court is required to be upheld.

43. The Appeal Suit therefore stands dismissed with costs. Consequently, connected Miscellaneous Petition is closed.

Index : Yes
NCC : Yes
To

[C.V.K., J.] & [R.V., J.]
29.10.2025

- 1.The Principal District Judge,
Dindigul.
- 2.The Section Officer,
V.R. Section,
Madurai Bench of Madras High Court,
Madurai.



WEB COPY



A.S.(MD)No.13 of 2016

C.V.KARTHIKEYAN, J.
and
R.VIJAYAKUMAR, J.

smn2

PRE-DELIVERY JUDGMENT MADE IN
A.S.(MD)No.13 of 2016

29.10.2025