



CWP-13584-2022

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

(219)

**CWP-13584-2022
Reserved on 14.10.2025
Pronounced on:- 29.10.2025**

**PNB METLIFE INDIA INSURANCE COMPANY LIMITED AND
ANOTHER**

... PETITIONERS

VERSUS

**AJMER KAUR (SINCE DECEASED) THROUGH HER LRS AND
ANOTHER**

... RESPONDENTS

CORAM: HON'BLE MR. JUSTICE SUVIR SEHGAL

Present:- Ms. Shruti Sharma, Advocate for
Mr. Nitin Thatai, Advocate
for the petitioners.

Mr. K.S.Mamrat, Advocate
for respondent No.1.

SUVIR SEHGAL, J.

1. Petitioners/insurance company has approached this Court by way of instant petition *inter-alia* for issuance of a writ in the nature of certiorari for quashing impugned award dated 16.09.2021, Annexure P-1, passed by Permanent Lok Adalat (Public Utility Services), Rupnagar (for short “the Lok Adalat”) as also for quashing warrants of attachment issued on 31.05.2022, Annexure P-2, by the Lok Adalat.

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2. Respondent No.1 filed an application, Annexure P-3, under Section 22-C of the Legal Services Authorities Act, 1987 (for short “the Act”) claiming that her husband, Parshotam Singh, had purchased a Met Smart Policy in the month of December, 2016 with a life coverage of Rs.10,50,000/- and paid a premium of Rs.1,50,000/-. In July, 2017, Parshotam Singh had pain in the abdomen and had bouts of vomiting. He was admitted to PGIMER, Chandigarh, but unfortunately expired on 10.07.2017. When his widow-respondent No.1 raised the claim under the policy, petitioners paid a marginal amount of Rs.1,20,206.31/- in full and final settlement. Application was contested by the petitioners by filing a written version, Annexure P-4, wherein they took a stand that the deceased had concealed material facts regarding his state of health and claim was repudiated vide letter dated 05.03.2018, Annexure P-8, on the ground of non-disclosure of prior medical condition in the proposal form. It was submitted that the fund value under the policy was electronically transferred to the bank account of respondent No.1, who filed a rejoinder reasserting the claim raised in the application. A Memorandum of Settlement was prepared by the Lok Adalat and when the parties could not reach at a settlement, it adjudicated the claim on merits vide the impugned award and directed the petitioners to pay a sum of Rs.10,50,000/- to the legal heirs of the deceased, besides Rs.10,000/- as litigation expenses, along with interest at the rate of 12% per annum.

3. Counsel for the petitioners has argued that the death of the insured occurred within eight months of the purchase of the policy and the claim raised



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by respondent No.1 was investigated. It was found that the deceased was suffering from hypertension and diabetes mellitus for the last ten years prior to the purchase of the policy. It has been argued that the insured deliberately concealed these ailments in order to defraud the insurance company and Lok Adalat has erred in accepting the claim vide the impugned order. Reliance has been placed by her upon

(i) Branch Manager, Bajaj Allianz Life Insurance Company Ltd. and others Versus Dalbir Kaur, (2021) 13 SCC 553;

(ii) Life Insurance Corporation of India Versus Sunita and another, (2022) 1 SCC 68;

(iii) Subhash Kumar Versus Branch Manager, Bajaj Allianz Life Insurance Company Limited and others, (2025) 1 PLR 344; and

(iv) Manmohan Nanda Versus United India Assurance Co. Ltd. and another, (2022) 4 SCC 582.

4. While supporting the award passed by the Lok Adalat, counsel for the respondent No.1 has argued that the cause of death of deceased is refractory shock, which has no connection with the alleged suppressed ailments. It is his submission that the insurance company has failed to lead any tangible evidence to establish that there was any concealment and in any case, the aforesaid diseases are not life threatening. Reference has been made by him upon

(i) Sulbha Prakash Motegaonkar and others Versus Life Insurance Corporation of India, (2021) 13 SCC 561;

(ii) P. Vankat Naidu Versus Life Insurance Corporation of India and



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another, (2011) 3 CPC 350;(iii) D. Srinivas Versus SBI Life Insurance Co. Ltd. and others, (2018) 3 SCC 653; and(iv) Sushma Sareen Versus Insurance Ombudsman and others, 2023 (4) R.C.R. (Civil) 460.

5. I have heard counsel for the parties at length and given a thoughtful consideration to the arguments raised by them, besides examining the documents on record.

6. There is no dispute that a contract of insurance is based on utmost good faith. It is the bounden duty of the person purchasing the policy to disclose all the relevant and material facts to the insurer at the time of the purchase of the policy. As to what would constitute a material fact would depend upon the health and medical condition of the proposer and in case there are specific questions in the proposal form, it is expected that categorical answers are given to the same. Insurance company has a right to seek the details regarding the medical condition of the proposer and also by getting him medically examined from one of its empanelled doctors. The insurer has to assess the likely risks that may arise from the status of health and existing disease, if any, disclosed in the proposal form before issuance of the insurance policy. Once an insurance policy has been issued after assessing the medical condition of the insured, insurance company cannot repudiate the claim by citing a pre-existing medical condition, which was disclosed by the insured in the proposal form. This position of law has been settled by the Hon'ble

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Supreme Court, after exhaustive discussion of the case law, in **Manmohan Nanda's case (supra)**.

7. Coming to the facts of the case, Parshotam Singh, who was 69 years of age, applied for an insurance policy by filling up a proposal form and named his wife, respondent No.1, as the nominee. He declared that he enjoyed a good state of health and had never suffered from any illness, injury, disease and had never undergone medical examination or absented from work for more than seven days. Under point 'E', insurance company sought medical details and family history of proposed. To a specific question in column 3 as to whether proposed had any history of 'Diabetes, Thyroid or any other Gland Related Disorder', Parshotam Singh answered in the negative. In-fact all the questions posed in this column relating to his health were answered as "No". On the basis of the information given by him, insurance company accepted the proposal and first installment of premium of Rs.1,50,000/-. An insurance policy under the plan, Metlife Smart Premium was issued with 22.12.2016, as date of commencement, for a period of 30 years with a premium payment term of 10 years. As per the application for death claim submitted by respondent No.1, insured was hospitalized on 05.07.2017 and expired on 10.07.2017. The medical summary of the insured shows that he was admitted with appendix perforation with peritonitis and pyoperitoneum and he had a history of hypertension and diabetes for the last ten years. Immediate cause of death was refractory shock. The relevant extract from the Medical Certificate of cause of death issued by PGIMER, Chandigarh is reproduced hereunder:-



CAUSE OF DEATH		Interval between onset & death approx	
I <u>Immediate cause</u> State the disease, injury or complication which caused death, not the mode of dying such as heart failure, asthma etc.	a) <u>REFRACTORY SHOCK</u> due to (or as a consequences of)	.....	.....
	(b) <u>APPENDICULAR PERFORATION WITH PERITONITIS AND PYOPERITONEUM</u> <u>DIABETES MELLITUS, HYPERTENSION</u>	.....	.....
	(c) .....	.....	.....
II <u>Antecedent cause</u> Morbid Conditions, if any, giving rise to the above cause, stating underlying condition last	.....	.....	.....
			
			
Other significant conditions contributing to the death but not related to the disease or conditions causing it.	.....	.....	.....
			
			

8. A perusal of the above reproduced extract shows that diabetes mellitus and hypertension were one of the significant factors contributing to the death of insured. It is, therefore, evident that although the insured was suffering from the aforesaid ailments for more than a decade, he did not disclose them and specifically replied in the negative in the proposal form. It is clear that the insured concealed his medical condition and obtained the insurance policy by withholding material facts pertaining to his health. The concealed medical conditions, viz., diabetes mellitus as well as hypertension were contributing factors to his untimely demise. As per medical records, cause of death has a direct nexus with the pre-existing concealed disease and the insurance company was justified in repudiating the claim. Lok Adalat has erred and failed in appreciating that a direct link of the ailments concealed by



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the insured with the cause of death stood established from the medical record. Therefore, impugned award deserves to be set aside.

9. Lok Adalat has placed reliance upon the judgment of the Supreme Court in **Sulbha Prakash Motegaonkar's case (supra)**, which has been distinguished by the Supreme Court in subsequent judgments. In **Life Insurance Corporation Versus Sunita and others, Law Finder Doc Id # 2710465**, Supreme Court has observed as under:-

“17. Furthermore, the NCDRC's reliance on *Sulbha Prakash Motegaoneker (supra)* was misplaced. That decision was based on peculiar facts where the insured had concealed lumbar spondylitis, which was entirely unrelated to his death due to a myocardial infarction. The Supreme Court clarified this distinction in *Bajaj Allianz Life Insurance Co. Ltd. V. Balbir Kaur (2021) 13 SCC 533*, holding:

"11. The decision of this Court in [*Subba Prakash Motegaonkar v. LIC, (2021) 13 SCC 561*], which has been relied upon by NCDRC, is clearly distinguishable. In that case, the assured suffered a myocardial infarction and succumbed to it. The claim was repudiated by the insurance company on the ground that there was a suppression of a pre-existing lumbar spondylitis. It was in this background that this Court held that the alleged concealment was of such a nature that would not disentitle the deceased from getting his life insured. In other words, the pre-existing ailment was clearly unrelated to the cause of death. This Court had also observed in its decision that the ailment concealed by the deceased was not a life-threatening disease. This decision must, therefore, be distinguished from the factual position as it has emerged before this Court."

18. Thus, *Sulbha Prakash Motegaoneker* does not establish a general principle of law applicable to all cases of non-disclosure. Instead, each case must be assessed based on its specific facts."

10. As the cause of death in **Sulbha Prakash Motegaonkar's case (supra)** had no connection with the pre-existing concealed ailment, this



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judgment would not come to the aid of respondent No.1. The other three judgments relied upon by counsel for respondent No.1 are not applicable to the facts of the case. In **P. Vankat Naidu's case (supra)**, Supreme Court found that the insurance company had failed to produce any cogent evidence to establish that the deceased had withheld information about hospitalization and treatment relating to his illness. In these circumstances, Supreme Court set aside the award passed by the National Commission and restored the orders passed by the District Forum and the State Commission under the Consumer Protection Act. In **D. Srinivas's case (supra)**, Supreme Court held insurance company liable as it had accepted the premium on 29.09.2008 without the medical examination of the insured. After the insured had expired, it informed the claimants on 18.01.2011 that the policy was not acceptable to them as the insured did not come forward to get himself medically examined. Supreme Court observed that the insurance company must reject the policy within a reasonable time so as to be fair and in consonance with the good faith standards. Although, there was a concealment of diabetes mellitus and hypertension by the insured, but in **Sushma Sareen's case (supra)**, a Co-ordinate Bench of this Court quashed the repudiation as the claim was declined after two years of issuing of the policy. Placing reliance upon Section 45 of the Insurance Act, 1938, this Court held that an insurance policy cannot be called into question by the insurance company on the ground of mis-statement after two years from the date when the policy came into effect. These judgments are, therefore, clearly distinguishable.



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11. In view of the afore-going discussion, this Court is of the view that the impugned award cannot be sustained.
12. Writ petition is allowed. Impugned award, Annexure P-1, and consequential proceedings, including warrants of attachment, Annexure P-3, are quashed.

(SUVIR SEHGAL)
JUDGE

29.10.2025
Kamal

Whether Speaking/Reasoned	Yes/No
Whether Reportable	Yes/No