



IN THE HIGH COURT OF PUNJAB & HARYANA AT
CHANDIGARH

(222)

CWP-15641-2021

Lakhbir Singh

... Petitioner

Versus

Life Insurance Corporation of India and others

... Respondents

Judgment Reserved on	Judgment Pronounced on	Judgment Uploaded on	Whether only the operative part of the judgment is pronounced	Whether the full judgment is pronounced
04.02.2026	16.03.2026	16.03.2026	No	Yes

CORAM: HON'BLE MR. JUSTICE SUVIR SEHGAL

Present:- Mr. Sandeep Jasuja, Advocate,
for the petitioner.

Mr. Prateek Mahajan, Advocate and
Ms. Prerna Malhotra, Advocate,
for the respondents-LIC

SUVIR SEHGAL, J.

(1) Petitioner has moved this Court, *inter alia*, for issuance of a writ, in the nature of certiorari, quashing orders, dated 31.12.2008, 20.11.2018 as well as 20.08.2019, Annexures P-3, P-11 and P-14, respectively, passed by the respondents. A direction has been sought for restoration of agency and for payment of the forfeited renewal commission.

(2) Brief facts may be noticed. Petitioner was working as an agent with Code No.10547175 with Life Insurance Corporation of India (LIC). He earned

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different club memberships and his agency was renewed from time to time. In December 2002, petitioner insured a 16 year old boy and an insurance policy of Rs.1 lac was issued on 09.12.2002. The young boy unfortunately expired on 23.12.2002 and the nominee claimed the insurance amount. The claim was repudiated by LIC, as the child was suffering from cancer and was undergoing medical treatment prior to the date of proposal. A show cause notice, dated 23.08.2008, Annexure P-1, was issued to petitioner under Regulation 16 of Life Insurance Corporation of India (Agents) Regulations, 1972 (for short "1972 Regulations") for termination of the agency and petitioner submitted a reply, Annexure P-2. By impugned order, dated 31.12.2008, Annexure P-3, petitioner's agency was terminated. Appeal filed by petitioner was rejected vide order dated 20.11.2018, Annexure P-11, and a memorial submitted by petitioner was rejected vide impugned order dated 20.08.2019, Annexure P-14.

(3) Mr. Sandeep Jasuja, Advocate, counsel for the petitioner contends that petitioner had been working with LIC from the year 1992 and over the period, he had rendered a meritorious service. He submits that petitioner has secured 700 policies with a sum assured of more than Rs.6 crores in about 16 years of service. Counsel contends that there is nothing on record to show that petitioner had connived with the insured and suppressed his ailment. He emphasized that insured underwent a medical examination from a duly authorized doctor, who also failed to detect that the young boy was suffering from cancer. It is his argument that the lapse, if any, was that of the medical practitioner, but he has not been dis-empanelled by LIC and petitioner's agency has been wrongly terminated. Counsel asserts that petitioner had made necessary inquiries before selling the policy to the insured. By making a



reference to Regulation 15 of 1972 Regulations, he has argued that as there is no allegation of fraud, neither the agency can be terminated, nor can the renewal commission be withheld. He has drawn strength from the observations made by this Court in

- (i) **Rajni Damri Versus Life Insurance Corporation of India and others, 2013 (2) PLR 623;**
- (ii) **Gajender Yadav Versus Life Insurance Corporation of India, Law Finder Doc Id # 1052590;** and
- (iii) **Satyawan Solanki Versus Life Insurance Corporation of India and others, 2019 (3) PLR 204.**

(4) Opposing him, Mr. Prateek Mahajan, Advocate appearing with Ms. Prerna Malhotra, Advocate, counsel for the respondents-LIC has urged that petitioner recommended the proposal of Harmandeep Singh on 09.12.2002 along with Agent's Confidential Report, Annexure R-1, wherein he stated that he knew the life proposed for the last one year and that his general state of health is good. Counsel asserts that on the basis of this report, a policy was issued with the date of commencement as 28.11.2002, but insured expired after 13 days of the issuance of the policy. Counsel states that as it was a case of early death, investigation was carried out and it was found that the life assured was suffering from sinonasal cancer and had taken treatment for the ailment for over two years from Mohan Das Oswal Cancer Hospital, Ludhiana and he was operated upon in July-August, 2000 at PGI, Chandigarh. Counsel stresses that as petitioner acted in a manner prejudicial to the interest of LIC, a show cause notice was issued to him and his agency was terminated vide impugned



orders. It is his submission that the impugned action has been taken against petitioner in accordance with 1972 Regulations and Corporation has lost faith in petitioner. Counsel has relied upon judicial precedents to buttress his arguments.

(5) I have considered the rival contentions of the counsel for the parties and examined the documents relied upon by them.

(6) Regulation 8 (2) (b) of 1972 Regulations makes it obligatory for an agent to make all reasonable enquiries with regard to the lives to be insured before recommending proposal for acceptance. It makes it obligatory for the agent to bring it to the notice of LIC any circumstance, which may adversely affect the risk to be underwritten. From a perusal of Agent's Confidential Report, Annexure R-1, it is apparent that petitioner had certified that he knew the insured for the last one year and that he was 16 years of age. Petitioner also declared that the insured was a matriculate and his father's annual income was Rs.80,000/-. Petitioner recorded his satisfaction regarding general state of health the insured. It is obvious that declaration by petitioner was a mis-statement. Upon investigating the claim, respondents found that insured was undergoing treatment for cancer for the last almost three years and had been operated upon a few weeks prior to the proposal. A visual examination of the insured would have clearly shown that he was ailing. It seems that petitioner gave the Confidential Report without even meeting the insured. He has failed to make proper enquiries regarding the general state of health of the insured, before recommending the proposal for insurance. Petitioner has, thereby, failed to discharge the functions of an agent, specified under Rule 8 of 1972 Regulations.



(7) The admitted case of the parties is that the insured was medically evaluated before he was insured and an insurance policy was issued. There is nothing on the record to show that any action has been taken against the medical practitioner, who examined the insured. It is not clear as to whether any criminal proceedings have been initiated or the doctor has been penalized by LIC. The entire blame cannot be put on the shoulders of petitioner, who probably in his zeal to secure business for LIC gave the Confidential Report, Annexure R-1, certifying the insured enjoys a good health. Respondents have failed to establish that petitioner acted in connivance with the insured or played any fraud with the Corporation. Regulation 19, *ibid*, clearly provides that in the event of termination of the appointment of an agent, except for fraud, commission on the premiums received in respect of business secured by the agent shall be paid to such an agent, subject to fulfilment of conditions, specified therein. Respondents have not been able to satisfy the Court that petitioner has earned any disqualification or is otherwise ineligible to receive commission under Regulation 19, *ibid*.

(8) In *Shamsher Singh Versus The Life Insurance Corporation of India and others* (CWP-13106-2007, decided on 16.02.2024), a co-ordinate bench of this Court has observed that the relationship of an agent and principal is more in the nature of a contractual agreement and a direction to restore contractual relations cannot ordinarily be issued. It has been held that there is no vested right to claim continuation of an agency especially when an employer does not intend to continue so. Petitioner's agency was terminated with effect from the end of calendar year of 2008 and more than 17 years have lapsed. Restoring of the agency at this belated stage would not be in the



interest of Corporation as there is a distrust. Judgment in Gajender Yadav’s case (*supra*) would not advance the case of petitioner as the agency was restored within six years of its termination and there was no loss of faith. In Rajni Damri’s case (*supra*), while setting aside the impugned orders, this Court granted liberty to the Corporation to pass a fresh order. In Satyawan Solanki’s case (*supra*), this Court modified the judgments and decrees passed by the Trial Court as well as the Appellate Court and directed the release of admissible renewal commission to the agent.

(9) For the reasons recorded above, termination of petitioner’s agency by virtue of the impugned orders is affirmed. However, petitioner is held entitled to the payment of renewal commission against the policies secured by him and its arrears are ordered to be disbursed to him within two months. Stigma attached with the impugned orders is directed to be removed, so that it does not mar future career prospects of petitioner.

(10) With the above direction, writ petition is disposed of.

(SUVIR SEHGAL)
JUDGE

16.03.2026
Kamal

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