Advantage Consumer

Monthly News Letter of Consumer Protection Council, Rourkela

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VOLUME – XXXVIII **MARCH 2026** **ADVANTAGE - III**

Queries & Answers through the Web

(*www.advantageconsumer.com* is the website of Consumer Protection Council, Rourkela. One of the major attractions of the website is that a visitor can ask queries on issues relating to consumer protection. Answers to these queries are made free of cost, by the Chief Mentor of the Council, Sri B. Vaidyanathan.)

CONSUMER PROTECTION COUNCIL, ROURKELA CELEBRATED "WORLD CONSUMER RIGHTS DAY – 2026"

The **"World Consumer Rights Day"** was observed on **Sunday, 15th March 2026** at **Consumer Protection Council, B-90, Sector-07, Rourkela.**

The programme was inaugurated with lighting up the Ceremonial Lamp followed by welcome address and council's brief introduction by Council **Vice President Mr. Bharat Kumar Behera** while **Jt. Secretary, Mr. Rajib Kumar Nayak** presented detailed activities of the council. **Shri Arabinda Samantray, Treasurer** addressed the gathering consisting of Council members, newly enrolled members, members of the press & electronic media and other invitees. He elaborated the consumer movement in the country and gave some tips about the new challenges faced by the Consumer. This year theme for World Consumer Rights Day 2026 " **Safe Products, Confident Consumers,"** focusing on strengthening product safety, strengthening regulatory frame works, and empowering consumers in both physical and online marketplaces. The theme emphasizes building consumer trust in an era of complex global supply chains and digital commerce. Later, members and audience participated in an open session for discussion and suggestion relating to solution of day to day activities against present advance technological challenges through CPC, Rourkela. At the end, Executive Member **Mr. Sanjay Kumar Pradhan** proposed a formal Vote of Thanks. Our Executive Member **Mr. Amitav Thakur** was the master of ceremony. Executive Members **Mr. M.S. Mangar, Mr. Biswesh Chandra Mishra, Ms. C. Gayatri Sinha** and council staff **Mr. Sanjay Senapati** participated in the event. More than 50 people including members and guests were present. Our special thanks to **Our Chief Mentor Shri Vaidyanathan**, Ex-President **Shri R.R. Bitra** and our Council Honorary **Secretary**, **Shri Bhimasen Pradhan** for their kind guidance.

Continued from February 2026 issue....

The deceased had a long-standing and serious medical history predating the proposal, which was not disclosed and hence the repudiation of the death claim by the Insurer is not in violation of the policy terms.

IN THE NATIONAL CONSUMER DISPUTES REDRESSAL COMMISSION AT NEW DELHI
CONSUMER COMPLAINT NO. 1798 OF 2018

Arati Dhananjay Deshmukh
W/o Dhananjay Bhanudas Deshmukh
Age: Adult years, Occ.: Nil,
R/O - 46/1:2,Anandvan Co-operative
Housing Society Ltd,Sector-4,
Nerul(W), Navi Mumbai … Complainant

Versus

ICICI Prudential Life Insurance Company Ltd. & Anr.,
Unit No. 1A and 2A, Raheja Tipco Plaza,
Rani Sati Marg, Malad (E),
Mumbai - 400 097.
Through its Branch Manager … Opp. Parties

BEFORE:
HON'BLE AVM J RAJENDRA, AVSM, VSM (Retd), PRESIDING MEMBER
HON'BLE MR. JUSTICE ANOOP KUMAR MENDIRATTA, MEMBER

PRONOUNCED ON: 16.01.2026

JUDGMENT

AVM J RAJENDRA, AVSM VSM (Retd.), PRESIDING MEMBER

Unfinished news starting from Sl.No.8.

He asserted that this is a Wealth Policy and not Health or Mediclaim policy. So, the strict medical disclosure requirements applicable to Mediclaim policies cannot be imposed. He argued that the DLA had rrecovered from his earlier illness many years prior to purchasing the policy and genuinely believed that there was nothing material to disclose. The intestinal obstruction, due to which the death occurred occasioned for the first time in 2016, after the policy was issued. It had no connection with any past medical condition.

He argued that the OPs themselves admitted that the policy was non-medical, meaning thereby no medical examination or detailed medical history was required. Hence, the rejection of the claim amounts to deficiency in service and unfair trade practice. He relied on *Manmohan Nanda V/s United India Assurance Co. Ltd & Anr.* passed by Hon'ble Supreme Court in CA No. 8386/2015, dated 6/12/2021; *ICICI Prudential Life Insurance Co. Ltd and Anr. V/s Rajshri Simant Sukale & Ors* (2014)2 CPJ 744 Passed in RP No.1770 of 2014; and *Santosh Kumar V/s Assistant Secretary/Deputy Secretary & Ors* by the Allahabad High Court in WP(C) No.21818/2023 in support of his arguments.

9. On the other hand, the learned Counsels for OPs reiterated the facts stated in the written version and argued that the insurance policy was issued solely on the basis of disclosures made by the DLA in the proposal form, wherein he was under a clear duty to make full, true and complete disclosure of his health condition. He argued that, in the proposal form, the DLA declared himself as a person of good health and specifically denied any past treatment, surgery or serious illness. However, upon his unfortunate death, investigation as required was undertaken and it was revealed from the medical records, records of Lilavati Hospital and those furnished by the complainant herself, that he DLA had undergone treatment for intestinal obstruction and was suffering from liver cancer even prior to issuance of the policy. He asserted that non-disclosure of such serious ailments amounted to clear suppression of material facts. The DLA"s death within 8 months from issue of the policy constituted an early claim, entitling the

insurer to conduct a detailed investigation, which revealed that he deliberately concealed his serious medical condition, which was in breach of the doctrine of utmost good faith governing insurance contracts. He argued that medical examination by the insurer was not mandatory, especially where the proposal form itself contained pointed questions regarding the proposer's health. The learned counsel further argued that the policy in question was Unit Linked Insurance Plan (ULIP) with an investment component and, therefore, disputes arising therefrom were not maintainable under the Consumer Law. The claim repudiation was strictly in accordance with law and policy terms. No deficiency in service was made out and sought that the complaint be dismissed. He relied on *PC Chacko and Anr. v. Chairman, Life Insurance Corporation of India and Ors*, AIR 2008 SC 424; *Satwant Kaur Sandhu v. New India Assurance Company Ltd* (2009) 8 SCC 316; *Reliance Life Insurance Co. Ltd. & Anr. v. Rekhaben Nareshbhai Rathod*, CA No. 4261 of 2019 (arising out of SLP(C) No.14312 of 2015); *Suraj Mal Ram Niwas Oil Mills (P) Ltd v United India Insurance Co Ltd* (2010) 10 SCC 567; *Reliance Life Insurance Co. Ltd. v. Madhavacharya*, RP No. 211 of 2009; *LIC v Kusum Patro*, RP No.1585 of 2011 (NC); *Subinoy Majumdar v LIC of India*, dated 12.05.2016 by NCDRC; and Ravneet Singh Bagga v. KLM Royal Dutch Airlines, (2000) 1 SCC 66.

10. We have examined the pleadings and associated documents placed on record and rendered thoughtful consideration to the arguments advanced by the learned Counsels for both the parties.

11. In the case in question, submission of the proposal form by DLA, paying the first annual premium of Rs.9,00,000 duly acknowledged by the OPs and the obtaining of an ICICI Pru Elite Wealth–II (Unit Linked) Policy bearing Policy No. 19620019 IPRU on 02.12.2015 for a term of 10 years with a sum assured of Rs. 90,00,000 are not in dispute. It is
also an admitted position that the policy was issued on 11.12.2015 and that the DLA died on 15.08.2016, i.e. within 8 months from the date of issued of the policy. The complainant, being the nominee, submitted the death claim along with certain documents in March 2018 and that the OPs repudiated the said claim vide letter dated 30.03.2018 on the ground of non-disclosure of material medical facts. It is also admitted that an amount of Rs. 11,52,405.05 was paid to the Complainant by the OPs, treating the same as surrender value under the policy. The primary issues to be decided are:

A. Whether, being the nominee of the DLA under the subject policy, the Complainant qualifies as a "consumer" within the meaning of Section 2(1)(d) of the Act, 1986, and whether the complaint was maintainable, having regard to the nature of the policy as a Unit Linked Insurance Plan (ULIP)?

B. Whether the DLA suppressed or misrepresented any facts relating to his past or existing medical condition at the time of submitting the proposal form dated 02.12.2015? If so, whether such non-disclosure was material to the assessment of risk and underwriting of the policy?

C. Whether repudiation of death claim by OPs vide letter dated 30.03.2018 was as per Section 45 of the Insurance Act, 1938?

12. With respect to maintainability of the complaint, it is undisputed that the complainant is the notified nominee of the policy and the widow of the policyholder/DLA. The insurance policy had admittedly been obtained for cconsideration, and the present grievance arose out of repudiation of a death claim thereunder. Merely because she was described as a nominee does not denude her of the right to seek redressal for alleged deficiency in service. In this regard, we place reliance on the judgment of Hon"ble Supreme Court in **Canara Bank v. M/s. United India Insurance Co. Ltd. & Ors.**, Civil Appeal No. 1042 of 2020, decided on 06.02.2020, wherein the Hon"ble Supreme Court had
observed as under:

"26. Taking the issue of privity of contract, we are of the considered view that as far as the Act is concerned, it is not necessary that there should be privity of contract between the insurance company and the claimants. The definition of consumer under Section 2(d) quoted herein above is in 2 parts.Sub-clause (i) of Section 2(1)(d) deals with a person who buys any goods and includes any user of such goods other than the person who buys such goods as long as the use is made with the approval of such person. Therefore, the definition of consumer even in the 1st part not only includes the person who has purchased but includes any user of the goods so long as such user is made with the approval of the person who has purchased the goods. As far as the definition of the consumer in relation to hiring or availing of services is concerned, the definition, in our view, is much wider. In this part of the section, consumer includes not only the person who has hired or availed of the services but also includes any beneficiary of such services. Therefore, an insured could be a person who hires or avails of the services of the insurance company but there could be many other persons who could be the beneficiaries of the services. It is not necessary that those beneficiaries should be parties to the contract of insurance. They are the consumers not because they are parties to the contract of insurance but because they are the beneficiaries of the policy taken out by the insured."

13. Applying the aforesaid legal position, she has inherent right to assert her grievances against OPs w.r.t. the said policy and thus falls within the ambit of a "consumer" as under Section 2(1)(d) of the Act,1986. As regards the objection of the OPs regarding non-maintainability of the complaint on the ground that the policy was a Unit Linked
Insurance Plan is also misconceived. The policy, though having an investment component, is essentially a life insurance contract providing risk cover from inception. The dispute pertained to repudiation of the death claim. Accordingly, we hold this complaint to be maintainable.

14. As regards the second issue, it is a matter of established law that life insurance contracts are based on *uberrimae fidei*, i.e. founded on the doctrine of utmost good faith, which impose a strict duty upon the proposer to make full, true and complete disclosure of all material facts within his knowledge. Any fact which has a bearing on the assessment of risk or on the decision of the insurer, whether to accept the proposal, or on what terms, is required to be disclosed, irrespective of the fact whether the insurer chooses to conduct a medical examination. In the
present case, it is not in dispute that the DLA died within eight months and four days from the date of commencement of the policy, thereby rendering the claim an early claim. It is also not in dispute that the proposal form dated 02.12.2015 specifically mentioned that:

"Insurance is contract of utmost good faith between the Insurer and the Insured. The Proposer and the Life to be Assured are required to disclose all facts in response to the question in this application form."

15. Perusal of the proposal form further reveals that, against specific questions relating to past illness, hospitalisation, surgery and medical treatment, the DLA answered "No" and implied himself to be a person in good health. The policy is admittedly issued by OPs on the basis of the said declarations. The relevant questions and answers, as appearing in the proposal form, are reproduced as under:

"Have you ever undergone or been advised any surgery or hospitalised for observation or treatment in the past? — No Cancer, Tumour, growth, polyps or cysts — No".

16. The OPs repudiated the claim of the complainant vide letter dated 30.03.2018. The relevant part of the said letter is reproduced as under:

"On assessment at claims stage it is noted that the Life Assured was suffering from *ileal carcinoid* with liver *metastasis* since 2004 and was on chemotherapy treatment for the same. Further, the Life Assured had undergone radiofrequency ablation for multiple liver lesions in October 14, 2008. The above stated medical history is prior to policy issuance."

17. Upon careful examination of the medical documents placed on record by the OPs, including documents admittedly furnished by the complainant herself, it is evident that the DLA suffered from serious and long-standing medical conditions much prior to the submission of the proposal form. The records disclose that the DLA was diagnosed with a neuro endocrine (*carcinoid*) tumour with liver *metastasis* and had undergone multiple major surgical procedures, including laparotomy and partial liver resection, besides extensive treatment in the nature of chemotherapy, radio-frequency ablation, interventional radiology procedures and PRRT cycles. The records further reveal that the DLA suffered from chronic kidney disease, hypertension since 2006, and had suffered a transient *ischemic* attack in 2010. The patient admission form of Lilavati Hospital dated 03.08.2016 also evidences his admission
and treatment therein. As per the settled law, the medical history reflected in documents submitted by the nominee or complainant at the claims stage constitutes admitted facts, the veracity of which cannot subsequently be disputed. Thus, the treatment taken by the Deceased Life Assured at Lilavati Hospital, including under Dr. P. Jagannath, and the medical history recorded therein deserve due consideration. At this stage, we would like to rely on **Satwant Kaur Sandhu v. New India Assurance Co. Ltd.**, (2009) 8 SCC 316, wherein the Hon"ble Apex Court held that:

"25. The upshot of the entire discussion is that in a contract of insurance, any fact which would influence the mind of a prudent insurer in deciding whether to accept or not to accept the risk is a "material fact". If the proposer has knowledge of such fact, he is obliged to disclose it particularly while answering questions in the proposal form. Needless to emphasise that any inaccurate answer will entitle the insurer to repudiate his liability because there is clear presumption that any information sought for in the proposal form is material for the purpose of entering into a contract of insurance."

18. In **Manmohan Nanda v. United India Assurance Co Ltd & Anr.,** CA No. 8386 of 2015, decided on 06.12.2021, Hon"ble Supreme Court discussed what constitutes a "material fact" in insurance contracts and held as under:

"38. Whether a fact is material will depend on the circumstances, as proved by evidence, of the particular case. It is for the court to rule as a matter of law, whether, a particular fact is capable of being material and to give directions as to the test to be applied. Rules of universal application are not therefore to be expected, but the propositions set out in the following paragraphs are well established:

(a) Any fact is material which leads to the inference, in the circumstances of the particular case, that the subject matter of insurance is not an ordinary risk, but is exceptionally liable to be affected by the peril insured against. This is referred to as the' physical hazard'.

(b) Any fact is material which leads to the inference that the particular proposer is a person, or one of a class of persons, whose proposal for insurance ought not to be accepted at all or accepted at a normal rate. This is usually referred to as the 'moral hazard'. The materiality of a particular fact is determined by the circumstances of each case and is a question of fact.

39. If a fact, although material, is one which the proposer did not and could not in the particular circumstances have been expected to know, or if its materiality would not have been apparent to a reasonable man, his failure to disclose it is not a breach of his duty.

40. Full disclosure must be made of all relevant facts and matters that have occurred up to the time at which there is a concluded contract. It follows from this principle that the materiality of a particular fact is determined by the circumstances existing at the time when it ought to have been disclosed, and not by the events which may subsequently transpire.

41. Thus, a proposer is under a duty to disclose to the insurer all material facts as are within his knowledge. The proposer is presumed to know all the facts and circumstances concerning the proposed insurance. Whilst the proposer can only disclose what is known to him, the proposer's duty of disclosure is not confined to his actual knowledge, it also extends to those material facts which, in the ordinary course of business, he ought to know. However, the assured is not under a duty to disclose facts which he did not know and which he could not reasonably be expected to know at the material time." 19. Applying the aforesaid principles to the facts of the present case, it is evident that the serious and long-standing medical conditions suffered by the DLA, including neuroendocrine (*carcinoid*) tumour with liver *metastasis*, repeated hospitalisations, major surgical interventions and prolonged oncological treatment, were neither minor nor trivial in nature and clearly rendered the risk non-ordinary, materially affecting the assessment of insurability and the underwriting decision of the insurer. Such medical history was unquestionably material and well within the knowledge of the DLA, and its materiality would have been apparent to a reasonable person. The contention of the Complainant that the policy was a "Wealth" or "non-medical" policy is devoid of merit, and prolonged oncological treatment, were neither minor nor trivial in nature and clearly rendered the risk non-ordinary, materially affecting the assessment of insurability and the underwriting decision of the insurer. Such medical history was unquestionably material and well within the knowledge of the DLA, and its materiality would have been apparent to a reasonable person. The contention of the Complainant that the policy was a "Wealth" or "non-medical" policy is devoid of merit, as the obligation of disclosure flows from the proposal form and the contract of insurance itself and is not dependent upon the nomenclature of the product or the insurer's decision not to subject the proposer to a medical examination. We find no merit in the submission that the DLA had recovered from his earlier ailments or that the cause of death was unrelated to the past medical history, as the duty of disclosure is required to be assessed at the time of proposal and not with hindsight. The failure of the DLA to disclose such material facts while answering specific health-related questions in the proposal form in the negative therefore amounts to suppression of material facts in breach of the doctrine of utmost good faith. Accordingly, Issue No. 2 is decided in favour of the OPs and against the complainant.

20. With respect to the third issue, we are of the view that the death of the DLA having occurred within eight months and four days from the commencement of the policy, the claim constitutes an early claim and is governed by Section 45 of the Insurance Act, 1938 which permits an insurer to call a life insurance policy in question within three years of issuance on the ground of fraud, including 'active concealment of a fact by the policyholder having knowledge thereof', provided such suppression has a 'direct bearing on the risk undertaken'. In the present case, the OPs, within the statutory period, conducted a detailed investigation, examined medical records from various hospitals, including documents submitted by the Complainant herself. Based on such material, OPs found that the DLA had a long-standing and serious

illness, hospitalisation, surgery and cancer. The repudiation letter dated 30.03.2018 clearly communicated the grounds and materials for repudiation, recording that the DLA was suffering from *ileal carcinoid* with liver *metastasis* since 2004 and had undergone chemotherapy and radiofrequency ablation prior to issuance of the policy. Such non-disclosure squarely falls within and has a direct bearing on the assessment of risk, thereby satisfying the statutory requirements. In view of the findings recorded in this regard, the policy would not have been issued by the OPs on the same terms or not at all issued, had the true medical history been disclosed. The repudiation is thus neither arbitrary nor mechanical but is based on cogent evidence and due process. Thus, the repudiation of the death claim is not in violation of the terms of Section 45 of the Insurance Act, 1938 and the policy terms. The Complainant failed to establish any deficiency in service or unfair trade practices against the Opposite Parties.

21. In view of the foregoing, after due consideration of the entire facts and circumstances of the case, including the arguments advanced by the learned counsels for both the parties, the complainant failed to establish any deficiency in service or unfair trade practice by the OP. We, therefore, find no merit in the present complaint. Consequently, Consumer Complaint No. 1798 of 2018 is dismissed.

22. Considering the nature of the case, there shall be no order as to costs.

23. All pending Applications, if any, are also disposed of accordingly. ■

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Consumer Protection Council, Rourkela is a registered voluntary organization, espousing the cause of the consumer. To a great extent, for its sustenance it depends on the good will of its donors like you. We solicit your support for sustaining the multifarious activities of the council. Donation to the council is eligible for tax exemption under Section : 80-G(5) (iv) of the IT Act. Donation may please be contributed through cash or crossed cheque / DD, drawn in favour of **" Consumer Protection Council, Rourkela".**

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