IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO. OF 2025

(arising out of SLP (C) No.3727 of 2025)

C. JOSEPH THAVAMONY **PETITIONER(S)**

VERSUS

BAJAJ ALLIANZ
LIFE INSURANCE COMPANY LIMITED & ORS. **RESPONDENT(S)**

R1: BAJAJ ALLIANZ LIFE INSURANCE COMPANY LIMITED
R2: BAJAJ HOUSING FINANCE LTD.
R3: INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

O R D E R

Heard learned counsel for the parties.

2. Leave granted.

3. The appellant before us is aggrieved by the order dated 30.10.2024, passed by the High Court of Judicature at Madras in Writ Appeal No.3098 of 2024, whereby the High Court has upheld the order dated 13.08.2024, passed by the learned Single Judge in Writ Petition No.34046 of 2022. The writ petition, which challenged the repudiation of the appellant's insurance claim, was dismissed by the Writ Court on the ground that the matter involved serious disputed questions of fact requiring adjudication by way of trial before the competent Civil Court.

4. The appellant had obtained a housing loan from respondent no.2 but, while availing the same, he was advised to get insurance coverage from respondent no.1 under the "Group Credit Protection Plus" Scheme in the year 2019. The Insurance Policy was effective

from 28.02.2019 to 28.02.2029, against a one-time premium of Rs.5,53,000/- (Rupees Five Lakhs Fifty-Three Thousand only).

5. On 04.02.2021, the appellant repaid the housing loan dues in full, well before the stipulated loan period, and subsequently closed the loan *qua* respondent no.2. However, he was diagnosed with Myeloid Leukemia (Blood Cancer) on 17.08.2021 and, after incurring substantial medical expenses, he raised a claim under the aforesaid insurance policy in October 2021. The Insurance Company, however, by letter dated 15.12.2021, repudiated the claim on the ground that the appellant had failed to disclose material facts regarding his pre-existing health condition.

6. Being aggrieved, the appellant approached the Claims Review Committee of respondent no.1, which also rejected the claim. He then approached the Insurance Ombudsman under Section 17(1) of the Insurance Ombudsman Rules, 2017. The Ombudsman treated the policy as void *ab initio* and directed respondent no.1-Insurance Company to refund the premium amount of Rs.5,53,000/- (Rupees Five Lakhs Fifty-Three Thousand), which was duly refunded to the appellant.

7. Thereafter, the appellant filed Writ Petition No.34046 of 2022 before the learned Single Judge of the Madras High Court challenging the repudiation. The said petition was initially allowed and, being aggrieved by the said order, the Insurance Company preferred Writ Appeal No.3451 of 2023 before the Division Bench of the Madras High Court, which remanded the matter back to the learned Single Judge. Upon reconsideration, by a subsequent order dated 13.08.2024, the learned Single Judge dismissed the Writ Petition on the ground that there were too many disputed questions

of fact and the appellant was required to pursue his remedies before the appropriate Forum/Court. Against the same, the appellant filed Writ Appeal No.3098 of 2024 before the Division Bench of Madras High Court, which was dismissed by the impugned judgment dated 30.10.2024, upholding the order of the learned Single Judge. Aggrieved thereby, the appellant has approached this Court.

8. Mr. Sudhanshu S. Choudhary, learned senior counsel appearing for the appellant, submits that the insurance cover was taken at the behest of respondent no.2, a sister concern of respondent no.1, and that the grounds for repudiation were extraneous and unrelated to the ailment actually suffered by the appellant. It was contended that even on this aspect, the appellant had disclosed his condition of diabetes mellitus in the original proposal form, but the form produced before the Ombudsman by respondent no.1 showed contrary entries and even carried forged signatures. In this connection, the appellant lodged FIR No.277 of 2023, registered at Police Station K-8, Arumbakkam Police Station, and a charge-sheet has been filed after investigation. The respondent-Insurance Company's challenge to the said FIR has been rejected on 27.08.2024 in petition bearing Crl.O.P. No.3563 of 2024.

9. Learned senior counsel appearing for the appellant further submits that even if it is assumed, for argument's sake, that there were omissions or errors on the part of the appellant in disclosing certain health conditions, such omissions would not disentitle the appellant from claiming under the Policy, particularly since the ailment for which the claim was raised was wholly unconnected with such disclosures. In this regard, learned counsel placed reliance

on the decisions of the Co-ordinate Benches of this Court in ***Sulbha Prakash Motegaonkar & Ors. Vs. Life Insurance Corporation of India***, Civil Appeal No.8245 of 2015 (decided on 05.10.2015) and ***Om Prakash Ahuja Vs. Reliance General Insurance Co. Ltd. & Ors.***, Civil Appeal Nos.2769-2770 of 2023 (decided on 04.07.2023), where it has categorically been held that if the disease in question is not related to the alleged non-disclosures in the proposal form, the claim cannot be repudiated or denied on that basis.

10. *Per contra*, learned counsel for respondent no.1 submits that the insurance coverage is based on the disclosures made in the insurance policy proposal form, which is required to be filled by the insured person. In the present case, there were specific queries regarding *inter alia*, whether the appellant suffered from diabetes, hypertension, etc., to which the answer was 'No'. It is contended that there was a categorical denial of the appellant suffering from the aforesaid two conditions, which has subsequently been found to be incorrect, as the appellant was, in fact, a patient of diabetes and hypertension.

11. It was further contended that the appellant, by taking a stand that the form was not filled by him, was only trying to create a false defence for the reason that there was neither any occasion nor motive for respondent no.1 to create a fabricated document, especially when there was no indication that appellant would subsequently raise a claim. It was also contended that the appellant, if he was convinced that the form filled by him was not the one produced by respondent no.1 before the forum, the onus was on him to produce a copy of the same, for it cannot be believed

that a copy of the filled-up form would not have been retained by him for his use, especially when he had to submit it along with the proposal form to respondent no.2. Thus, it was submitted that while the appellant may have been entitled to full reimbursement for the disease which was diagnosed later on, such entitlement would have arisen only when his conduct was clean, inasmuch as he had disclosed all his existing ailments. Learned counsel emphasized the fact that the human body is an integrated system, which works in tandem with all the organs together; and any malfunction of one organ has a direct bearing on what happens eventually or what disease a person suffers, which is now a proven scientific fact.

12. Under such circumstances, non-disclosure of major conditions like diabetes and hypertension, which is irreversible and only manageable, makes the conduct of the appellant important; and any lapse on his or her part would give rise to greater chances of the person suffering from some major ailments later on, and with this not being disclosed in the form submitted by him, respondent no.1 was not in a position to take a well-considered professional decision in the matter. He finally summed up the arguments by saying that in the overall picture, the non-disclosure of such material facts by the petitioner while obtaining the policy cannot cast a liability on respondent no.1 to pay the amount so claimed by him.

13. Having given our anxious thought to the matter, we may indicate at the very beginning that the fact that the appellant had not only not disclosed the ailments from which he was suffering but had written ‘No’ in the columns, from the available materials,

cannot be disputed. However, having said that, the point for consideration would be whether it was enough to repudiate the claim raised by the appellant in the manner in which it has been done, and in the background of attending factual circumstances of the present case. It is not in dispute that respondent no.1 is the Insurance Company and the policy did cover health insurance, and under the said policy, on being diagnosed with a major ailment, the amount to be reimbursed was Rs.71,30,117/- (Rupees Seventy One Lakhs Thirty Thousand One Hundred and Seventeen). It is also not in dispute that the disease suffered by the appellant was diagnosed for the first time almost after more than two years of the policy being taken, and it is of such a nature which, in our view, cannot be said to be directly relatable to the condition to which the answer by the appellant in the form was 'No'.

14. Moreover, the appellant also did not stand to lose much by suppression of such fact, inasmuch as he would have been burdened with another few thousand rupees in the premium, and once he was paying a premium of Rs.5,53,000/- (Rupees Five Lakhs Fifty-Three Thousand), there cannot be any real or deliberate motive attributed to him for non-disclosure of this fact. In this particular case, we find that the benefit of doubt should be given to the appellant.

15. We had indicated to learned counsel for respondent no.1 to take instructions as to whether there could be a common ground for settlement. Today, we have been informed that respondent no.1, being a corporate body, may not be in a position to allow the claim, as this would set a precedent and would make respondent no.1 liable to make payment in many such similar cases.

16. Be that as it may, for the reasons aforesaid and the discussions made hereinabove, in our considered opinion, the claim could not have been repudiated. Now, coming to the quantum, the appellant has not brought on record what actual expenses he had incurred so as to enable this Court to take a practical and pragmatic view with regard to the quantum. However, going by the terms of the policy which stipulated that, in the event of mere diagnosis of a major ailment, the amount to be paid would be Rs.71,30,117/- (Rupees Seventy One Lakhs Thirty Thousand One Hundred and Seventeen), we are of the view that the ends of justice would be served if respondent no.1-Insurance Company is directed to pay a further sum of Rs.65,77,117/- (Rupees Sixty-Five Lakhs Seventy-Seven Thousand One-Hundred and Seventeen) to the appellant, which would be besides the Rs.5,53,000/- (Rupees Five Lakhs Fifty-Three Thousand) they have already paid before.

17. Another factor which has persuaded us to fix this figure is that we are holding back from awarding any interest to the appellant, which is subject to the condition that, within a period of three weeks from today, the amount shall be transferred into the account of the appellant by respondent no.1-Insurance Company, otherwise the amount would carry simple interest at the rate of 7% per annum till the date of payment. The same shall be towards the full and final settlement between the parties.

18. Learned counsel for respondent no.1 points out that there is a criminal case also pending, and in view of this court having allowed the claim, at least the criminal case may not be pursued and this court may exercise its powers to quash the proceedings, to

which Mr. Sudhanshu S Choudhary, learned senior counsel appearing for the appellant, does not object.

19. In the light of the aforesaid submission, we exercise powers under Article 142 of the Constitution of India for doing complete justice between the parties. The court is inclined to accept the prayer made by the learned counsel for respondent no.1 and, accordingly, FIR No.277 of 2023, registered at Police Station K-8, Arumbakkam Police Station is quashed.

20. The appeal is allowed in the aforementioned terms.

21. Pending application(s), if any, shall stand disposed of.

.....J.
(AHSANUDDIN AMANULLAH)

.....J.
(PRASHANT KUMAR MISHRA)

NEW DELHI
8th MAY 2025

ITEM NO.34 COURT NO.16 SECTION XII

S U P R E M E C O U R T O F I N D I A
RECORD OF PROCEEDINGS

Petition(s) for Special Leave to Appeal (C) No(s).3727/2025

C. JOSEPH THAVAMONY PETITIONER(S)

VERSUS

BAJAJ ALLIANZ
LIFE INSURANCE COMPANY LIMITED & ORS. RESPONDENT(S)

IA No. 33924/2025 - EXEMPTION FROM FILING C/C OF THE IMPUGNED JUDGMENT

Date : 08-05-2025 This matter was called on for hearing today.

CORAM :
HON'BLE MR. JUSTICE AHSANUDDIN AMANULLAH
HON'BLE MR. JUSTICE PRASHANT KUMAR MISHRA

For Petitioner(s) :
Mr. Sudhanshu S Choudhary, Sr. Adv.
Mr. Lenin Raj K, Adv.
Mr. M. Veeraragavan, Adv.
Mr. Pradeep Singh Negi, Adv.
Ms. Gautami Yadav, Adv.
Mr Rahul Jain, AOR

For Respondent(s) :
Mr. K. S. Mahadevan, Adv.
Ms. Swati Bansal, Adv.
Mr. R. Rangarajan, Adv.
Mr. Aravind Gopinathan, Adv.
Mr. Rajesh Kumar, AOR

Upon hearing the counsel the Court made the following
O R D E R

1. Leave granted.

2. The appeal is allowed in terms of the signed order, which is placed on the file.

3. Pending application(s), if any, shall stand disposed of.

(D. NAVEEN) (ANJALI PANWAR)
COURT MASTER (SH) COURT MASTER (NSH)