**RAJASTHAN HIGH COURT**

Life Insurance Corporation of India

Vs.

District Permanent LokAdalat

D.B. Civil Special Appeal (W) No. 1158 of 2003
(GyanSudhaMisra and Shasi Kant Sharma, JJ.)

29.04.2004

**JUDGMENT**

**Mrs. GyanSudhaMisra, J.**

1. This appeal has been preferred against the judgment and order dated 7.10.2003 passed by a learned Single Judge of this Court in S.B.C.W. Petition No. 5925/2003 by which he has been pleased to dismiss the writ petition which had been filed by the petitioner-appellant herein Life Insurance Corporation challenging the order passed by the Permanent LokAdalatJhalawar, wherein the Life Insurance Corporation had raised a dispute that the policy holder was guilty of suppression of material fact at the time when he took the life insurance policy from the appellant corporation. It was their case that the respondent No. 2 Suresh Kumar who is the son of the deceased-policy-holder-Lal Chand Mali was not entitled to the benefit on the life of the insured, as his late father was guilty of suppression of material fact before the Life Insurance Corporation since he has suppressed the fact about his disease and, therefore, the beneficiary i.e. the son of the insured who is the respondent herein was not entitled to the amount which had accrued on the policy held by his late father. The learned Judge of the Permanent LokAdalat, tried to evolve a conciliation between the contesting parties that is the corporation and the son of the deceased/insured but having failed to arrive at a conciliation, the learned Judge of the Permanent LokAdalat decided the proceedings on merit after hearing the contesting parties and passed an order that the son of the deceased-insured late-Lal Chand Mali was entitled to the amount on the policy after the death of his father.

2. The Life Insurance Corporation feeling aggrieved with the order of the Permanent LokAdalat filed a writ petition which was heard and decided by the learned Single

Judge of this Court on 7.10.2003 whereby a reasoned order was passed by the learned Judge who was pleased to hold that there was no infirmity in the order of Permanent LokAdalat while dismissing the plea of the Corporation since the deceased insured was not guilty of suppression of material fact at the time of introduction to the policy which he had taken in the year 1994 and died after two years in the year 1996. The writ petition thus stood dismissed against which this appeal has been preferred by the Corporation.

3. Learned counsel for the appellant-Corporation has initially submitted that once the parties had failed to arrive at a conciliation, the Permanent LokAdalat should not have decided the matter finally and should have resorted to the intricate procedure laid down under the Act by inviting reply, rejoinder and additional evidence by the parties before the matter was finally decided and the having not been done, the order of the Permanent LokAdalat suffers from serious legal infirmities and is fit to be interfered with on this technical ground alone.

4. In order to check the correctness of the strength of the arguments advanced by the counsel for the applicant, we have perused Section 22(c)(3) of the Legal Services Authorities Act, 1987 wherein we have noticed that if a settlement does not take place between the parties, the Permanent LokAdalat will have to decide the matter on merits and that exactly has been done by the Permanent LokAdalat and a reasoned order deciding the claim has been passed by the learned Judge holding the Permanent LokAdalat. It is no doubt true that a procedure has been laid down for deciding the dispute in a Permanent LokAdalat also but the same ultimately is a summary procedure which by and large may be followed but its technicality cannot be resorted to such an extent that the ultimate object of speedy justice itself is sacrificed. The contention of the appellants' counsel that it should have been allowed to linger on at least for some time by adjourning the matter on several dates and by granting adequate opportunity to the parties to file counter and rejoinder in the proceedings, cannot be accepted as a sound and reasonable argument which obviously would be against the intention of the legislature for which this legislation was enacted. In the case at hand, if the contesting parties were granted sufficient opportunity to address the Court on their respective plea and a reasoned order thereafter has also been passed by the Permanent LokAdalat while deciding the dispute, then the contention that the procedure laid down under the Act has not been followed, is a totally unacceptable argument being devoid of merit. Therefore this contention of learned counsel for the appellant is out-right rejected as we find that the requirement of the provision of the

Act that the matter should be decided on merit in case conciliation has not been arrived at has been fully complied with.

5. It was next contended by learned counsel for the appellant that the deceased-insuted-Lal Chand Mali was guilty of suppression of material fact before the appellant-Corporation at the time of taking the policy as the policy holder was legally bound to disclose that he was suffering from hepatitis B and Sub Acute Intestinal Obstruction even at the time of submission of the proposal. It was also submitted that the insured was a chronic alcoholic and suffering from Parkinson's disease who should have disclosed all the facts but the counsel for the appellant is completely missing that the policy holder had taken the policy in the year 1999 from the Corporation after an earlier policy taken by him had matured. The policy- holder no doubt was legally bound to disclose about his illness or ailment but the Corporation was also equally and legally bound to cross check the informations furnished by the person intending to take a policy through the doctor authorized by the Corporation which they normally do while granting policy of greater value and denomination. It they had failed to do so, it is a lapse or lacuna on their part while granting the policy and after the death of the policy holder, such plea raised by the Corporation has to be rejected as illegal and unjustified. It is further a common knowledge that when the Corporation grants a policy of high bounds (amount ?) and maturity value, it normally insists even for Eco-Cardiograrn alongwith other medical check-up of the insured after which if they policy is issued, it will have to be presumed that the authorized Doctor of the Corporation has cross-checked the information furnished by the insured. If this requirement is not followed by the Corporation, it has only to blame itself and not the insured for if this were not the right course and the Corporation is allowed to raise a plea of this nature after the death of the insured, the whole purpose of taking the insurance policy itself will get frustrated which would not only be against equity and justice but also against the principle of contractual obligation since the contracting parties are expected to enter into a contract after fully understanding the pros and cons and its implication and also to bear the consequence in case of any lapse. The nature of transaction between the Insurance Companies with the insured is clearly in the nature of proposal and acceptance which gives rise to contractual obligation after the proposal is signed and accepted by the Corporation after which the policy is issued and once that process is complete, neither of the contracting parties can be permitted to raise a plea that the contract was void after its execution. This being the well acknowledged legal position, the appellant-insurance company cannot be permitted to raise a plea that the deceased insured has not disclosed about his illness at the time of taking the policy, when it was

also duty of the insurance Company to verify the correctness of the information furnished by the insured. This duty of the Insurance Company is akin to the obligation of the insured who is legally bound to pay the insurance premium regularly and well within time and in the event of failure to do so, the Insurance Company may refuse to pay the maturity amount. We, therefore, cannot permit the corporation to raise a plea regarding non-furnishing of information to the Corporation after the death of the insured and, therefore, we do not consider it to be a fit case of interference with the impugned judgment and order passed by the learned Single Judge who has been pleased to uphold the order of the Permanent Lok Adalat. This appeal, thus, is absolutely devoid of merit and consequently it stands dismissed.

Appeal dismissed.