



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

(215)

RSA-653-2001(O&M)
Reserved on : 16.03.2026
Pronounced on : 24.03.2026
Uploaded on : 25.03.2026

Pargan Singh

.....Appellant

Versus

Life Insurance Corporation of India and Others

.....Respondents

CORAM: HON'BLE MR. JUSTICE AMARINDER SINGH GREWAL

Present: Mr. Vijay Kumar Goyal, Advocate,
for the appellant.

Mr. Prateek Mahajan, Advocate, and
Mr. Daanish Mahajan, Advocate,
for respondents No.1 to 4.

AMARINDER SINGH GREWAL, J.

1. The plaintiff is the appellant before this court, challenging the judgment and decree dated 18.01.1999 passed by the learned trial court dismissing his suit for declaration and the judgment dated 09.08.2000 passed by the learned First appellate court vide which the appeal preferred by him against the aforesaid judgment and decree passed by the learned trial court, has also been dismissed.

2. Briefly stated, the facts of the case are that the wife of the plaintiff, namely Simarjeet Kaur, had obtained a life insurance policy on 14.08.1989 from the Life Insurance Corporation of India (hereinafter referred to as "LIC"). At the relevant time, she was allegedly suffering from



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chronic fever and Hodgkin's Lymphoma, a form of blood cancer, and she expired on 30.01.1991. The claim under the policy was repudiated by LIC vide letter dated 30.03.1992 on the ground that the insured had been suffering from ailments since December 1987, i.e., prior to the issuance of the policy, and had concealed material facts.

2.1 Upon learning of the repudiation, the appellant addressed a letter dated 02.06.1992 to LIC requesting refund of the premiums on an *ex gratia* basis. Pursuant thereto, he received a sum of Rs.15,434/- in full and final settlement of all claims arising out of the said policy, thereby discharging LIC from all liabilities. However, thereafter, the appellant issued a legal notice dated 20.03.1993, which was duly replied to by the respondents. Subsequently, the appellant instituted a suit for declaration on 07.06.1993.

3. Upon notice, the defendants appeared and filed their written statement contesting the suit, raising various preliminary objections. The plaintiff filed a replication denying the contents of the written statement and reiterating the averments made in the plaint.

4. On the basis of the pleadings of the parties, the following issues were framed:

1. Whether the plaintiff is entitled to the declaration as prayed for?
OPP
2. Whether the suit is not maintainable in the present form? OPD
3. Whether the suit is bad for misjoinder of necessary parties? OPD
4. Whether the plaintiff is estopped by his act and conduct from



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filing the present suit? OPD

5. Relief.

5. The parties led evidence in support of their respective cases. After hearing learned counsel for the parties and on appreciation of the evidence on record, the learned Civil Judge (Junior Division), Jalandhar dismissed the suit of the plaintiff vide judgment and decree dated 18.01.1999 by giving issue-wise findings. Aggrieved against the said judgment and decree, the plaintiff preferred an appeal before the learned Additional District Judge, Jalandhar, who, vide judgment and decree dated 09.08.2000, dismissed the appeal and affirmed the findings recorded by the learned trial Court.

6. Still feeling dissatisfied, the plaintiff has knocked the door of this Court by way of filing a regular second appeal praying that the same be accepted, the impugned judgments and decrees passed by the Courts below be set aside and their suit be decreed.

7. Learned counsel for the appellant contended that the judgments and decrees passed by both the Courts below were contrary to law and facts on record. It was argued that the repudiation of the insurance claim by the respondent–LIC was arbitrary and unjustified, as there was no intentional concealment of any material fact by the insured at the time of obtaining the policy. He submitted that the insured had not been suffering from any serious ailment to her knowledge at the relevant time, and therefore, the allegation of suppression is misconceived. It was further contended that the acceptance of the amount of Rs.15,434/- by the appellant was merely on humanitarian grounds and cannot be construed as full and



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final settlement of his lawful claim under the policy. Additionally it was contended that only after the repudiation was declared illegal can he claim the policy amount, hence a suit for declaration was justified and maintainable. Learned counsel submits that such payment was made on an *ex gratia* basis and does not bar the appellant from asserting his legal rights. Lastly, he submitted that the insured was medically examined by the authorized doctors of LIC. He thus argued that the findings recorded by the Courts below were based on misappreciation of evidence and are liable to be set aside.

7.1 In support of his contentions, learned counsel for the appellant has placed reliance upon the judgments in *LIC of India vs. Smt. G.M. Channabasemma AIR 1991 SC (392)*, *LIC of India vs. District Permanent Lok Adalat & Anr AIR 2004 RAJ (DB)*, *Manmohan Nanda vs. United India Assurance Co. Ltd. & Anr (2022) 4 SCC 582*, *State of U.P. vs. Ramkrishan Burman (dead) by his legal representation (1970) 1 SCC 80*, *Girdharilal Ratnalal Barker by Proprietor G. Anraji vs. Palaniappa Mudali and Another AIR 1929 Madras 572* and *M/s Supreme General Films Exchange Ltd. vs. His Highness Maharaja Sir Brijnath Singhji Deo of Maihar and Others (1975) 2 SCC 530*, to contend that mere non-disclosure would not *ipso facto* disentitle the insured unless the same is shown to be material and fraudulent, and that acceptance of an *ex gratia* amount does not necessarily operate as a bar to seeking appropriate relief, particularly when such acceptance is not voluntary or is made under compelling circumstances.



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8. Per contra, learned counsel for the respondent No.1–LIC supports the impugned judgments and decrees and submitted that the same were well reasoned and do not call for any interference. It was argued that the insured was suffering from serious ailments, including Hodgkin's Lymphoma, prior to the issuance of the policy and had deliberately concealed the said material facts, which had a direct bearing on the risk undertaken by the insurer. Learned counsel further submitted that the contract of insurance is based on the principle of utmost good faith, and any suppression of material facts vitiates the contract. He also contended that the appellant had voluntarily accepted the *ex gratia* payment in full and final settlement of all claims and had executed discharge of the respondent from all liabilities. Having done so, the appellant was estopped from challenging the repudiation and re-agitating the matter. Additionally it was further contended that as per Section 34 of The Specific Relief Act, suit for declaration is not maintainable without seeking consequential relief of recovery of amount or specific performance of insurance contract. Lastly, it was thus prayed that the present appeal, being devoid of merit and not involving any substantial question of law, deserves to be dismissed. Reliance has been placed upon the judgments of *Satwant Kaur Sandhu vs. New India Assurance Co. Ltd. 2009 (4) RCR (Civil) 692*, *New India Assurance Co. Ltd. vs. Genus Power Infrastructure Ltd. 2015 (20 SCC 424* and *United India Assurance Co. Ltd vs. PEPSU Road Transport Corporation and Ors. 2019 (2) RCR (Civil) 942*.

9. I have heard learned counsel for the parties at length and have carefully perused the judgments and decrees passed by both the Courts



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below along with the evidence available on record.

10. In the case at hand, the primary controversy revolves around the repudiation of the insurance claim by the respondent—LIC on the ground of concealment of material facts. From the evidence on record, it stands duly established that the insured was suffering from serious ailments, including Hodgkin's Lymphoma, prior to the issuance of the policy. The material placed on record clearly indicates that the said condition existed well before the policy was obtained and was not disclosed to the insurer at the relevant time.

11. It is a settled principle of insurance law that a contract of insurance is one of utmost good faith (*uberrima fides*), and the proposer is under a solemn obligation to disclose all material facts within his knowledge. Any suppression or non-disclosure of such material facts renders the contract voidable at the instance of the insurer. In the present case, the non-disclosure of pre-existing illness, which had a direct bearing on the risk undertaken by the insurer, constitutes a material suppression, thereby justifying the repudiation of the claim.

12. There is yet another aspect of the matter which cannot be lost sight of. After repudiation of the claim, the appellant consciously sought refund of the premium on an *ex gratia* basis and accepted a sum of ₹15,434/- in full and final settlement of all claims arising out of the policy. The evidence on record clearly establishes that the appellant himself moved an application dated 02.06.1992 requesting respondent No.1—LIC to refund the premium paid under the policy in question. Pursuant to the said request, a sum of ₹15,434/- was refunded to the appellant by way of cheque, which



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was duly accepted and acknowledged by him. Ex.D12, being the receipt/executing document, conclusively proves this fact.

13. It is pertinent to note that, in his cross-examination, the appellant unequivocally admitted that both the application Ex.D11 and the receipt Ex.D12 bear his signatures and that he had authenticated their contents. The receipt itself records that the amount was accepted in full and final settlement, satisfaction, and discharge of all claims against respondent–LIC. In such circumstances, the appellant, having voluntarily accepted the said amount without any protest, coercion, or undue influence, is estopped from raising the present claim. The conduct of the appellant clearly establishes *accord and satisfaction*, thereby extinguishing any surviving cause of action.

14. Once the appellant had accepted the *ex gratia* payment in full and final settlement, he was precluded from reopening the dispute and challenging the repudiation subsequently. The principle of estoppel by conduct squarely applies in the present case, as the appellant cannot be permitted to approbate and reprobate at the same time.

15. The Courts below have rightly recorded concurrent findings to the effect that the insured had suppressed material facts relating to her health at the time of obtaining the insurance policy. The evidence adduced by the defendants clearly establishes that the insured had been suffering from chronic fever and other serious ailments for a considerable period prior to submission of the proposal form. DW-1, Dr. H.R., who was posted at Civil Hospital, Jalandhar, categorically deposed that the insured



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remained admitted in the hospital from 08.12.1989 to 21.12.1989 and had been suffering from chronic fever for about two years prior thereto. Further, DW-2 produced the medical record from C.M.C., Ludhiana, which shows that the insured was admitted there on multiple occasions in the year 1990 and was diagnosed with Hodgkin's lymphoma. The said record also reflects that she had been suffering from fever for about one year preceding her admission.

16. The plaintiff himself, during his cross-examination, admitted the factum of hospitalization of the insured and could not specifically deny that she was suffering from fever and allied ailments at the relevant time. Despite such medical history, the insured, in the proposal form, falsely declared herself to be in good health and denied any prior illness or treatment. These incorrect statements and non-disclosures constitute clear suppression of material facts, which go to the root of the contract of insurance and vitiate the very foundation of the policy. In view thereof, the repudiation of the claim by the Corporation was fully justified and in accordance with law.

17. I find that the verdict given by the Courts below is based upon proper appreciation and correct interpretation of law. Both the Courts below had rejected the claim of the appellant/plaintiff. I do not see any reason to disagree with the Courts below and take a different view and further to interfere with the impugned judgments and decrees. Hence, the same judgments and decrees are upheld.

18. In view of the judgments passed by the *Hon'ble Supreme*



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Court in Pankajakshi (Dead) through Legal Representatives and others vs. Chandrika and others (2016) 6 SCC 157, R andhir Kaur v. Prithvi Pal Singh and others (2019) 17 SCC 71 and Gurbachan Singh (dead) through LRs v. Gurcharan Singh (dead) through LRs and others, questions of law are not required to be framed in second appeal before the Punjab and Haryana High Court whose jurisdiction is circumscribed by provisions of Section 41 of the Punjab Courts Act, 1918.

18. The appeal stands dismissed accordingly.

19. Since the main appeal stands dismissed, the miscellaneous application(s), if any, stand disposed of accordingly.

(AMARINDER SINGH GREWAL)
JUDGE

24.03.2026

Shubham

Whether speaking/reasoned:-	Yes/No
Whether Reportable:-	Yes/No