DISTRICT CONSUMER DISPUTES REDRESSAL COMMISSION, ERNAKULAM

Dated this the 30th day of June, 2026

Filed on: 24.04.2025

PRESENT

Shri. D.B. Binu — Hon'ble President
Shri. V. Ramachandran — Hon'ble Member
Smt. SreevidhiaT.N — Hon'ble Member

CC.No. 542 of 2025

COMPLAINANT:

Ravivarma. V, Aged 60 years, S/o Vasavan.V, Residing at III/321, 'Bodhi', Attipetty Nagar, Chembumukku, Thrikkakara, Kochi-682021.

VS

OPPOSITE PARTIES:

1.M/s National Insurance Company Ltd, Premises No.18-0374, Plot No. CBD-81, New Town, Kolkatta, West Bengal, Pin-700156.

2. Ratheesh.K.K, Divisional Manager, National Insurance Company Ltd, Palarivattom Divisional Office, Mydhily Mandiram, Janatha J Ernakulam-682025. (Adv. P.E.Thomas, 1st Floor, Carmel Centre, Banerji Road, Ernakulam, Kochi-18 for Ops)

FINAL ORDER

D.B. Binu, President:

1. **A brief statement of facts of this complaint is as stated below:**

The complainant has instituted the present complaint under Section 35 of the Consumer Protection Act, 2019 against the opposite parties, alleging a deficiency in service and unfair trade practice in the settlement of his Mediclaim insurance claim. The complainant contends that he has been continuously covered under the mediclaim policy of the 1st opposite party since the year 2005 by renewing the policy without any break. During the currency of the policy for the period from 10.06.2024 to 09.06.2025, he was diagnosed with Multiple Myeloma (bone marrow

cancer) and underwent chemotherapy and autologous stem cell transplantation at Amrita Institute of Medical Sciences, Kochi, incurring medical expenses of ₹4,62,350/-. Although he submitted all requisite claim documents, the opposite parties sanctioned and reimbursed only ₹37,500/- against the claim, invoking the policy provisions relating to "Modern Treatment." According to the complainant, Stem Cell Transplantation is a recognized and established treatment for Multiple Myeloma and, in view of the applicable IRDAI Master Circular, the opposite parties were not justified in restricting the reimbursement by applying sub-limits. Alleging that the partial repudiation of the claim is contrary to the policy terms and regulatory guidelines, the complainant seeks recovery of the balance insurance claim of ₹1,12,500/-, compensation of ₹3,25,000/- for mental agony and hardship, litigation costs of ₹10,000/-, and other appropriate reliefs

2. The Commission issued notice to the opposite parties. Upon service of notice, the opposite parties entered an appearance and filed their written version, contesting the allegations raised in the complaint.

3. The opposite parties submitted that the second opposite party, being only the Divisional Manager of the insurer, acted in his official capacity and has no personal liability in the matter. While admitting the issuance of the Mediclaim Policy, the complainant's diagnosis of Multiple Myeloma, hospitalization at Amrita Institute of Medical Sciences, and submission of the reimbursement claim, the opposite parties asserted that the claim was processed strictly in accordance with the terms and conditions of the policy. They contended that stem cell therapy is specifically covered under Clause 3.5 of the policy as a "Modern

Treatment", under which reimbursement is restricted to 25% of the total sum insured. Since the complainant's eligible sum insured, including cumulative bonus, was ₹1,50,000/-, he was entitled only to ₹37,500/-, which was duly paid. The policy terms had been approved by the IRDAI, and the complainant had misconstrued the IRDAI Master Circular dated 29.05.2024. They denied any deficiency in service, negligence, unfair trade practice, suppression of facts, or violation of regulatory provisions, and prayed for dismissal of the complaint with costs.

4. The complainant filed his proof affidavit and produced five documents, which were marked as **Exts.A1 to A5**.

5. On the other hand, the opposite parties produced one document, which was marked as Ext.B1.

6. **Summary of the Complainant's Argument Note** :

The complainant contends that he has been continuously covered under the Mediclaim Policy issued by the 1st opposite party. During the policy period, he underwent treatment for Multiple Myeloma, including autologous stem cell transplantation, incurring medical expenses of ₹4,62,350/-. Although he submitted all supporting documents, the opposite parties reimbursed only ₹37,500/- by applying the "Modern Treatment" clause, restricting reimbursement to 25% of the sum insured. The complainant argues that such a restriction is contrary to the IRDAI Master Circular dated 29.05.2024, which recognises stem cell therapy for haematological conditions and mandates insurers to modify existing products by 30.09.2024 to comply with the revised regulatory framework. He submits that stem cell therapy is an established treatment and cannot

be subjected to arbitrary sub-limits merely by classifying it as a modern treatment. The complainant further argues that any ambiguity in the policy terms must be interpreted in favour of the insured, relying on the principles laid down in **Star Health and Allied Insurance Co. Ltd. and National Insurance Co. Ltd. v. BogharaPolyfab Pvt. Ltd**. According to him, the failure of the opposite parties to honour the claim in full amounts to deficiency in service and unfair trade practice, entitling him to the balance claim amount, compensation, interest, and litigation costs.

7. **Summary of the Argument Note Filed by the Opposite Parties**:

The opposite parties reiterated that the complaint is devoid of merit and that the claim had been settled strictly in accordance with the terms and conditions of the Mediclaim Policy. They admitted that the complainant was insured under the policy, underwent treatment for Multiple Myeloma, including stem cell therapy, and submitted a reimbursement claim. However, they contended that stem cell therapy is expressly categorised as a "Modern Treatment" under Clause 3.5 of the policy, under which reimbursement is restricted to 25% of the total sum insured. Accordingly, since the complainant's eligible sum insured, including cumulative bonus, was ₹1,50,000/-, he was rightly paid ₹37,500/-, being the maximum admissible amount. The opposite parties further argued that the complainant had misconstrued the IRDAI Master Circular dated 29.05.2024, which, according to them, merely directs insurers to endeavour to cover technological advancements and does not mandate unrestricted reimbursement or invalidate policy sub-limits. They also contended that the policy had been issued before the implementation of the revised regulatory framework and was governed by the applicable

policy terms. The claim for compensation of ₹3,25,000/- was stated to be unsupported by any evidence of actual loss or mental agony. Denying any deficiency in service, negligence, unfair trade practice, or delay in claim settlement, the opposite parties prayed for dismissal of the complaint with costs.

8. We have meticulously considered the pleadings, the documentary evidence on record, and the detailed submissions advanced by the complainant, who appeared in person, as well as the learned counsel for the opposite parties. We have also carefully perused the proof affidavit, the exhibits marked in evidence, and the written argument notes filed by both the complainant and the opposite parties.

9. **POINTS FOR CONSIDERATION**:

i) Whether there is any deficiency in service or unfair trade practice by the opposite parties?
ii) If so, whether the complainant is entitled to any relief?
iii) Costs of the proceedings, if any?

10. **POINT No. (i):**

The complainant seeks reimbursement of the balance amount under a Mediclaim Policy issued by the 1st opposite party. The material facts are not in dispute. It is admitted that the complainant had been continuously renewing the Mediclaim Policy from the year 2005. It is further admitted that during the currency of the policy from 10.06.2024 to 09.06.2025, the complainant was diagnosed with Multiple Myeloma and underwent chemotherapy and autologous stem cell transplantation at

Amrita Institute of Medical Sciences, Kochi. Exts.A1 and A2 establish the hospitalization and medical expenditure incurred by the complainant. The opposite parties have also admitted that the complainant submitted a reimbursement claim and that only a sum of ₹37,500/- was sanctioned.

11. Thus, the controversy before this Commission is confined to the legality of restricting the reimbursement to ₹37,500/- by invoking Clause 3.5 of the policy relating to "Modern Treatment".

12. The opposite parties contend that Stem Cell Therapy falls under the category of Modern Treatment and that the policy expressly limits reimbursement to 25% of the total sum insured. According to them, since the complainant's total eligible coverage including cumulative bonus was ₹1,50,000/-, reimbursement was correctly restricted to ₹37,500/-.

We are unable to accept the above contention.

13. Ext.A5 is the IRDAI Master Circular on Health Insurance Business. The Circular was issued with the avowed object of strengthening policyholder protection, ensuring uniformity in health insurance products and expanding coverage for technologically advanced medical procedures. It specifically recognizes Stem Cell Therapy for specified haematological conditions as a recognized mode of treatment and requires insurers to align their products with the revised regulatory framework.

14. The complainant underwent autologous stem cell transplantation as part of the accepted protocol for treatment of Multiple Myeloma. The opposite parties have not produced any medical evidence to establish that

the procedure undertaken by the complainant was experimental, unnecessary or outside the accepted line of treatment. Their defence is founded solely upon the contractual sub-limit.

15. Insurance contracts undoubtedly bind both parties. However, policy conditions cannot be interpreted in a manner that defeats the very object of a Mediclaim policy. The purpose of health insurance is to indemnify an insured person against genuine hospitalization expenses incurred for medically necessary treatment. Where an insured undergoes a recognised life-saving procedure during the currency of the policy, the insurer is expected to process the claim fairly, reasonably and in consonance with the regulatory framework.

16. The opposite parties argued that the Master Circular would not affect policies already issued. This contention cannot be accepted in the facts of the present case. The complainant's policy remained in force after the issuance of the Master Circular dated 29.05.2024, and the treatment was undertaken during the currency of that policy. The Circular is intended to protect policyholders and to ensure that recognised modern treatments are not denied merely because they involve advanced technology.

17. Even otherwise, where the language of an insurance policy is capable of two interpretations, the doctrine of contra proferentem requires the ambiguity to be construed against the insurer who drafted the policy. The insured cannot be deprived of the benefit of the policy because of uncertain or restrictive wording adopted by the insurer.

18. The opposite parties have not established that the complainant violated any policy condition or suppressed any material fact. On the contrary, the evidence demonstrates that the complainant disclosed the illness, underwent treatment at a reputed tertiary care hospital and submitted all documents required for processing the claim. Despite this, the opposite parties restricted the claim without placing any convincing material to justify such a restriction in the light of the prevailing regulatory framework.

19. A careful reading of **Ext.A5** makes it abundantly clear that the said circular is specifically applicable to the complainant's ailment and governs the present claim. In contrast, **Ext.B1**, relied upon by the opposite parties, is only a general circular laying down broad guidelines and does not specifically deal with the medical condition or treatment undergone by the complainant.

20. It is a well-settled principle of interpretation that a specific provision prevails over a general provision (generalia specialibus non derogant). Therefore, where a circular is issued specifically governing a particular disease, treatment, or category of beneficiaries, such a circular must prevail over a general guideline relied upon by the opposite parties.

21. Significantly, **Ext.A5** does not prescribe any monetary ceiling or upper limit for reimbursement of the medical expenses incurred by the complainant. The attempt of the opposite parties to import limitations contained in **Ext.B1** into a case squarely governed by **Ext.A5** is legally unsustainable and contrary to the very object of the reimbursement scheme.

22. In the absence of any restriction under **Ext.A5** and in view of the specific applicability of the said circular to the complainant's case, the repudiation and partial denial of the claim by the opposite party cannot be justified. The Commission is, therefore, of the considered view that the complainant is entitled to reimbursement of the entire admissible medical expenses incurred for the treatment, and the failure of the opposite parties to honour the claim in full amounts to deficiency in service within the meaning of Section 2(11) of the Consumer Protection Act, 2019

23. Consumer protection legislation is a beneficial statute intended to protect consumers against arbitrary denial of legitimate claims. An insurer owes a duty to act fairly and reasonably while processing claims. Mechanical reliance upon a restrictive clause, ignoring the object of the policy and the applicable regulatory framework, cannot receive judicial approval.

24. Accordingly, we hold that the opposite parties failed to settle the complainant's claim in a fair, reasonable and lawful manner. The arbitrary restriction of reimbursement to ₹37,500/- amounts to a deficiency in service within the meaning of Section 2(11) of the Consumer Protection Act, 2019. The complainant has successfully established that the claim was not processed in accordance with the spirit of the policy and the regulatory framework governing health insurance.

Accordingly, Point No.(i) is answered in favour of the complainant.

25. **POINT No. (ii):**

Having found that the opposite parties were deficient in rendering service, the next question is the quantum of relief.

26. The complainant has claimed the balance insurance amount of ₹1,12,500/-. The evidence on record establishes that the total admissible sum insured available to the complainant was ₹1,50,000/- and only ₹37,500/- has been reimbursed. Consequently, the complainant is entitled to recover the balance amount of ₹1,12,500/-.

27. The complainant has also claimed compensation of ₹3,25,000/- for mental agony. While there can be no doubt that the arbitrary settlement of a genuine mediclaim causes considerable hardship, anxiety and financial distress, the compensation claimed appears excessive. Nevertheless, the complainant was compelled to undergo cancer treatment, expend substantial amounts and thereafter litigate for reimbursement of a legitimate claim. The conduct of the opposite parties has undoubtedly caused avoidable mental agony and inconvenience.

28. As regards the liability of the 2nd opposite party, we find that he has merely been impleaded in his capacity as Divisional Manager of the insurer. There is no allegation of any independent personal act or omission attributable to him. Therefore, no personal liability can be fastened upon the 2nd opposite party. The liability rests upon the 1st opposite party, the insurer.

29. Accordingly, the complainant is entitled to recover the balance insurance amount together with reasonable compensation, litigation costs and interest.

Hence, Point No.(ii) is answered in favour of the complainant.

30. **POINT No. (iii):** Costs.

In view of our findings on Points Nos.(i) and (ii), the complainant is entitled to the costs of the proceedings.

We hold that Point Nos. (i) to (iii) are answered in favour of the complainant, as the 1st Opposite Party has committed a deficiency in service in the settlement of the complainant's Mediclaim claim. The arbitrary restriction of the admissible claim by mechanically applying the policy sub-limit, despite the facts and circumstances of the case and the applicable regulatory framework, amounts to a deficiency in service and an unfair trade practice. Consequently, the complainant has suffered financial loss, mental agony, inconvenience, and hardship. In view of the foregoing discussion, the evidence on record, and the applicable legal principles, we are of the considered opinion that the 1st Opposite Party is liable to indemnify the complainant by paying the balance insurance claim together with reasonable compensation and litigation costs as awarded herein.

ORDER

In the result, the complaint is allowed in part, with the following directions:

I. The 1st Opposite Party shall pay to the complainant the balance insurance claim of **₹1,12,500/-** (Rupees One Lakh Twelve Thousand Five Hundred only).

II. The 1st Opposite Party shall further pay **₹25,000/-** (Rupees Twenty Five Thousand only) as compensation for

the mental agony, hardship and inconvenience suffered by the complainant.

III. The 1st Opposite Party shall also pay **₹10,000/-** (Rupees Ten Thousand only) towards litigation costs.

IV. The complaint against the 2nd Opposite Party is dismissed, as no independent personal liability is established against him.

The 1st Opposite Party shall comply with the above directions within 45 (forty-five) days from the date of receipt of a copy of this order. In the event of default, the amount awarded under Points Nos. I and II shall carry interest at the rate of 9% (nine per cent) per annum from the date of filing of the complaint, i.e., 24.04.2025, until the date of realization

Pronounced in the Open Commission on this the 30th day of June, 2026.

Sd/-	**Sd/-**	**Sd/-**
D.B. Binu	**V. Ramachandran**	**Sreevidhia T.N**
President	**Member**	**Member**

Forwarded/By Order

Assistant Registrar

APPENDIX

Complainant's Evidence:

Ext.A1- Medical Bill dtd. 31/10/2024 .
Ext.A2- Discharge Summary dtd. 31/10/2024
Ext.A3- Copy of Mediclaim Policy issued on 10/6/2024.
Ext.A4- Terms & Conditions of Medical Claim Policy issued by the 1st OP
Ext.A5- Master Circular issued by IRDAI on Health Insurance dtd.29/05/2024.

Opposite party's Evidence:-

Ext.B1- Certified copy of the National Medi Claim Policy.

Date of DespatchBy Hand::By post::BR/