Date of Institution : 04.11.2025
Date of Final Hearing : 10.08.2026
Date of Pronouncement : 28.08.2026

BEFORE THE DISTRICT CONSUMER DISPUTES REDRESSAL COMMISSION: KURNOOL

Present: Sri Karanam Kishore Kumar, B.A., B.L., President

Sri N.Narayana Reddy, B.A., B.L., Member
And
Smt S.Nazima Kausar, PGDBM., M.Com., MBA., B.Ed., Member

Friday the 28th day of August, 2026

CONSUMER COMPLAINT No.173/2025

Between:

Smt Gandla Prameela,
W/o Late Gandla Mulaiah,
R/o H.No.1-265-2, NGO's Colony,
Banaganapalli Post and Mandal-518124,
Nandyal District. **...COMPLAINANT**

(Through: Sri P.Siva Sudarshan, Advocate)

-VS-

HDFC ERGO General Insurance Company Limited,
Represented by its Authorized Signatory,
6th Floor, Leela Business Park,
Andheri-Kurla Road,
Andheri East, Mumbai-400059. **...OPPOSITE PARTY**

(Through: Sri Palle Niranjan Kumar, Advocate)

ORDER

(Per Sri Karanam Kishore Kumar, President on behalf of the Bench)

CONSUMER COMPLAINT No.173/2025

1. This complaint is filed under section 34 and 35 of the Consumer Protection Act, 2019, praying to direct the opposite party:-

   a. To pay the insured amount of Rs.1,00,00,000/- with interest at the rate of 24% per annum from the date of death of policy holder i.e., 28.07.2025 till the date of realization along with all policy benefits.

   b. To pay compensation of Rs.1,00,000/- towards mental agony and harassment.

   c. To pay costs of this complaint.

And

d. To grant such other further relief as this Hon'ble Commission deems fit and proper in the circumstance of the case.

2. The case of the complainant in brief runs as follows:- The complainant is a resident of Banaganapalli Post and Mandal, Nandyal District. The opposite party is HDFC ERGO General Insurance Company Limited, represented by its Authorized Signatory, Mumbai.

The complainant's husband, Late Sri Gandla Mulaiah, was the owner of a stone factory situated at Banaganapalli. During his lifetime, he obtained a "Koti Suraksha Policy" bearing No.3317101428540200 from the opposite party, with a sum assured of Rs.1,00,00,000/-. The policy commenced on 13.03.2024 and was valid up to 11.03.2027. The life assured regularly paid the annual premium of Rs.30,365/-. As per the policy terms, in the event of accidental death of the life assured, the nominee was entitled to the assured sum together with the applicable accidental death benefit.

On 28.07.2025 at about 8:45 p.m., the life assured, Sri Gandla Mulaiah, was standing by the roadside near Thellapuri Village, Gospadu Mandal, when a Mini Truck bearing Registration No.AP39 UA 3629, allegedly driven rashly and negligently by its driver, Anji Naik, dashed against him. Due to the impact, he sustained grievous injuries to his head and legs and was immediately shifted to the Government General Hospital, Nandyal, where he was declared dead.

In connection with the accident, the deceased's son lodged a complaint, based on which a case was registered in Crime No.55/2025 under Section 106(1) of the Bharatiya Nyaya Sanhita, 2023, at Gospadu

Police Station against the driver of the offending vehicle. After investigation, the police filed a charge sheet before the Judicial First Class Magistrate Court, Allagadda, Nandyal District.

After the death of the life assured, the complainant, being the nominee under the policy, submitted the claim form along with the required documents to the opposite party for settlement of the claim. However, the opposite party repudiated the claim vide letter dated 23.10.2025, alleging that the life assured had suppressed his income at the time of obtaining the policy. The complainant contends that the life assured had not suppressed any material fact. He was the owner of a stone polishing factory, possessed lorries and agricultural lands, and had sufficient financial resources and income to pay the policy premiums. The allegation of suppression of income is therefore baseless and unsupported by any credible evidence.

It is further contended that the opposite party, after scrutinizing the proposal and supporting documents, accepted the proposal, issued the policy and continued to receive the premiums. Having done so, the opposite party cannot repudiate a legitimate claim on the vague ground of insufficient income, particularly in the absence of proof that any material fact was deliberately concealed by the life assured. The complainant submits that the repudiation of the claim is arbitrary, unjustified and contrary to the terms of the policy, amounting to deficiency in service and unfair trade practice. Due to the repudiation, the complainant claims to have suffered financial hardship, mental agony and emotional distress. Hence, this complaint.

3. The opposite party filed its written version contending that the complaint is not maintainable either in law or on facts. It is submitted that the opposite party issued a Health Koti Suraksha Policy bearing No.3317101428540200 in favour of Mr. Gandla Mulaiah, valid from 12.03.2024 to 11.03.2027, under which the complainant is the nominee.

It is submitted that an accident involving the insured allegedly occurred on 28.07.2025. On 29.07.2025, an FIR was registered in Crime No.55/2025 under Section 106(1) of the Bharatiya Nyaya Sanhita, 2023, at Gospadu Police Station. The records disclose that the accused, Sugali Anjaneyulu Naik, was driving the third-party truck bearing Registration No.AP39 UA 6329, which allegedly hit the insured while he had stopped by the roadside to attend nature's call. The insured was thereafter brought dead to the Government General Hospital, Nandyal.

The complainant submitted a claim form along with supporting documents on 06.08.2025 seeking accidental death benefits of Rs.1,00,00,000/-. Upon receipt of the claim, the opposite party conducted an investigation to ascertain the circumstances of the incident and verify the authenticity of the documents submitted in support of the claim. Upon scrutiny of the claim documents and the investigation findings, the opposite party concluded that the claim was vitiated by material misrepresentation and manipulation. It is alleged that the insured had been engaged in the stone business for about ten years and that, during the investigation, his son stated that the insured's income had been intentionally inflated to

qualify for the policy and that incorrect income particulars had been furnished in the proposal.

The opposite party further contends that the bank statements and a declaration allegedly furnished by the insured's wife also revealed discrepancies regarding the income disclosed at the time of obtaining the policy. According to the opposite party, the insured therefore failed to disclose true and correct material particulars and violated the principle of utmost good faith governing the contract of insurance. It is further contended that Section C – General Conditions, Clause 7 of the policy provides that where a claim is fraudulent in any respect, or any false statement or declaration is made or used in support of the claim, or fraudulent means or devices are employed to obtain benefits under the policy, the benefits under the policy and the premium paid shall stand forfeited. On the basis of the alleged violation of the said condition, the claim was repudiated vide letter dated 23.10.2025.

The opposite party submits that the repudiation was made strictly in accordance with the policy terms and conditions after due investigation and, therefore, there was no deficiency in service on its part. It is contended that the complaint is devoid of merit and has been filed to obtain unjustified monetary benefits. Hence, the opposite party seeks dismissal of the complaint with costs.

4. The complainant filed sworn affidavit, and Ex.A1 to Ex.A7 are marked. The opposite party filed sworn affidavit and Ex.B1 to Ex.B14 are marked (Ex.B3, Ex.B12 and Ex.B13 are marked subject to objection).

5. We have perused the available records and written arguments filed by the complainant and opposite party and heard oral arguments of both sides.

The complainant cited decisions reported in:-

A. **Civil Appeal No.8386/2015,** the Hon'ble Supreme Court of India, Manmohan Nanda -Vs- United India Insurance Company Limited and another, decided on 06.12.2021.

B. **Civil Appeal No.8245/2015,** the Hon'ble Supreme Court of India, Sulbha Prakash Motegaonkar and others -Vs- Life Insurance Corporation of India, decided on 05.10.2015.

C. **Civil Appeal No.6572/2023,** the Hon'ble Supreme Court of India, Reliance Nippon Life Insurance Company Limited -Vs- Nirmala Devi, decided on 13.10.2023.

D. **Revision Petition No.1187/2018,** the Hon'ble National Consumer Disputes Redressal Commission, New Delhi, Sudesh -Vs- Life Insurance Corporation of India, decided on 27.03.2026.

6. Now, the points that arise for consideration are:

i. Whether there is any deficiency of service on the part of the opposite party or not?

ii. Whether the complainant is entitled to the reliefs as prayed for or not?

iii. If any relief, then to what extent?

7. **Points i to iii**:- The complainant's husband, Late Sri Gandla Mulaiah, obtained a Koti Suraksha Policy bearing No.3317101428540200 for Rs.1,00,00,000/-, which was valid at the time of his accidental death on 28.07.2025. The complainant, being the nominee, submitted the claim, but the opposite party repudiated it vide letter dated 23.10.2025 alleging suppression of income by the life assured. The complainant contends that there was no suppression of material facts and that the repudiation was arbitrary and unjustified, amounting to deficiency in service and causing financial hardship and mental agony.

We have carefully considered the exhibits filed by both parties. The first and foremost fact emerging from the record is that the existence of the insurance contract is not in dispute. Ex.A1 and Ex.B1 are the policy schedule documents issued by the opposite party itself, which has also admitted issuance of the policy and the complainant's status as nominee.

The occurrence of the accident and death of the insured are substantially established by the contemporaneous public records. Ex.A2 is the FIR records registration of Crime No.55/2025; Ex.A3 is the Post-Mortem Examination Report records the medical findings relating to the death; Ex.A4 is the Inquest Report records the circumstances surrounding the death; Ex.A5 is the Charge Sheet shows completion of the police investigation; and Ex.A6 is the Death Certificate independently establishes the death of the insured. The corresponding documents produced by the opposite party, namely Ex.B4, Ex.B5, Ex.B7, Ex.B8 and Ex.B9, substantially corroborate the complainant's documentary evidence. Thus,

there is no material dispute regarding the occurrence of the road traffic accident or the death of the insured. The real controversy is whether the repudiation of the claim on the ground of alleged inflation of income particulars is justified.

In this regard, Ex.B6, the Proposal Form - My Health Koti Suraksha, assumes importance. The opposite party, being the insurer and custodian of the proposal and underwriting records, relies upon the proposal form to contend that incorrect income particulars were furnished by the insured. Therefore, the burden lies upon the opposite party to establish not merely that an income figure was stated in the proposal, but that the figure was knowingly false or deliberately inflated and that such misrepresentation was material to the contract of insurance.

The principle of utmost good faith undoubtedly governs contracts of insurance. However, every discrepancy, omission or inaccurate statement does not automatically entitle an insurer to repudiate a claim. The insurer must establish the materiality of the fact allegedly suppressed and demonstrate how such alleged suppression affected the underwriting decision.

We relied on decision reported in:-

Civil Appeal No.8386/2015, the Hon'ble Supreme Court of India in Manmohan Nanda -Vs- United India Assurance Company Limited and another, decided on 06.12.2021, wherein the Hon'ble Supreme Court held that as explained the concept of material facts in insurance contracts and held that the relevant consideration is whether the undisclosed fact would influence the judgment of a prudent insurer in deciding whether to accept the risk. The insurer, therefore, cannot succeed merely on a bald allegation

of suppression; the factual foundation for such repudiation must be established.

In the present case, the opposite party relies substantially upon Ex.B3, the Investigation Report, and the alleged statement/admission attributed to the son of the deceased. However, the investigation report essentially contains the conclusions of the insurer's investigator and, by itself, cannot be treated as conclusive proof of fraud or intentional misrepresentation. The underlying facts and documents must establish the alleged fraudulent conduct. The alleged statement of the son also requires careful scrutiny. The opposite party has not satisfactorily established that the statement constitutes a clear and unequivocal admission that the insured deliberately inflated his income in the proposal form. Even assuming that such a statement was made, it cannot by itself conclusively establish the deceased's state of mind at the time of submitting the proposal.

More importantly, the opposite party has not satisfactorily established the actual income of the deceased at the relevant time, the income declared in the proposal, the extent of the alleged inflation, or the specific underwriting consequence that would have followed had the correct income been disclosed. It is not sufficient to establish merely that the insured was engaged in a particular occupation or that his actual income differed from the amount mentioned in the proposal. The insurer must establish that the difference constituted a deliberate misrepresentation of a material fact which

influenced acceptance of the risk or the terms on which the policy was issued.

We have also considered Ex.B10 to Ex.B13. These documents consist of subsequent correspondence relating to the claim and its processing and do not independently establish that the insured intentionally fabricated his income particulars at the inception of the policy. The opposite party has not produced any convincing contemporaneous document showing that, at the time of underwriting, documentary proof of income was required and that the insured knowingly furnished a false document. Nor has it established through reliable evidence that the alleged income discrepancy would necessarily have resulted in rejection of the proposal or materially altered the terms of the policy.

The distinction between proving an incorrect statement and proving deliberate material misrepresentation is crucial. Repudiation of a claim involving a substantial sum assured cannot rest merely upon suspicion, inference or an investigator's conclusion when the alleged fraud itself is disputed. It is also significant that the insured died in a road traffic accident. The FIR, inquest report, post-mortem report, charge sheet and death certificate consistently establish the occurrence of the accident and death. There is no allegation or evidence that the accident or death was fabricated, and the opposite party has not disputed the genuineness of these records. Therefore, the accidental death stands established.

We are conscious that the accidental nature of death, by itself, does not completely answer a defence of material misrepresentation.

Nevertheless, where the insurer seeks to forfeit the entire policy benefit on the basis of an alleged income misstatement, it must establish the materiality of such misstatement by cogent evidence. In the present case, that foundational burden has not been discharged. Ex.B3, when read along with Ex.B6 and the other documents, does not establish by convincing evidence that the insured deliberately furnished a false income declaration with fraudulent intent. The opposite party's conclusion that the income was intentionally inflated is therefore not sufficiently supported by independent and reliable evidence.

We further find that Clause 7 of Section C of the policy cannot be invoked mechanically. Though the said clause may protect the insurer against a genuinely fraudulent claim or deliberate false declaration, the facts constituting such fraud or material false declaration must first be established. In the absence of such proof, the forfeiture clause cannot be invoked merely because the insurer's investigation raised a suspicion regarding the income of the deceased.

The opposite party accepted the proposal, issued the policy and received the premium. Having undertaken the risk, it is bound to establish a valid contractual or statutory ground for repudiation. A repudiation based on an unproved allegation of income inflation cannot be sustained. Consequently, we hold that the repudiation letter dated 23.10.2025, marked as Ex.A7 and Ex.B14, is not justified on the evidence available on record and amounts to deficiency in service on the part of the opposite party.

As regards the amount payable, Ex.A1 and Ex.B1 establish the policy and the sum assured of Rs.1,00,00,000/-. Since the policy was subsisting on the date of the accident and the death of the insured has been established, the complainant, being the nominee, is entitled to the policy benefit of Rs.1,00,00,000/-. The complainant claimed interest at 24% per annum from the date of death. Interest is compensatory in nature and must be reasonable having regard to the facts of the case. In the circumstances, interest at 9% per annum is considered just and reasonable. The wrongful repudiation caused the complainant mental agony and hardship, for which Rs.25,000/- as compensation is just and reasonable.

8. In the result the complaint is partly allowed. The opposite party is hereby directed to pay to the complainant a sum of Rs.1,00,00,000/- (Rupees One Crore only) towards the assured amount under Policy No. 3317101428510200003, together with interest at 9% per annum from the date of filing of the complaint, i.e., 04.11.2025, till realization. The opposite party is further directed to pay Rs.25,000/- towards compensation for mental agony and Rs.10,000/- towards costs of the complaint. The above amounts shall be paid within 45 days from the date of receipt of this order.

Typed to my dictation by the stenographer, corrected and pronounced by us in the open Bench on this the 28th day of August, 2026.

Sd/-	**Sd/-**	**Sd/-**
WOMEN MEMBER	**MALE MEMBER**	**PRESIDENT**

APPENDIX OF EVIDENCE
Witnesses Examined

For the complainant:- Nil **For the opposite party:- Nil**

List of exhibits marked for the complainant:-

Ex. No.	Date/Year	Description	Remarks
A1	17.04.2024	Letter along with Policy Schedule bearing No.3317101428510200003 issued by opposite party.	Self attested photo copy
A2	29.07.2025	F.I.R in Crime No.55/2025 issued by Station House Office, Gospadu Police Station, Nandyal District.	Self attested photo copy
A3	29.07.2025	Report of Post Mortem Examination issued by Department of Forensic Medicine and Toxicology, Government Medical College, Nandyal.	Self attested photo copy
A4	29.07.2025	Inquest Report issued by Sub Inspector of Police, Gospadu Police Station, Nandyal District.	Self attested photo copy
A5		Charge Sheet issued by Sub Inspector of Police, Gospadu Police Station, Nandyal District.	Self attested photo copy
A6	05.08.2025	Death Certificate issued by Registrar of Births and Death, Grama Panchayat Tellapuri, Gospadu, Nandyal District.	Self attested photo copy
A7	23.10.2025	Claim Repudiation Letter issued by opposite party.	Self attested photo copy

List of exhibits marked for the opposite party:-

Ex. No.	Date/Year	Description	Remarks
B1	17.04.2024	Letter along with Policy Schedule bearing No.3317101428510200003 issued by opposite party.	Self attested photo copy
B2	06.08.2025	SARV Suraksha - Claim Form.	Self attested photo copy
B3	06.08.2025	Investigation Report (PA and GPA) (Objection).	Self attested photo copy
B4	05.08.2025	Death Certificate issued by Registrar of Births and Death, Grama Panchayat Tellapuri, Gospadu, Nandyal District.	Self attested photo copy
B5	29.07.2025	Report of Post Mortem Examination issued by Department of Forensic Medicine and Toxicology, Government Medical College, Nandyal.	Self attested photo copy
B6	12.03.2024	Proposal Form-My Health Koti Suraksha issued by HDFC ERGO General Insurance Company Limited.	Self attested photo copy

B7	29.07.2025	F.I.R in Crime No.55/2025 issued by Station House Office, Gospadu Police Station, Nandyal District.	Self attested photo copy
B8		Charge Sheet issued by Sub Inspector of Police, Gospadu Police Station, Nandyal District.	Self attested photo copy
B9	29.07.2025	Inquest Report issued by Sub Inspector of Police, Gospadu Police Station, Nandyal District.	Self attested photo copy
B10	28.08.2025	Letter from complainant to HDFC ERGO Claims Team.	Self attested photo copy
B11	13.09.2025	Letter to Manager, HDFC ERGO Claims.	Self attested photo copy
B12	21.09.2025	Letter from complainant to Claims Team, Niva Bupa Health Insurance (Objection).	Self attested photo copy
B13	15.09.2025	Letter from Gandla Harish Kumar to the Claims Manager, HDFC ERGO (Objection).	Self attested photo copy
B14	23.10.2025	Claim Repudiation Letter issued by opposite party.	Self attested photo copy

Sd/- **Sd/-** **Sd/-**
WOMEN MEMBER **MALE MEMBER** **PRESIDENT**

Pronounced on:- **28.08.2026**

Copy to:-

Copy made ready on :

Copy dispatched to Complainant
and Opposite parties on :