

Date of Filing: 17-12-2022

Date of Order: 18-08-2023

BEFORE THE DISTRICT CONSUMER DISPUTES REDRESSAL
COMMISSION – II, HYDERABAD

P r e s e n t

SRI VAKKANTI NARASIMHA RAO ... PRESIDENT
SRI P.V.T.R JAWAHAR BABU ... MEMBER
SMT. MADHAVI SASANAKOTA... MEMBER

Friday, the 18th day of August, 2023

Consumer Case No.808/2022

BETWEEN:

Mr.C.Pratap Reddy, S/o.C.Shesha Reddy, Age about 64, Advocate,
Public Prosecutor, High Court for State of Telananga, 5-10-88,
Flat-203, 3rd Floor, Hill Fort Road, Fateh Maidhan, Near Kalanjali,
Hyderabad-500004.

...Complainant

AND

1 M/s Manipal Cigma Health Insurance Company Ltd., Rep by its
Authorised Signatory,401/402 Raheja Titanium western Express
Highway, Goregaon (East) Mumbai – 400 063.

2 Medi Assist Insurance TPA Pvt Ltd.,Rep by its Authorised
Signatory, Tower D, 4th Floor IBC Knowledge Park, 4/1
Bannerghatta Road, Bangalore – 560 029

.... Opposite Parties

This complaint is coming before us on this the 7th day of July 2023
in the presence of Learned Counsel M/s.T.Uma Sankar, Advocate,
appearing for the complainant and Learned Counsel
M/s.M.V.R.Suresh, Advocate, appearing for the opposite
party.No.1; Learned Counsel M/s.G.Nagesh and on perusal of
material papers available on record, having stood over for
consideration till this day, the Commission passed the following:

O R D E R

(BY SRI VAKKANTI NARASIMHA RAO, HON'BLE PRESIDENT
ON BEHALF OF THE BENCH)

This complaint is filed by the complainant on 17th December, 2022 vide SR No. 4791 under Section 35 of the Consumer Protection Act, 2019 with a prayer to direct the opposite party No. 1 to:-

1. Revive the complainant's Insurance Policy as existed before termination with full coverage and without insisting payment of premium for the next 3 consecutive years.
 2. Accept the claim of the complainant and pay a sum of Rs. 6, 47,000/- (Rupees Six Lakh Forty-Seven Thousands only) towards Medical expenses incurred by the complainant along with interest @ 18% P.A.
 3. Pay damages of Rs. 15, 00,000/- (Rupees Fifteen Lakhs only) towards mental agony suffered by the complainant.
 4. Pay interest on the amounts prayed for, pendent lite interest to the complainant and further interest.
 5. Pay costs for the legal expenses incurred by the complainant and
 6. Pass any such other order or orders as the Commission deemed fit and proper in the circumstances of the case.
1. The brief averments of the complaint are that the complainant herein is a Health Insurance Policy Holder in 1st Opposite party company for which the details the policy are shown as hereunder:-

| | |
|--|--|
| Policy No. | 100100180526/03/00 |
| Plan | Manipal Cigna Prohealth Group Insurance Plan (Master Policy Holder: Union Bank of India) |
| Names of joint Health Insurance Policy Holders | Pratap Reddy Chillumula (Complainant) & Anita Chillumula |

2. The subject Health Insurance policy was purchased by the complainant from erstwhile Andhra Bank (Now: Union Bank of India) in the month of March, 2019. The policy was bought by the joint policy Holders with the Bank as they also had a joint savings account in the same Bank, Madhapur Branch, at Hyderabad which

came into force on 08.03.2019 and was covering both joint policy holders with a sum insured amount of Rs. 20, 00,000/- (Rupees Twenty Lakhs only) + a cumulative bonus of Rs. 6, 00,000/- (Rupees Six Lakhs only) for consecutive 3 No-claim years till 2021-2022. The present policy year is 4th year and the premium of this policy auto debited from the complainant's savings account year on years towards the renewal of the policy.

3. The complainant sought consultation in the month of September, 2022 at Gleneagles Global Hospitals, Lakdi-ka-pool at Hyderabad as he was facing discomfort in abdomen area with occasional bleeding in stools for which he was asked to undergo some diagnostic tests, after which, the doctor suggested to get admitted on 30.09.2022 for further surgical procedure through colonoscopy to be performed the following day.
4. On conducting various tests on 01.10.2022, the consultant doctors have suggested a surgery for removal of the infected part in the ascending colon, and this would not be possible through colonoscopy and got discharged on 02.10.2022.
5. Thereafter, the complainant sought at AIG hospital, Gachibowli, at Hyderabad on 03.10.2022 for second opinion. Further observations were made subsequently through pathology, Colonoscopy tests and PET scan. After which the complainant was advised to get admitted for removal of the infected part of ascending Colon. Accordingly, the complainant / Insured got admitted at AIG Hospital on 05.10.2022 for which he was operated on the following day. He got the required treatment for the said ailment as in the pathology report. He was under observation in ICU / Isolation ward and there after shifter to the Room on 08.10.2022. He gradually recovered from the surgery and got discharged on 12.10.2022.
6. The complainant requested the Insurance desk of the AIG Hospital to initiate the cashless claim process of his Health insurance policy of Manipal Cigna Health Insurance at the time of his admission into the AIG hospital.

7. In the process of availing the cashless insurance facility, there were some clarifications sought by the Insurer through opposite party No. 2 regarding:-

- *Confirmation up on previous pre-authorization approval for the same ailment / treatment at Gleneagles Global Hospitals – whether utilized or not.*
- *The doctor certificate detailing about ethology (cause) of ailment.*
- *Duration of the ailment along with the first consultation papers of admission advice note.*
- *Letter from the treating doctor stating the significant past medical / surgical history with duration and supporting papers.*
- *Confirmation on the exact duration of Hypertension, Diabetes, CAD (in Days / Months/ Year) format – with first consultation paper.*

The copy of the mails from the opposite party No. 2, asking for the above-mentioned clarifications dated: 07.10.2022 and 08.10.2022 are filed hereunder.

8. All the above-mentioned queries from the Insurance Company were clarified by the complainant through the Insurance desk of the AIG Hospital. The Insurance desk has replied to the mail from the opposite party No. 2 with all the required documents and letters as follows: -

- Discharge summary of Gleneagles Global Hospitals – stating Investigation details of Ailment, duration, First Consultation.
- Case Summary by the Doctor at AIG Hospital.
- Copy of Surgical Pathology of Gleneagles Global Hospital as supporting documents to the case summary.
- Copy of the First consultation paper of Omni Hospital with Post history of Hypertension, Diabetes, CAD.

9. Despite submitting all the documents asked for during his 7 days hospitalization, the insurance company had kept the complainant waiting till the last moment without any preliminary approval for the cashless claim. Complainant kept on following up with the Insurance desk of the AIG hospital. After similar follow-ups by the Hospital Insurance desk, the opposite party No. 2 had finally mailed the complainant on 11.10.2022, stating that:-

“We regret to inform you, that we are unable to extend the cashless facility for this claim due to the following reasons:-

We have received cashless request with complaint of Carcinoma Colon. Claimant is covered Prohealth Individual Pol – Union Bank Customers – Floater policy since 08 March, 2019. As per available documents, patient have H/o. open appendectomy since 30 years ago, which is material to policy decision and was not disclosed in proposal form at the time of policy inception. Hence the claim stands repudiated under Clause VI.1. We regret our inability to admit this liability under the present policy conditions.

Clause Code Clause Description:-

VI.1: Duty of Disclose:-

The Policy shall be null and void and no Benefit shall be payable in the event of untrue or incorrect statements, misrepresentation, misdescription or non-disclosure of any material particulars in the group proposal form, personal statements, declarations, medical history and connected documents, or any material information having been withheld by the Policy holder / Insured Person / Dependent or any one acting on their behalf, under this policy. Under such circumstances, we may at our sole discretion cancel the Policy and the premium paid shall be forfeited to us”.

10. Thereafter, the Insurance desks of AIG Hospitals have replied vide its letter dated: 11.10.2022 stating that “As per IRDA Rule, past 10 years surgical history and if any chronic ailment needs to be declared while purchasing policy”. As appendectomy in the present case is not more than 30 years and not a chronic or recurring ailment, also present ailment is no way related to appendectomy. Here, it is pertinent to submit that the Complainant herein has undergone Appendectomy when he was 13 years old, which was more than 50 years ago. The Hospital Insurance Desk was unaware of this fact when they replied to the Insurer on 11.10.2022. In spite of this, the insurer has rejected the claim of the complainant through their email dated 12.10.2022 with the exact reason stated above in the Para No. 4 which reveals as hereunder:-
“Denial of cashless facility due to the standard terms and conditions of the policy is in no way construed to be denial of treatment. The

patient may continue to be avail the treatment as per the treating doctor's advice. Insured may re-submit the claim with complete set of documents, for a possible reconsideration after discharge. The reimbursement of the claim will be processed subject to admissibility as per terms, conditions and exclusions of the policy issued to insured".

11. On 13.10.2022, the complainant has written a mail to the Grievance Redressal Officer (GRO) of the Insurance Company stating – whether the claim still can be considered if their local branch at Hyderabad is approached with a reimbursement option. The Grievance Redressal Officer, in their reply mail dated: 21.10.2022 had stated that they regret and the claim decision remains unchanged on the same ground mentioned in Para No. 4.
12. The complainant again had mailed on 22.11.2022 with a supporting letter provided by the AIG Hospital about the error that happened in their Discharge Summary in regards to the Age of the patient / Complainant. The letter clearly stated that the patient's age was overheard and printed as 30 years instead of 13 years of age when the appendectomy was performed on him. The complainant has again requested the insurer to re-consider the claim on the above-mentioned grounds. The Grievance Redressal Officer bluntly rejected the same again on clause mentioned in Para No. 4 above.
13. The rejection of the insurance claim of the complainant is baseless and arbitrary which is to be set-aside by allowing the complaint as the alleged appendicitis was not related or no nexus to the present treatment. Since the complainant herein has been put through unnecessary stress and mental agony while he was in the hospital through the rejection of the insurance policy. The complainant's mental health has been badly affected since he was put through unavoidable financial stress despite having a valid medical insurance claim. Hence the opposite party is held liable.

WRITTEN VERSION OF THE OPPOSITE PARTY NO.1 :-

1. The opposite party No. 1 denies each and every allegation, claim, statement, averment or submission made in the complaint, which is or may be inconsistent and / or contrary with what is stated

hereinafter as if the same were specifically set out herein and traversed. Neither any deficiency of service nor any cause of action as has been made out and no jurisdiction is there with this commission to entertain the complaint for which the same is liable to be dismissed. All the averments under the complaint are denied except those that are specifically admitted hereunder. The complainant being Bank account holder of Andhra Bank was eligible to be enrolled under the Manipal Cigna Pro-Health Group Insurance Policy on the basis of good health declaration provided by the complainant on the proposal Form.

2. The basis declarations given by the complainant in the proposal form, Certificate of Insurance bearing COI No. 100100180526 was issued to the complainant and the term of One (1) year, which was subsequently renewed annually until 09.03.2023.

| | |
|------------------------|--|
| Policy Number | 100100180526 |
| Nam of Policy Proposer | Pratap Reddy Chilumula |
| Plan | Manipal Cigna Prohealth Group Insurance Plan |
| Policy Type | Family Floater |
| Name of Insured person | Pratap Reddy Chilumula (Self) Anitha Chilumula (Spouse) |
| Policy start date | 08.03.2019 to 07.03.2020 08.03.2020 to 07.03.2021 08.03.2021 to 07.03.2022 08.03.2022 to 07.03.2023 |
| Sum Insured | Rs. 20, 00,000/- + Rs. 6, 00,000/- Cumulative Bonus. |

3. On the basis of the Information provided in the proposal form and as per the requirement of the Complainant, the policy was issued. The policy document along with the proposal Form and the terms and conditions were delivered to the complainant. The complainant has signed a good health declaration under the proposal form relying on which the policy was issued but whereas the complainant provided a false declaration to the Company in regard to his Medical & lifestyle information. In order to provide Low-cost

health insurance cover to the customer of the Master Policy Holder who do not have any adverse medical history, the policy has been designed and priced in a manner which does not involve any Medical underwriting and any proposal where there is a disclosure of medical history would be a direct reject so that only persons having no adverse medical history would be on boarded. If the complainant had disclosed his medical history truly and correctly at the time of proposal, the company would have rejected his proposal and requested him to purchase a retail health insurance policy where detailed Medical underwriting can be carried out.

4. The proposal forms based on which the policy has been issued was also delivered to the policy holder along with terms and conditions for their verification. However, they did not notify the company of any discrepancy in the proposal form or the policy documents during the free-look period.
5. The company had received a cashless request for the complainant's hospitalization at AIG Hospitals, Hitech City for the treatment of ascending colon polyp with high grade dysplasia. On scrutiny of the documents it has been observed that the claimant / complainant submitted a claim for reimbursement of expenses incurred in September, 2022 for treatment of ascending colon polyp with high grade dysplasia and sought for consultation at Gleneagles Global Hospitals.
6. It is further observed from the Medical documents that the complainant has a history of open appendectomy since last 30 years which is material to policy decision and the same was not disclosed in proposal form at the time of policy inception. The complainant was aware of his condition at the time of submitting the proposal form. However, the complainant did not disclose the same despite there being specific question in the proposal form. Hence the claim was repudiated on the ground that the claimant failed to disclose material information in the proposal form and hence claim is liable to be repudiated. The relevant clause of the Terms and conditions of the policy is enumerated below:-

VI.1: Duty of Disclose:-

The Policy shall be null and void and no Benefit shall be payable in the event of untrue or incorrect statements, misrepresentation, misdescription or non-disclosure of any material particulars in the group proposal form, personal statements, declarations, medical history and connected documents, or any material information having been withheld by the Policy holder / Insured Person / Dependent or any one acting on their behalf, under this policy. Under such circumstances, we may at our sole discretion cancel the Policy and the premium paid shall be forfeited to us.

7. The complainant is trying to take the advantage of the situation by making false claim. The claim of the complainant is clearly excluded by the terms and conditions of Policy and thus the complaint is not maintainable in law and is liable to be dismissed. No deficiency in service on the part of this opposite party anywhere as alleged by the complainant. A copy of the policy along with terms and conditions and the repudiation letter are place on record for kind perusal.
8. The complainant is just trying to cover-up his own lapses and negligence by cooking-up the story. Hence the opposite party No. 1 vehemently denies all the allegations set-out in the complaint for which the complaint is liable to be dismissed as the opposite party No. 1 acted as per the terms and conditions laid under the policy and the opposite party No. 1 not committed any deficiency in service or un-fair trade practice.

WRITTEN VERSION OF THE OPPOSITE PARTY NO. 2:-

1. The 2nd opposite party is a “Third Party Administrator (TPA)” registered under the Insurance Regulatory and Development Authority of India (IRDAI) bearing license No. 03 and entrusted with the responsibility by the insurance companies to process Mediclaim(s) on behalf of the insurance companies in accordance with the terms and conditions of the insurance policy.
2. All the allegations under the complaint which are inconsistent and contrary are denied except those that are specifically admitted hereunder. The complaint in its entirety is vague, false, vexatious and frivolous and is required to be dismissed in limini. No cause of action as has been arose against the opposite party for which the complaint is not maintainable. The only responsibility of this opposite party is to process the Medi-claim(s) on behalf of the insurance companies in accordance with the terms and conditions

of the insurance policy. Neither any deficiency of service nor unfair trade practice as has been demonstrated by the complainant nor no consumer dispute rose as defined under the Consumer protection Act against this opposite party for which the complaint is liable to be dismissed against this opposite party.

3. As per the proposal form filled by the complainant, the insurance policy was issued to the complainant as per the following policy details:-

| | |
|-------------------------------------|--|
| MAID | 5044077985 |
| Claim No/ Nos. | 30078211 |
| Beneficiary | Mr. Prathap Reddy Chilumula |
| Insurer: | Manipal Cigna Health Insurance Company |
| Policy No. | 100100180526/03/00 |
| Policy Period | March 10 March 09, 2023 |
| Sum Insured | Rs. 20,00,000/- |
| Patient | Mr. Prathap Reddy Chilumula |
| Hospital | AIG Hospitals, Hyderabad, Telangana |
| Diagnosis | Malignant neoplasm of ascending colon |
| Claim amount | Rs. 6,47,000/- |
| Date of admission in the hospital | October 05, 2022 |
| Date of discharge from the hospital | October 12, 2022 |

It is clearly mentioned in policy terms & conditions under the heading 'Specific exclusion under critical illness cover' that we shall not be liable to make any payment under this cover, directly or indirectly caused by, based on, arising out of, relating to or however attributable to any of the following: iii. Any Pre-Existing Disease or any complication arising therefrom. Copy of the policy terms and conditions is annexed herewith and marked as "Annexure-Op2-1".

4. The insured applied for cashless claim vide claim No. 30078211 on October, 12th, 2022 for Rs. 6,47,000/- and on scrutiny of the claim documents, discharge summary and other hospitalization documents by the panel doctors of the Answering opposite party No. 2. It revealed that claimant has undergone surgery of open appendectomy. For denial of the claim, this opposite party has substantiated his contentions by adopting the contentions of the

opposite party No. 1 for which prayed to dismiss the claim of the complaint against this opposite party.

- II. Evidence Affidavit of the complainant filed by examining himself as Pw-1 by reiterating the contentions of the complaint and Ex. A-1 to Ex. A-14 marked. Evidence of opposite party No. 1 filed by examining Sri Jaswinder Singh Shekhawat as Dw-1 by reiterating the contentions of its Written Version and marked Ex. B-1 to Ex. B-3 and Evidence of the opposite party No. 2 filed through Sri D A Kallianpur, who is its authorized representative by examining himself as Dw-2 on reiterating the contentions of its Written Version and marked Ex. B-4 to Ex. B-7. Written Arguments of the complainant filed. Heard both parties. Perused the record and considering the facts of the case, the points to be emerged for determination are:-

1. Whether any deficiency of service is made-out against the opposite parties as claimed under the complaint?
2. Whether the complainant is entitled for the relief sought?
3. To what relief?

POINT NO. 1 AND 2:-

1. It is not in dispute that the complainant is the insured of the opposite party No. 1 under Ex. A-14 (Certificate of Insurance) with is in force w.e.f. 10.03.2022 to 09.03.2023; tenure of the policy is 1 year Family Floater policy which is Third year Renewal and the sum assured is for Rs. 20,00,000/- (Rupees Twenty Lakhs only).
2. It is also not in dispute that the claim of the complainant has been repudiated on 11th October, 2022 under Ex. A-7 relying upon the clause Code VI. 1 "Duty of Disclosure" which reads as hereunder:

"The Policy shall be null and void and no Benefit shall be payable in the event of untrue or incorrect statements, misrepresentation, misdescription or non-disclosure of any material particulars in the group proposal form, personal statements, declarations, medical history and connected documents, or any material information having been withheld by the Policy holder / Insured Person / Dependent or any one acting on their behalf, under this

policy. Under such circumstances, we may at our sole discretion cancel the Policy and the premium paid shall be forfeited to us”.

3. But the copy of the alleged proposal form of the complainant has not been filed by the opposite party No. 1 to substantiate and prove that the complainant has misrepresented or not-disclosed any material particulars in the group proposal form, i.e., personal statements, declarations, medical history and connected documents, or any material information having been withheld.
4. The Proposal form which is under custody and control of the opposite party No. 1 (That has not been placed in the record) is only the prime and crucial document to prove that whether any such questioner is there in regard to suppression of his health conditions as claimed by the opposite party No. 1 in Ex. A-7. Unless such factum in issue is proved by the opposite party No.1 beyond any reasonable doubt, the pendulum of shifting burden of proof has been shouldered on the opposite parties No. 1. Facts of both the parties placed before us are taken on record and on correlated with the documents under Ex. A-1 to A-14 and Ex. B-1 to Ex. B-7, we are under the considered view that there is glaring negligence and blatant deficiency of service upon the part of the opposite party No. 1 in repudiating the genuine claim of the complainant for which he suffered a lot of mental agony and physical trauma that cannot be compensated in terms of money for which the opposite party No. 1 is held liable. The acts upon the part of the opposite party No. 1 also amount to un-fair trade practice for which we answered these points accordingly in favour of the complainant.

POINT NO. 4:-

In the result, the complaint is allowed in part directing the 1st opposite party to:-

1. Pay Rs. 6, 47,000/- (Rupees Six Lakhs Forty-Seven Thousand only) towards medical expenses incurred by the complainant for the treatment under Ex. A-1, with interest @ 8% P.A. w.e.f. date of Ex. A-7 till realization.

2. Pay Rs. 50,000/- (Rupees Fifty Thousands only) towards compensation for mental agony and physical trauma.
 3. Pay Rs. 10,000/- (Rupees Ten Thousands only) towards the costs of the litigation.
 4. Rests of the claims of the complainant is dismissed. Complaint against the opposite party No. 2 is dismissed.
 5. Time for compliance is 45 days from the date of receipt of this order.
- Applications pending if any, stand disposed of in terms of the aforesaid order.
 - A copy of this judgment be provided to all parties free of cost as mandated by the Consumer Protection Act, 2019.
 - The judgment be uploaded forthwith on the website of this commission for the perusal of the parties.
 - File be consigned to record room along with copy of this judgment.

Dictated to Stenographer, typed by her, corrected and pronounced by us in the open Commission today the 18th day of August, 2023.

MEMBER

MEMBER

PRESIDENT

APPENDIX OF EVIDENCE

Witnesses examined for Complainant:-

Sri.C.Pratap Reddy (PW1)

Witnesses examined for Opposite party.No.1:-

Sri Iaswinder Singh Shekhawat (DW1)

Witnesses examined for Opposite party.No.2:-

Sri D.A Kallianpur (DW2)

Exhibits marked on behalf of the Complainant:-

- Ex.A1: is the copy of Discharge summary of Gleneagles Global Hospitals, Dt.2.10.2022
- Ex.A2: is the copy of Surgical Pathology Report, dt.3.10.2022
- Ex.A3: is the copy of Discharge summary of AIG Hospitals dt.12.10.2022
- Ex.A4: is the copy of Mails from the TPA-Medi Assist, asking for the clarifications, dt.7.10.2022, 8.10.2022
- Ex.A5: is the copy of Case summary by the doctor at AIG hospital, dt.10.10.2022
- Ex.A6: is the copy of First Consultation paper of Omni Hospital, dt.20.04.2022
- Ex.A7: is the copy of Claim rejection mail from TPA-Medi Assist, dt.11.10.2022
- Ex.A8: is the copy of Mail from AIG Hospital to TPA-Medi Assist
- Ex.A9: is the copy of Rejection mail from TPA-Medi Assist, dt.12.10.2022
- Ex.A10 is the copy of Mail to the GRO to RE-Consider, dt.13.10.2022
- Ex.A11 is the copy of Reply from the GRO, dt.21.10.2022
- Ex.A12 is the copy of Age clarification letter form AIG Hospital Reconsideration mail, dt.22.11.2021
- Ex.A13 Copy of the Final Report from the GRO, dt.1.12.2022
- Ex.A14 is the copy of the Manipal Cigna Health Insurance policy, dt.11.3.2022

Exhibits marked on behalf of the Opposite party.No.1:-

- Ex.B1: is the copy of Policy with terms and conditions
- Ex.B2: is the copy of Claim form and claim documents
- Ex.B3: is the copy of Repudiation letter, dt.12.10.2022

Exhibits marked on behalf of the Opposite party.No.2

- Ex.B4: is the copy of Policy terms
- Ex.B5: is the copy of Medical documents
- Ex.B6 is the Copy of Communication, Dt: 12.10.2022
- Ex.B7 is the Copy of the IRDAI Guidelines

MEMBER

MEMBER

PRESIDENT