

PRESIDENT'S SECRETARIAT (PUBLIC)
AIWAN-E-SADR, ISLAMABAD

Rep. No. 456/WM/2022
Date of Decision: - 19.01.2023

SLICP Vs Bushra Riaz

SUB: REPRESENTATION FILED BY STATE LIFE INSURANCE CORPORATION OF PAKISTAN AGAINST THE FINDINGS OF THE Wafaqi Mohtasib DATED 08.09.2022 IN COMPLAINT NO. WMS-ONL/11610/22

Kindly refer to your representation addressed to the President in the background mentioned below:-

2. This representation has been filed by State Life Insurance Corporation of Pakistan (the Agency) assailing the order dated 08.09.2022 of the Wafaqi Mohtasib whereby it has been held as under: -

“Maladministration is established on part of the Agency. Hence while accepting the complaint under Rule 23(4) of the Wafaqi Mohtasib (Investigation and Disposal of Complaints) Regulation, 2013, it is recommended that the Agency should honor the death claim of the complainant.

Compliance be reported within 30 days of the receipt of these findings, or reason for not doing so be intimated in terms of Article 11(2) of the President's Order No. 1 of 1983.”

3. The deceased Aleem Uddin had obtained a life insurance policy from the Agency on 31.10.2017 for sum assured of Rs. 1,010,000/-. He died on 06.06.2020. Her wife Mst. Bushra Riaz (the complainant) filed the death insurance claim to the Agency which was repudiated on the ground that the deceased policy holder had pre insurance ailment and was patient of Aplastic Anemia and Hypertension. The brief background of the matter as per policy particulars is as under:-

Date of Commencement	31.10.2017
Sum Assured	Rs. 1,010,000/-
Medical or Non-Medical	Non-Medical
Age of the assured	57
Maturity Period	20 years
Date of Death	06.06.2020

4. Feeling aggrieved, the complainant approached the learned Wafaqi Mohtasib who passed the impugned order, hence the instant representation.

5. The hearing of the case has been held on 04.01.2023. Raja Abdul Waheed, Deputy General Manager on behalf of the Agency and the complainant Mst. Bushra Riaz has attended the hearing.

6. The representative of the Agency has contended that the impugned order is not sustainable as it is not based on law and facts; that the death insurance claim had rightly been repudiated as the previous medical history of the deceased policy holder showed that he was patient of Aplastic Anemia and Hypertension; that had the deceased disclosed the material facts pertaining to his health at the time of obtaining the policy, he could not have been issued the same. It has been prayed therein that the impugned order deserves to be set aside.

7. The perusal of the record shows that the policy had been issued on 31.10.2017 while the policy holder had died on 06.06.2020 after expiry of 2 years 7 months and 6 days. Section 80 of the Insurance Ordinance, 2000 (the Ordinance) provides that no policy of life insurance effected after the commencement

date shall, after the expiry of two years from the date on which it was effected, be called in question by an insurer on the ground that a statement made in the proposal for insurance or in any report of a medical officer was inaccurate or false. Thus, there exists contestability bar by virtue of Section 80 of the Ordinance. Hon'able Lahore High Court, Lahore in *State Life Insurance Corporation Vs Mst. Sadaqat Bano (PLD 2008 Lah. 461)* has held as under:

“According to section 80, Insurance Ordinance, 2000, an insurance policy cannot be called in question on the grounds of misrepresentation, false statement or suppression of material facts after two years from the date when the policy was originally effected. The period of two years, even in case where the policy was revived and renewed, would be counted from original date of the policy in question.”

8. The contention of the Agency that the deceased policy holder was chronic patient of hypertension which existed during the pre-insurance period is without substance as hon'able Lahore High Court, Lahore in *State Life Insurance Corporation of Pakistan Vs Razi –ur-Rehman (2009 CLD 1666 Lah)* has held that:-

“Plea of Company that as per medical certificate produced by plaintiff insured was patient of hypertension, diabetes and mellitus...Such ailment of insured could not be called as exceptional reasons --- Majority of people having such ailments by remaining more careful in their life time lived either for decades or longer than people not having such diseases---Concealment of such diseases could not be termed as done fraudulently”.
The Agency was thus not justified to repudiate the insurance claim filed by the complainant on such a flimsy ground.

9. The Confidential Report of the Field Officer of the Agency namely M. Zaheer Khan, Sales Manager annexed with the Proposal Form reveals that the said officer had declared the insured as healthy at the time of issuance of the policy and categorically stated therein that he knew the deceased since birth, thus plea of the pre-insurance ailment by the Agency is hit by the principle of estoppel.

10. In view of the above, the repudiation of death insurance claim by the Agency is not tenable and constitutes maladministration.

11. Accordingly, the Hon'able President has been pleased to reject the representation directing the Agency to pay the death insurance claim to the complainant. Compliance to be reported to the learned Wafaqi Mohtasib within thirty days.

Sd/-
(Muhammad Saleem)
Director (Legal)

1) The Chairman
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Copy to:

The Secretary, Wafaqi Mohtasib's Secretariat, **Islamabad.**