

Can hiding a chronic illness lead to rejection of a claim? | रसरंग में आपके अधिकार: क्या पुरानी बीमारी छिपाने से खारिज हो सकता है दावा?

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दैनिक भास्कर

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Your rights in Rasrang: Can concealing a chronic illness lead to rejection of a claim?

Gaurav Pathak 4 months ago

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Non-disclosure of pre-existing conditions is one of the most common reasons for life insurance claim rejections. However, consumer forums have repeatedly clarified that claim rejections in such cases must be strictly in accordance with legal provisions and must be supported by solid legal evidence. Let's understand this issue in detail.

Legal Framework: Good Faith and Section 45 Insurance contracts are based on the principle of "utmost good faith." Policyholders are required to disclose all material facts about their health, including known illnesses. However, Section 45 of the Insurance Act, 1938, limits the ability of an insurance company to reject a

claim. In *Life Insurance Corporation of India v. P. Sindhu Nair* (2024), the Odisha State Commission stated, "Section 45 of the Insurance Act clearly states that a claim cannot be rejected on any other ground after two years from the date of commencement of the policy."

The onus of evidence rests on the company. Consumer courts have repeatedly clarified that it is not sufficient for the insurer to simply allege that the insured did not disclose his or her illness. In *PNB Met Life Insurance Company Limited vs. Binapani Biswas* (2025), the National Commission stated, "Merely claiming that the insured had diabetes and high blood pressure does not establish concealment of information. The insurance company failed to prove that any material fact regarding the illness was concealed." Similarly, in *Reliance Nippon Life Insurance Company Limited vs. Surendra Kumar* (2024), the claim was held to be wrong because there was "no evidence" that the deceased suffered from diabetes or paralysis. The National Consumer Commission asked that if the deceased had paralysis, why was this not noticed by the insurance company's doctors during the mandatory medical examination?

The nature of the concealment must be serious. If the insured concealed any information, it must be serious in nature or directly related to the risk. In *Dinesh Prakash v. Care Health Insurance Limited* (2024), a travel insurance claim of US\$96,869 was rejected because the insurance company claimed that information about thyroid and arthritis was concealed. The Uttar Pradesh State Commission rejected the insurance company's arguments, stating: "It is not established that the insured deliberately concealed the above conditions. There is no documentation to prove that the conditions were diagnosed or were being treated. It is also not established that these were life-threatening conditions, the concealment of which could be a valid ground for rejecting the claim." The insurance company was directed to pay the full claim amount, plus ₹5 lakh as compensation for mental agony and ₹50,000 as litigation costs.

If it is proven that information was concealed... If it is proven that serious illnesses were deliberately concealed, the rejection of claims in such cases has been justified. In *Abdul Mannan v. LIC of India* (2024), the National Commission found that the deceased had received treatment for diabetes at a reputable hospital before purchasing the policy, but did not disclose this fact in the insurance form.

Death within three years and the right to investigate If the insured dies within three years of the policy's issuance, the insurer has the right to conduct a detailed investigation under Section 45 of the Insurance Act, 1938. In *Sanjay Tata v. SBI Life Insurance Co. Ltd.* (2025), the Commission held that if the death occurred within three years of the policy's issuance, the appointment of an

investigator by an insurance company to investigate a claim was not unreasonable. The burden of proving that the investigator's report was invalid or incorrect rested with the complainant. Since the complainant failed to do so, the insurance company's decision to reject the claim was upheld.

Keep these points in mind - Consumers or policyholders are required to disclose all known medical conditions, even if they appear minor, before taking out insurance. - Insurance companies cannot reject claims based on mere suspicion or minor ailments. The decision to reject a claim must be based on solid evidence and must prove that information was deliberately and significantly withheld. - If the insurance company's decision is arbitrary or baseless, the family members of the deceased can approach consumer commissions. **(The author is also the Secretary of CASC.)**