

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

\*\*\*\*\*

**MST. NAEEMA SHAHEEN**

**VERSUS**

**STATE LIFE INSURANCE CORPORATION OF PAKISTAN (SLIC)**

**REPRESENTATION AGAINST DECISION/ ORDER/ FINDINGS/  
RECOMMENDATION OF THE Wafaqi Mohtasib Dated 12.04.2013 in  
Complaint No. LHR/801/2011**

I am directed to refer to your representation dated 29.11.2013, on the above subject and to say that the President has been pleased to pass the following orders:

2. The subject Representation has been preferred by the Agency–State Life Insurance Corporation of Pakistan (SLIC) against the Decision (original Findings/Recommendations) dated 12.04.2013 and a subsequent Decision dated 06.11.2013 passed on the Review application of the Agency. Operating part of the original Recommendation/Findings is mentioned herein below\_

**“Findings**

4. *After listening the arguments of both the parties and scrutiny of the record, following is deduced:-*
- (a) *Mr. Liaqat Ali Shahid, Manager Marketing Kuwait Sector in his report dated 03<sup>rd</sup> July 2010 who carried out the investigation revealed the following facts:-*
- (i) *He was enjoying good health and running his own business of central air-conditioning.*
- (ii) *The kidney transplanted in March 2009 at Surgimed Hospital, Lahore.*
- (iii) *He came to Kuwait and went to routine check up with Amiri Hospital.*
- (iv) *He got admitted in the Amiri Hospital on 3<sup>rd</sup> March 2009 in the kidney care centre a part of Amiri Hospital.*
- (v) *He was treated for the renal as well as blood pressure disorder and died on 14<sup>th</sup> May 2009 at 8:22 p.m.*
- (vi) *As per the history recorded, he was diabetic as well as hypertension from last one to two years.*
- (b) *The policy continued for 4 years and 8 months.*
- (c) *The late insurant was declared medically fit on the eve of obtaining the policy which was conducted by the doctor on behalf of SLIC as such X-Rays, ECG, blood tests considered intrinsic by the SLIC doctor.*

- (d) *As per report of the Manger Marketing SLIC Gulf the late insurant was stated to be enjoying good health and running two business of Central air conditioning in Kuwait.*
- (e) *The Agency plea of rejection of death claims after two years on medical grounds has been rejected in the following decisions.*

(i) *According to Insurance Act 1938, Sub Section 45. "No policy be called in question by an insurer on the ground that a Statement made in the proposal form for insurance or in any report of medical officer or in other documents leading to the issue of the policy was inaccurate or false the expiry of two years".*

(ii) *In PLD 1938 (SC-421) (SLIC Vs Begum Jan), it is manifest clear in Section 45 of the Insurance Act 1938 that it placed a limited embargo with regards to the disputing fact, contained in the Insurance Policy after two years.*

(iii) *In a similar case of SLIC bearing No.1/741/2000 (Impl) in L/6559/99, the Honourable President of Pakistan was pleased to reject the representation for the reasons that the policy that had run for more than two years could not, in the absence of the proof of fraud, be repudiated on account of concealment of facts.*

(iv) *In a recent decision announced by the President of the Pakistan in complaint No. L/440/2006 dated 26<sup>th</sup> April 2008, it was concluded as under:-*

i. *The Law: The contract of insurance is contract of utmost good faith. In the proposal for insurance the insurance is required to disclose true state of his health the insurer but he is bound to disclose not more that what he actually knows.*

ii. *The Agency could lawfully avoid the policy obtained by the insurant if it could show that when he proposed to obtain the policy he knew that he was suffering from some disease. The facts that the insurant died due to heart attack and some diseases were found to exist in his system are not relevant facts for the avoidance of the policy. There is no evidence that at the time of making the proposal the insurant knew that he was suffering from heart ailment or some other deadly disease. The Agency has relied on two facts to decide that the insurant knew that he suffered from deadly disease.*

iii. *Layman cannot give any opinion. The facts and circumstances of the case show that the insurant was totally unaware of any incipient disease within his system when he mad proposal for insurance. The Agency's decision of repudiating the death claim was considered based on irrelevant grounds.*

Iv. *Accordingly, the President was pleased to direct the Agency to pay death claim to the complainant along with compensation for delayed payment.*

- (f) *It is generally observed that there is drastic difference between the thinking of field staff and staff sitting at Headquarter. The staffs in the field seduce/entice the people to get insured for the sake of their promotions/enhancement of their perks and privileges whereas the staff placed in the Headquarter make pretexts to humiliate the heirs of insurants after their death.*
- (g) *In this case, the above fact is established as the Manager marketing SLIC zone has supported the payment of the claim while it has been rejected by the Central Claim Committee.*
- (h) *It is felt that there is a dire need to create mental harmony in the discharge of duties of field and Headquarter staff.*

### **Recommendations for Implementations**

5. *In view of the above, following recommendations are under:-*

- (a) *The Agency should pay the death claim of the complainant without any further delay.*
- (b) *Compliance be reported within 30 days of the receipt of the Findings or reasons for not complying with the same may be intimated in terms of Article 11 (2) of President's Order No.1 of 1983.*

Similarly, the relevant portion of the impugned Decision dated 06.11.2013 is re-reproduced herein under\_

*“2. After due consideration of the review petition the Honourable Wafaqi Mohtasib has been pleased to close its further investigation in terms of regulation 23(1) (x) as it is time-barred, having been filed after the expiry of the stipulated ime-frame indicated in the original Findings for implementation of the Recommendation or for intimating the reasons for not doing so, in terms of Article 11(2) of P.O.I of 1983, and the Agency failed to plead any special circumstances warranting condonation of the delay.*

*3. The Agency is, hereby called upon to comply with an implement the recommendations made in the above mentioned findings within the time-frame indicated therein starting from the date of receipt of intimation as required by Article 11(2) P.O.No.1 of 1983”.*

3. Facts leading to the present dispute are that–Mst. Naeema Shaheen filed a Complaint before the Wafaqi Mohtasib against the Agency, which after fifteen months from lodging the Insurance Claim, had refused to pay the same and repudiated the Insurance Policy by its letter dated 04.01.2011.

4. From pleadings of the parties and case record following admitted facts have emerged, which are relevant for deciding the matter effectively and completely\_

- (i) (Late) Muhammad Najeeb, the husband of the Complainant had purchased three Insurance Policies and the present dispute relates to policy No.633001943-4 **and the sum assured was** US\$ 50,000/- (*US Dollars Fifty Thousand Only*). Commencement date of policy is 1<sup>st</sup> September, 2004 and date of death of the above name Insurant is 14<sup>th</sup> May, 2009.
- (ii) Premium has been regularly paid and above Insurance Policy was subsisting at the time of lodging the insurance claim.
- (iii) Before issuance of the subject policy the deceased was thoroughly medically examined by the Agency itself.
- (vi) Causation of death of the above named policy holder was renal shutdown. Deceased policy holder expired at Amiri Hospital in Kuwait.

5. The Agency has justified its Decision for repudiating the subject claim on the ground that the deceased policy holder was a diabetic patient for the past 20 years and since the illness relates to pre-insurance period, therefore, the deceased policy holder concealed this material fact at the time of entering into the subject insurance contract with the Agency and thus is not entitled for the subject Insurance Claim under the above mentioned Insurance Policy No.633001943-4.

6. The investigation proceeding was held and respective parties were given the opportunity to present their case before the Wafaqi Mohtasib. This fact has also come on record and that too from the side of the Agency that the deceased had his kidney transplant done in Surgimed Hospital, Lahore on March 5, 2009, where after he came back to Kuwait and started his routine work. Later, on 3<sup>rd</sup> May, 2009, he got admitted in Kidney Care Centre at Amiri Hospital, Kuwait for renal treatment and blood pressure disorder, but eventually could not recover from the illness and died on 14<sup>th</sup> May, 2009. It has also mentioned in Para-4 of the impugned Decision that the deceased Insurant was suffering from diabetes and hypertension **from last one to two years** (*emphasis is added*).

7. In addition to above, both parties have also agitated legal arguments before the Wafaqi Mohtasib, including provisions of old and present Insurance Law, Judicial precedent (s) and earlier precedent(s) of this Secretariat.

8. The original Decision of the Wafaqi Mohtasib has been impugned by the Agency through a Review Petition in an attempt to improve their case. In the subject Representation too, primarily the Agency repeated the same stance that the deceased policy holder was an old patient of diabetes, which is a pre-insurance ailment and hence not entitled for any insurance claim. More so, legal grounds are also pleaded by the Agency relating to repudiation of subject Insurance Contract on the basis of purported fraud committed by the deceased.

9. That the Supreme Court judgment relied upon by the Agency is completely distinguishable from the present case at hand. The hospital record produced and relied upon by the Agency do not support the stance of the Agency about the pre-insurance ailment of the deceased policy holder. Conversely, Section 80 of the Insurance Ordinance, 2000 is fully applicable to the present case and has been rightly invoked by the learned Wafaqi Mohtasib in the impugned Decisions, as a life insurance policy cannot be questioned after two years from the date it was effected; the duration of subject insurance policy from the date of its issuance till the death of the insurant/assured is four years and eight months. In the words of Agency itself as mentioned in its Reply before the Wafaqi Mohtasib, the 'Surviving Period' of the subject policy is four years and eight months.

10. That case history shows that the deceased family is running from pillar to post, in order to get their subject insurance claim. Almost five years have passed since lodgment of insurance claim by the Complainant widow.

11. The upshot of the above discussion is that both the Decisions of the Ombudsman are unexceptionable and call for no interference, *inter alia*, as the Agency has failed to make out plausible grounds for overturning the impugned Decisions.

12. Accordingly, the President has been pleased to reject the Representation of the Agency. Compliance to be reported to the Wafaqi Mohtasib's Secretariat within two weeks of the receipt of copy of this order, failing which the Secretariat of Wafaqi Mohtasib is directed to initiate contempt proceedings in accordance with law, against the defiant officials including the Senior Management of the Agency.

**(Zulfiqar H.Awan)**  
**Director (Legal)**

The Chairperson  
State Life Insurance Corporation of Pakistan  
Principal Office State Life Building No. 9  
Dr. Ziauddin Ahmed Road  
**Karachi**

No. 502/WM/2013 dated 25<sup>th</sup> May 2015

Copy for information to:-

1. The Secretary, Wafaqi Mohtasib (Ombudsman)'s Secretariat, Islamabad.
2. Mst. Naeema Shaheen Wd/o Muhammad Najib R/o House No.297, Block No.2, Sector B-II, Township, Lahore.

**(Zulfiqar H.Awan)**  
**Director (Legal)**