

IN THE HIGH COURT OF JUDICATURE AT PATNA
Civil Writ Jurisdiction Case No.11380 of 2024

Niranjan Kumar Ambastha son of Nawal Kishor Prasad resident of Vill-Sirchandnawada VIP Colony, P.S- Jamui, Dist- Jamui

... .. Petitioner/s

Versus

1. The Life Insurance Corporation of India -through its Zonal Manager, Zonal Office, Jeevan Deep Building, Exhibition Road, Patna
2. The Zonal Manager-Cum-Appellate Authority, East Central Zonal Office, Life Insurance Corporation of India, Jeevan Deep Building, Exhibition Road, Patna
3. The Administrative Officer (Marketing), Regional Office, Eastern Region, Bihar, Patna
4. The Senior Divisional Manager-Cum-Disciplinary Authority, Sales Department, Begusarai Divisional Officer, Begusarai
5. The Manager, Sales, LIC, Begusarai Division, Begusarai
6. The Branch Manager, LIC, Jamui

... .. Respondent/s

Appearance :

For the Petitioner/s : Mr. Akash Raj, Adv.
For the Respondent/s : Mr. Rakesh Kumar, Adv.

CORAM: HONOURABLE MR. JUSTICE A. ABHISHEK REDDY
ORAL JUDGMENT

Date : 29-08-2025

Heard the learned counsel for the parties.

The present writ petition has been filed for the following

relief(s):-

“(i) For issuance of a writ/s, order/s, direction/s. preferably in the nature of Certiorari for quashing the order dated 4.10.2021 passed by Senior Divisional Manager-cum-Disciplinary Authority, Begusarai (respondent no 4) whereby and whereunder the concerned authority, in exercise of powers conferred under LIC of India (Agents) Regulation, 2017 has been pleased to terminate the agency of the petitioner under rule 19(1)(b) with forfeiture of



all commission payable to him under rule 19(2) of the said regulation.

(ii) For issuance of a writ/s, order/s, direction/s preferably in the nature of Certiorari for quashing the order dated 9.10.2023 passed by Zonal Manager-cum-Appellate Authority, East Central Zonal Office, Life Insurance Corporation of India, Patna (respondent no 2) whereby and whereunder the concerned authority has been pleased to uphold the decision of Senior Divisional Manager (respondent no 4) passed on 4.10.2021 and the appeal filed by the petitioner was rejected.

(iii) For issuance of a writ/s, order/s, direction/s preferably in the nature of Mandamus directing and commanding the respondent authority to reinstate the license of the petitioner forthwith and grant/pay him gratuity which he is entitled to as he has completed 60 years of age and has applied for the same. Further the respondent concerned may be directed to start paying him renewable commission which he is legally entitled to.

(iv) For any other relief/s which the petitioner is found entitled to in the facts and circumstances of the case.”

3. It is the case of the petitioner that he has been working as an agent of the respondent-LIC for more than 31 years without any complaint from any quarters. That the petitioner has received a letter dated 31.10.2020 seeking his explanation as to why action should not be initiated against the him under Regulation 16 Sub Regulation 1(b) of the LIC of India (Agents) Regulations, 2017. As per the allegation made in the said letter, it is stated that the Claims Department, Begusarai DO had informed



the competent authority that the DODRC has repudiated the death claim of Policy Nos. 831489148 (S.A. 5000000) & 831489149 (S.A. 10000000) on the grounds of suppression of material facts by the petitioner regarding the illness of the insured at the time of submitting the proposal of the policy. That the petitioner knowing fully well that the insured was sick has supported the act of fraud at the time of proposal of the policy. That after receipt of the show cause notice dated 30.10.2020, the petitioner has given a suitable reply on 19.12.2020 stating that the petitioner is not at fault and he was not aware of the illness of the proposed policy holder. That the proposal was weighed by the Branch Manager and the Development Officer who have visited the policy holder. Thereafter, vide letter dated 17.05.2021, another show cause notice was issued to the petitioner under signature of Senior Division Manager, Begusarai alleging that the petitioner had acted in a manner prejudicial to the interest of the Corporation and, therefore, his agency is liable to be terminated with forfeiture of renewal commission. The petitioner has submitted his explanation to the show cause notice dated 17.05.2021 on 23.06.2021 stating that he was not at fault and that he has been rendering his services to the Corporation for the last more than 31 years without any blemish. That in case any mistake has occurred, the same is



inadvertent and the petitioner may be excused duly taking into consideration his old age and length of service. Though the petitioner has given a suitable explanation to the show cause notice dated 17.05.2021, the authority without considering the same in a proper perspective has passed the final order of termination of the agency with forfeiture of all the commission payable to him vide order dated 04.10.2021. Thereafter, the petitioner has again made a representation dated 29.10.2021 to the authority concerned to reconsider the order passed on 04.10.2021 but there was no response from the authority. Thereafter, the Administrative Officer (Marketing), Regional Officer, Patna vide letter dated 25.05.2022 informed the petitioner that if he is aggrieved by the order of termination of agency dated 04.10.2021, the petitioner has the remedy of filing statutory appeal under Rule 20 of the LIC of India (Agents) Regulation, 2017 within three months of the said order. That the petitioner thereafter, has preferred an appeal before the Zonal Manager-cum-Appellate Authority, East Central Zonal Office, LIC of India on 22.08.2022. That the Appellate Authority vide order dated 09.10.2023 has rejected the appeal filed by the petitioner upholding the order passed by the Senior Division Manager-cum-Disciplinary Authority, Begusarai dated 04.10.2021.



4. Learned counsel for the petitioner submits that the petitioner has been rendering his services to the Corporation since the last more than 31 years without any complaint from any quarters. That there are absolutely no complaints either from any of the policy holders or from the Corporation since 31 years with regard to the conduct of the business by the petitioner. That the petitioner is an old age person of sixty years and in case the agency of the petitioner is terminated with forfeiture of the renewal commission, the petitioner would suffer irreparable loss and he would have to starve to death as this is the only means of survival. Further, learned counsel has stated that the petitioner has not suppressed any material and was unaware of the illness of the proposed policy holder. Further, the Branch Manager, Jamui and the Officer of the Department were also present and visited the proposed policy holder therefore, the petitioner cannot be blamed for the lapses, if any. Further, it is stated that the petitioner at the most can be accused of negligence in verifying the credentials of the proposed policy holder at the time of submitting the policy but he cannot be accused of suppression of material fact or playing any fraud on the Corporation. That the punishment meted out to the petitioner terminating his agency as well as forfeiture of all the commissions payable to him is a harsh punishment which is



disproportionate to the allegation made against the petitioner. That single solitary negligence cannot be made the basis for terminating the agency of the petitioner and forfeiting all the renewal commissions payable to him. Learned counsel has therefore, prayed this Hon'ble Court to allow the present writ petition and set aside the order of the appellate authority as well as the disciplinary authority dated 04.10.2021 & 09.10.2023 respectively and restore the agency of the petitioner.

5. *Per contra*, the learned counsel appearing on behalf of the respondents has vehemently opposed the very maintainability of the present writ petition. Learned counsel has drawn the attention of the Court to the LIC of India Regulation, 2017 to point out that the relationship of the Corporation with that of the petitioner is that of an agent and principal and is fiduciary in nature. That the said relations is based on trust and once the trust is lost, the agent cannot be continued. Learned counsel has stated that the petitioner knowing fully well that the policy holder was suffering from cancer has submitted the proposal for policy and the same amounts to fraud. Due to the said act of the petitioner, the Corporation could have incurred heavy monetary loss. That the policy holder was suffering from Metastatic Carcinoma Cervix as on the date of taking the policy, the petitioner was aware of the



same and which clearly points out to the fact that the petitioner had played fraud and suppressed material facts. Learned counsel has therefore, prayed this Hon'ble Court to dismiss the present writ petition.

6. In order to appreciate the issue involved in the present writ petition, it is necessary to extract the contents of the notice dated 17.05.2021 issued to the petitioner.

“Ref:BGS/Sales/ACA/21-22

Action under rule 16(1) & 19(2) of LIC of India(Agents) Regulations, 2017

Against

Sri Niranjana Kumar Ambastha, Agency Code-00140052C, Attached to Jamui Branch, under Begusarai Division.

You, Sri Niranjana Kumar Ambastha, Agency Code-00140052C, Attached to Jamui Branch under Begusarai Division, are hereby charged as under:

That, you convassed a policy on the life of Late Rambha Devi and converted to Policy Nos. 831489148 & 831489149 for a total sum of Rs. 15000000/-.

That, the DLA had withheld material information regarding her health at the time of effecting the insurance with us. In this case the DLA was suffering from Metastatic Carcinoma Cervix and she suppressed the fact with malafied intention to defraud the corporation.

That, you also not disclosed the fact in the Agents Confidential Report at the time of proposal. Had the same been disclosed, this policy would not have been issued to him. This is also an example of adverse selection of life.

By your aforesaid acts, you have acted in a manner prejudicial to the interest of the corporation for which your agency is liable to be terminated with



forfeiture of renewal commission payable to you under Rule 16(1)(b) & Rule 19(2) of the LIC of India (Agents) Regulation 2017.

However, before I proceed further you are hereby directed to show cause in writing within fifteen (15) days from the date of receipt of this show cause notice as to why the action of termination of your agency with forfeiture of renewal commission payable to you, should not be taken against you.

Please note that if your written reply is not received by the undersigned within stipulated period of fifteen days, or if the same is not found to be satisfactory, further Proceedings in the matter shall ensue according to LIC of India (Agents) Regulations, 2017 without any further reference to you.”

7. Therefore, the final order dated 04.10.2021 was passed by the Divisional Manager terminating the agency of the petitioner along with forfeiture of all renewable commission. The order reads as under;

“FINAL ORDER

Sri Niranjana Kumar Ambastha, agency, Code- 00140052C, Attached to Jamui Branch Under Begusarai Division convassed policies on the life of Late Rambha Devi and converted to policy Nos. 83149148 & 83148949 for a total sum of Rs. 15000000/- Wherrein DLA had withheld material information regarding her health at the time of effecting the insurance with us In this case the DLA was suffering from Metastaic Carcionma Cervix and she suppressed the fact with malafied intention to defraud the corporation Cervix and she disclosed the fact in his Agent Confidential Report at the time of proposal. Had the same been disclosed, this policy would not have been issued to him. Thus it is clear from the fact that, the agent has acted in a manner prejudicial to the interest of the corporation.

AND WHEREAS, A show Cause notice was served to sri Niranjana Kumar Ambastha for above mentioned act, proposing the penalty of termination of agency with forfeiture of renewal commission paybale to him. He has submitted his reply, wherein he has



stated that while submitting ACR, he was accompanied by his Development officer and then Branch Manager as well. Being loyal to the corporation Since 31 years, he begs a pardon if any mistake was committed by him inadvertently.

***AND WHEREAS,** after considering his reply to the show cause Notice cum Charge sheet, it is clear that his reply is complete and I am of the opinion that Sri Niranjana Kumar Ambastha is guilty of the charges mentioned in the show-Cause Notice dated 17.05.2021.*

Now therefore, I, as the Disciplinary Authority, in exercise of powers conferred upon me under LIC OF INDIA (Agents) Regulations, 2017 hereby order that the penalty of Termination of Agency" Under Rule 16(1)(b) with forfeiture of all commission payable to him under Rule 19(2), from the date of this order be imposed upon Sri Niranjana Kumar Ambastha Agent Code 00140052C, Jamui Branch under Begusarai Division."

8. In the appeal filed by the petitioner was rejected vide

order dated 09.10.2023 and the same reads as under;

"ORDER

***Whereas,** agency of Sri Niranjana Kumar Ambastha (hereinafter referred to as Appellant), Code 0014052C attached to Jamui Branch Office under Begusarai Division was terminated with forfeiture of renewal commission. The termination order dated 04.10.2021 on appellant agency was taken due to suppression of health condition of DLA under policy no 831489148 and 831489149 issued to Rambha Singh. The appellant agency was terminated with forfeiture of entire commission by SDM Begusarai under Regulation 16 (1) (b) with forfeiture of renewal commission under regulation 19(2) of LIC of India (Agents) Regulation 2017.*

***And whereas** death claim under policy no 831489148 and 831489149 SA-50Lakh, TT-836-21 and SA 1 Crore, TT-823-15 respectively on the life of Rambha Devi. The policy was booked by appellant Sri Niranjana kumar Ambastha agency code 00140/52C. During investigation it was found that the DLA was suffering from Metastatic Carcinoma Cervix (Cancer)*



and was under treatment and outstation at the time of proposal. The appellant procured the policies without disclosing the actual health condition of DLA in his ACR. Had the same been disclosed, the policies would not have been issued. Thus the appellant has acted in a manner prejudicial to the interest of Corporation.

***And whereas,** appellant was issued Show Cause Notice dated 17.05.2021 by SDM Begusarai Division proposing termination of agency and forfeiture of renewal commission with charges of suppression of actual health condition of DLA and adverse selection of life. Thus the appellant acted in a manner which is prejudicial to the interest of Corporation, thereby violating the provisions under Regulation 16(1)(b) of LIC of India(Agents) Regulations, 2017.*

***And whereas,** it is evident from enquiry reports, material evidence and reply of SCN forwarded by branch on 23.06.2021 by the appellant that all his contentions are his afterthought and very well thought out plan. The appellant is involved in the whole episode. He has accepted his mistake committed by him unknowingly.*

***And whereas,** the SDM, Begusarai Division after considering the reply of SCN, enquiry reports, material evidences opined that the appellant was guilty of all charges leveled in SCN dated 17.05.2021 and passed an order dated 04.10.2021 of penalty of termination of agency under Regulation 16(1)(b) with forfeiture of all commission under regulation 19(2) of LIC of India (Agents) Regulation, 2017.*

***And whereas,** on perusal of all the related facts/documents as well as the contents of the appeal of the appellant, as Appellate Authority, I observe that no new facts have been brought by the appellant.*

Therefore, upon considering the case in its entirety, I, the undersigned as Appellate Authority, have decided to uphold the decision of Sr.DM Begusarai Division dated 04.10.2021 of termination of agency of Sri Niranjan Kumar Ambasht, Agency code 00140/52C of Jamui Branch under Regulation 16 (1) (b) with forfeiture of all renewal commission under Regulation 19(2) of LIC of India (Agents) Regulation,



2017. Hence the appeal of the appellant is hereby rejected.

The Appeal dated 22.08.2022 submitted by the Appellant is disposed off accordingly.”

9. Admittedly, in this case, the petitioner has been working as an agent of the Corporation since the last more than 31 years. Further, it is to be noted that there is no allegation either in the show cause notice issued to the petitioner or in the counter-affidavit that previously also there were complaints against the petitioner. Both the disciplinary and the appellate authority have come to the conclusion that the petitioner has indulged in fraud and suppressed facts. The question as to whether the petitioner has suppressed material or played fraud fact at the time of submitting the policy is a pure question of fact which cannot be gone into under Article 226 of the Constitution of India.

10. Both the appellate authority as well as the primary authority on enquiry have found that the petitioner has suppressed material fact and have taken a decision to terminate the agency of the petitioner with forfeiture of all the commissions. Admittedly in this particular case, the authorities have followed the due procedure as contemplated in the regulations, therefore, it cannot be said that the order which has been passed by the respondent authority is bad in law. Once the authority comes to the conclusion that the petitioner has indulged in fraud and suppression of material fact while submitting the proposal for fresh policy in the



name of insured who admittedly was suffering from cancer, the trust between the parties erodes and no longer in existence. Once it is found that the authorities have followed the procedure contemplated under the regulation and there is no allegation of any violation of the principles of natural justice and equity, this Court adjudicating under Article 226 of the Constitution of India will not entertain the writ and interfere with the order passed by the disciplinary authority. However, it is to be noted that though the official respondents have cancelled the agency on the ground of suppression of fact and found while submitting the proposal of policy by the petitioner which resulted in losing of the trust and confidence in the agent, the fact remains that the petitioner had an unblemished record for the last more than 31 years and there are no allegations against the petitioner that the earlier policies which were submitted by him were also made on the basis of some fraud.

11. Having regard to the above mentioned fact, this Court finds that the termination of the agency along with the forfeiture of all the commissions is too harsh and not commensurate with the charges levelled against the petitioner. Therefore, this Court is of the opinion that the ends of justice would be served, if the order of termination along with forfeiture of all the commissions passed by the authority is modified.



Accordingly, the order of termination of the agency is confirmed and the order to the extent of forfeiture of all the renewal commissions is set aside. The authority shall continue to pay the renewal commission receivable by the petitioner as well as any other emoluments for the policies which are already in existence.

12. In view of the above mentioned facts and circumstances, the present writ petition stands partly allowed to the extent indicated.

(A. Abhishek Reddy, J)

Ayush/-

AFR/NAFR	NAFR
CAV DATE	NA
Uploading Date	06.09.2025.
Transmission Date	NA

