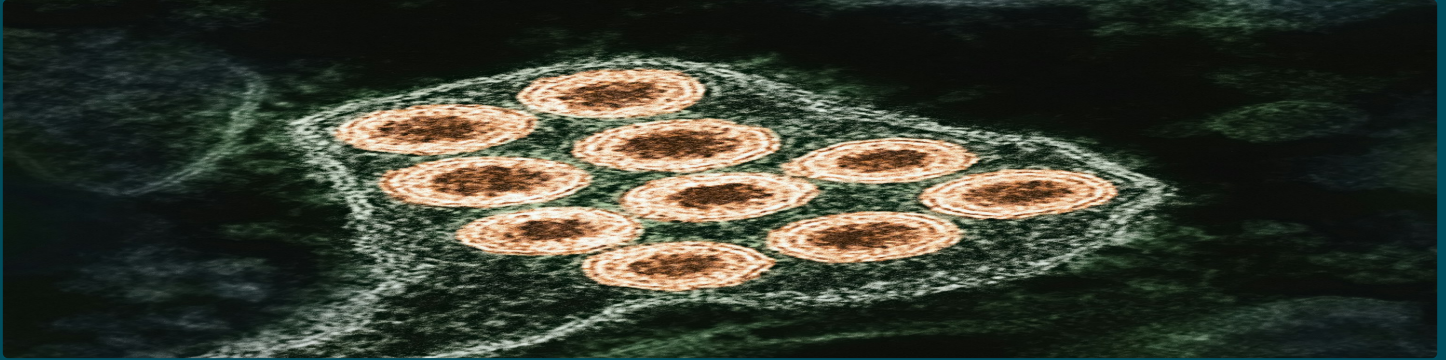




CONSUMER

Rabies Death Case: Consumer Forum Rejects Insurer's Restrictive Interpretation of 'Accident' in Policy Dispute

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Introduction

The interpretation of insurance policy terms remains a recurring source of contention in consumer disputes. In a recent decision, the Uttarakhand State Consumer Disputes Redressal Commission examined IFFCO Tokio General Insurance Co. Ltd.'s denial of a personal accident insurance claim, reaffirming that insurers must base claim repudiations on clear and express policy provisions, not on vague or unsupported interpretations.

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Case Background

In a decision dated 9 June 2025, the Uttarakhand State Consumer Disputes Redressal Commission, Dehradun, ruled in favour of the complainant, Smt. Meera Srivastava, in *Meera Srivastava v. IFFCO Tokio General Insurance Co. Ltd. & Anr*^[1]. The case arose from the insurer's refusal to honour a claim under a Personal Accident Insurance Policy issued to her late husband. The Commission found that the insurer's reasoning lacked legal merit and amounted to a deficiency in service under the Consumer Protection Act.

Factual Context

Mr. Shailesh Kumar Srivastava, the husband of the complainant, had obtained a personal loan of ₹2 lakhs from Almora Urban Co-operative Bank Ltd. As part of the loan arrangement, he was required to take accident insurance coverage. Under this requirement, a Personal Accident Policy was issued by IFFCO Tokio General Insurance Co. Ltd., covering the period from 15 July 2010 to 14 July 2011.

On 15 June 2011, during the currency of the policy, Mr. Srivastava unfortunately passed away due to complications resulting from rabies. Following his demise, Smt. Meera Srivastava, who had been named as the nominee under the policy, submitted a claim for the insured amount. However, the insurer repudiated the claim, raising grounds that were subsequently challenged before the consumer forum.

Basis for Claim Repudiation

By letter dated 4 January 2012, IFFCO Tokio rejected the claim, asserting that:

- The cause of death 'rabies' did not fall within the definition of "accidental bodily injury" as provided under the policy.
- The policy was limited to injuries caused by "external, violent, and visible cause," and therefore did not extend to infections or illnesses such as rabies.

According to the insurer, the policy was intended to cover events such as road traffic accidents, burns, poisoning, and similar categories of externally inflicted harm, not infectious diseases.

Findings of the State Commission

The Commission, comprising Ms. Kumkum Rani and Mr. C.M. Singh, rejected the insurer's contentions and made the following observations:

- **Absence of Express Exclusion for Rabies**

The Commission noted that IFFCO Tokio had failed to point to any specific clause in the policy that excluded rabies or related infections from coverage. The general exclusions section, typically the insurer's first line of defence in such disputes, did not

contain any reference to deaths arising from viral infections or animal bites. In the absence of such an express exclusion, the Commission held that the claim could not be denied on vague or inferred grounds.

- **Meaning of “Injury” Under the Policy**

The policy defined “injury” as an accidental bodily injury caused solely and directly by external, violent, and visible means, as per policy wording. The Commission took the view that if the rabies infection had resulted from a dog bite or similar external incident, it would fall squarely within this definition. The policy language did not support a restrictive interpretation that would exclude such events.

The Commission’s reasoning aligns with precedents wherein the Judiciary on various occasions have held that deaths due to animal or insect bites may constitute accidental deaths. In *Oriental Insurance Co. Ltd. v. Premlata Shukla*, (2007) 13 SCC 476, the Supreme Court held that death due to a snakebite qualifies as an accident under a personal accident policy. This judicial approach supports a broader and more purposive interpretation of ‘accident’ under such insurance contracts

- **General Exclusions Not Applicable**

An examination of the general exclusions confirmed that they pertained to events such as war, nuclear risks, and other highly specific scenarios. None of these could reasonably be extended to cover or exclude death by rabies. The insurer’s reliance on these general provisions was therefore misplaced.

- **Application of Contra Proferentem**

The Commission invoked the settled legal principle of “contra proferentem”, which holds that any ambiguity in the wording of an insurance contract or the policy terms must be interpreted in favour of the policyholder. Where the terms of the policy were silent or unclear, the benefit of interpretation would lie with the insured, not the drafter of the policy.

- **Deficiency in Service**

The Commission held that the insurer’s decision to repudiate the claim lacked justification under the contract and amounted to a deficiency in service under Section 2(1)(g) of the Consumer Protection Act, 2019. Denying a claim without a clear and lawful basis, particularly in the context of a personal accident policy, could not be sustained. As a result, the complainant was found entitled to the policy amount, compensation for mental anguish, and litigation costs.

Relief Granted

The Commission directed IFFCO Tokio to compensate the complainant with the following:

- ₹2,00,000 as the sum assured under the personal accident policy
- ₹45,000 as compensation for mental agony and financial hardship
- ₹5,000 towards litigation costs

The payment was to be made within one month of the order. In case of delay, simple interest at the rate of 7% per annum would apply until the date of actual payment.

Legal Significance

This decision highlights the importance of clarity and consistency in how insurers should handle claim repudiations. The Commission made it clear that exclusions must be expressly stated in the policy document; insurers cannot rely on vague language or internal interpretations to avoid liability.

It also makes clear that insurance contracts should be interpreted in good faith and in a way that protects the reasonable expectations of policyholders and their nominees. Where all policy conditions have been met and no clear exclusion applies, the claim must be honored.

The ruling sends a strong message that unjustified repudiations, particularly in cases involving personal loss or death, will not be upheld by consumer forums.

Conclusion

The decision in *Meera Srivastava v. IFFCO Tokio General Insurance Co. Ltd. & Anr.* is a clear reminder that insurance companies must be held to the commitments outlined in their policy terms. In matters involving personal loss or death, there is

little room for vague wording or inconsistent interpretations. This ruling makes it clear that insurers are expected to treat policyholders fairly and transparently, and that consumer forums will step in when those expectations are not met.

For further details, write to us at: contact@indialaw.in

[1] SC/5/A/15/21

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