125 IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

CWP No. 5109 of 2015
Date of Decision: 20.03.2015

RELIANCE GENERAL INSURANCE COMPANY LTD
.... Petitioner

VERSUS

M/S DEEP CHEM INTERNATIONAL PVT. LTD. AND ANOTHER
.... Respondents

CORAM: HON'BLE MR. JUSTICE AUGUSTINE GEORGE MASIH

Present: Mr. Paras Money Goyal, Advocate
for the petitioner.

AUGUSTINE GEORGE MASIH J. (ORAL)

Challenge in this writ petition is to the award dated 21.05.2014 (Annexure P-4) passed by the Permanent Lok Adalat for Public Utility Services, Faridabad-respondent No.2 vide which the petition preferred under Section 22(c)(I) of the Legal Services Authority Act before respondent No.1 stands accepted and directions issued to the petitioner company to pay a sum of Rs.10,94,863/- to respondent No.1 within a period of 60 days from the date of submission of the cancelled blank cheque by the respondent. Interest for delayed payment at the rate of 7.5% per annum has also been granted.

It is the contention of learned counsel for the petitioner that the impugned award cannot be sustained as the same is against the specific provisions of the policy. According to which the insured was required to immediately intimate the insurance company about the theft of the vehicle which was in the present case done after a period of six days. It further contends that a few days prior to the date of incidence, the key of the vehicle was lost by the owner, which has facilitated the theft and since the owner of the vehicle had been negligent, therefore, no responsibility can be fastened upon the insurance company. That apart, he contends that the Permanent Lok Adalat has exceeded its jurisdiction in deciding the case on merits when the conciliation proceedings have failed which renders the award illegal. He accordingly contends that the writ petition may be allowed by setting aside the award passed by respondent No.2.

I have considered the submissions made by learned counsel for the petitioner but I am afraid that none of the grounds as has been pressed into service by the counsel would cut any ice in the matter.

The first contention with regard to the fact that the insurance company was informed after a delay of six days, and therefore, the clause of the insurance policy which required immediate information having been violated confering a right of repudiation on the petitioner and was rightly exercised by the insurance company cannot be accepted, in the light of the fact that after theft, it was intimated to the police within a period of two days and then the insurance company was admittedly informed within a period of six days.

As per the Insurance Regulatory and Development Authority vide circular dated 20.09.2011, the insurance company cannot repudiate the policy merely on the ground of delay in intimation with regard to the occurrence of an event. It is not disputed that the delay in intimation had a fatal effect which could deny the insurance company of its right, with regard to the plea taken by respondent No.1. The insurers decision to reject the claim should be based upon sound logic and valid ground and it will be not in an isolation or an absolute right on the part of the insurance company. Merely because there is delay on the part of intimation of the insured cannot be a ground in itself for repudiating insurance policy.

This Court in "***National Insurance Company Limited Vs. Kunwar Pal and another,2014(3)PLR 315***" has also been taken the same view that delay of intimation or in submission of the documents cannot be a ground for repudiating the policy.

The next contention which has been raised by learned counsel for the petitioner is that the key of the vehicle had been lost a few days prior to the theft having taken place, but that alone cannot be a ground for accepting the stand of the insurance company, as it has failed to establish that the theft has actually taken place with the help of the lost key. Further, it is not disputed that the policy covered theft specifically.

The last ground which has been taken by learned counsel for the petitioner is that the Permanent Lok Adalat could not have gone into the merits of the case and decided the same. Suffice it to state that as per Section 22(c)(I) of the Legal Services Authority Act, the power to proceed where the conciliation proceedings have failed has been conferred upon the Permanent Lok Adalat and the order has been passed in exercise of the said power.

In view of the above, finding no merit in the present petition. The same stands dismissed.

(AUGUSTINE GEORGE MASIH)
JUDGE

March 20, 2015
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