IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

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CWP No. 1171 of 2015
Date of Decision: 14.2.2018

United India Insurance Company Limited ....Petitioners

v.

Subhash and another ....Respondents

CORAM HON'BLE MR. JUSTICE RAKESH KUMAR JAIN

Present:- Mr. Paul S. Saini, Advocate, for the petitioner

Mr. Pankaj Midha, Advocate, for the respondents

RAKESH KUMAR JAIN, J (Oral) :

This petition is filed by the Insurance Company to challenge the order dated 12.11.2014 passed by the Permanent Lok Adalat (Public Utility Services), Bhiwani, Camp at Jind, by which an application filed under Section 22C of the Legal Services Authority Act, 1987 (for short 'the Act') by respondent No.1 has been allowed.

In brief, the petitioner purchased a truck bearing No. HR-56-4230 and got it transferred in his name on 8.3.2013 from the Registering Authority, Secretary, RTA, Kaithal. The necessary entry was made as Entry No. 92/RC//TR/18. The said vehicle was insured with the petitioner upto 22.7.2013. After obtaining the registration certificate, respondent No.1 moved an application for transfer of the insurance policy of the aforesaid truck to his name and deposited the requisite fee of Rs.1725/- on 15.3.2013. The petitioner issued the receipt and made an endorsement to this effect in favour of respondent No.1. On the same date i.e. 15.3.20913 at about 3:00 p.m. the truck in question met with an accident and got damaged.

Respondent No.1 immediately informed the Insurance Company, who deputed a surveyor to assess the loss of the damaged vehicle. After the inspection, the Insurance Company offered to settle the claim on cashless basis and a settlement had arrived at between them to the tune of Rs.1,98,000/-but the said amount was not paid rather the claim was repudiated on the ground that the accident had occurred on 15.3.2013 whereas the risk of insurance had started from 16.3.2013 up to 22.7.2013.

The case of the petitioner is that on the date when the accident took place, there was no insurance in the name of respondent No.1 in regard to the truck in question. However, the case set up by respondent No.1 before the Lok Adalat was that the truck was purchased and got it transferred much before the date of accident i.e. on 8..3.2013 and the requisite fee was deposited also on 15.3.2013 for the purpose of transfer of insurance policy of the vehicle in his favour. The Permanent Lok Adalat not only allowed the application filed by respondent No.1 and directed the petitioner to pay Rs.1,98,000/- with interest @ 10% p.a. from the date of repudiation till its realization and Rs.3300/-as litigation charges but also observed about the officers of the Insurance Company for their pathetic behaviour towards the consumers and imposed Rs.25,000/-as costs which was ordered to be recovered from the official concerned from his salary after holding an enquiry.

Learned counsel for the petitioner has argued that since the effective date of commencement of the insurance policy was 16.3.2013, therefore, claim of the respondent was rightly repudiated.

On the other hand, learned counsel for respondent No.1 has referred to the GR-17 pertaining to Indian Motor Tariff and also Section 157 of the Motor Vehicles Act, 1988, to contend that transferee was supposed to bring to the notice of the Insurance Company about the insurance policy within 14 days from the date of transfer of the vehicle and has submitted that he had informed the Insurance Company on 15.3.2013 after the vehicle was transferred on 8.3.2013 i.e. within 14 days. It is also submitted that since it has been admitted that the amount was deposited on 15.3.2013, therefore, it is irrelevant that the policy has been made effective from 16.3.2013. In this regard, he has referred a decision of this Court rendered in the case of **"Oriental Insurance Company Limited v. Kiran Kaur and others, 2011 (10) RCR (Civil) 396 P & H'.** In the said case, the amount of insurance was paid to the Development Officer, who was also an agent of the Insurance Company but he misappropriate the same and did not deposit the same with the Insurance Company before the accident. It was held that once the policy has been issued the right of action will lie in damages even if the officer did not deposit the amount to the Insurance Company.

In view of the aforesaid facts and circumstances, I am in full agreement with the order passed by the Permanent Lok Adalat which does not require any interference, even on the issue of imposition of penalty of Rs.25,000/- upon the concerned officer.

With the above observations, the present petition is dismissed.

(RAKESH KUMAR JAIN)
JUDGE

14.2.2018
Ashwani

Speaking/Reasoned Yes/No
Reportable Yes/No