Sr. No.202

**IN THE HIGH COURT OF PUNJAB & HARYANA
AT CHANDIGARH**

CWP No.6426 of 2015 (O&M)
Date of Decision: 23.07.2019

Reliance General Insurance Co. Limited and another
... Petitioners

Versus

Surender Singh and another
... Respondents

CORAM:- HON'BLE MR. JUSTICE ARUN MONGA

Present:- Mr. R.K.Bashamboo, Advocate,
for the petitioners.

Mr. Anuj Balian, Advocatge,
for respondent No.1.

ARUN MONGA, J.

1. Before adverting on merits of the case, it would be apposite to reproduce an interlocutory order dated 07.04.2015 passed by my learned brother Augustine George Masih, J. , while issuing notice of motion to respondent No.1:-

> *"Counsel for the petitioners has vehemently argued that the petitioners-Insurance Company has already been held liable to pay the claim amounting to Rs.1,37,115/- along with 12% interest per annum from the date of filing of the petition till the realization of the amount and, therefore, the order to the extent, it entitles the petitioner to an amount of Rs.60,000/- more on account of the fact that he had paid premium amount of Rs.30,000/- and had it been returned to him at the*

relevant time it would have doubled, cannot be sustained as without the premium, there cannot be any insurance policy in force.

Keeping in view the submission made by the counsel for the petitioners, notice to the limited extent with regard to the entitlement of Rs.60,000/- i.e. double the premium amount, is issued to respondent No.1 for 17.09.2015, rest of the award is upheld. The payment limited to the extent of Rs.60,000/- shall remain stayed subject to release of the remaining amount to respondent No.1 within one month from today."

2. The only question which survives for adjudication is about the entitlement or otherwise of respondent No.1 to an amount of Rs.60,000/- i.e. double the premium amount paid for the insurance of his vehicle.

3. Having heard the learned counsel for the petitioners and respondent No.1, I am of the opinion that to the extent of direction for payment of this amount of Rs.60,000/- the award merits being set aside.

4. As noted, this amount of Rs.60,000/- ordered to be paid to respondent No.1 comprises of the refund of premium of Rs.30,000/- plus an equal amount of compensation.

5. For awarding this amount, the reason given by the Permanent Lok Adalat is that respondent No.2 had given the premium of Rs.30,000/- for insurance of the truck in 2009, the amount should have been returned immediately when the

petitioners came to know (although not proved) that earlier insurance with ICICI Lombard was not valid and that the said amount might have doubled to Rs.60,000/- if it had been with respondent No.1 and kept in fixed deposit.

6. The reasons given are patently perverse and unacceptable besides indicating the contradictory approach of the Permanent Lok Adalat.

7. On one hand, the Permanent Lok Adalat held that there was a valid insurance contract between the parties and on that basis ordered the petitioners/insurer to pay the amount of damage caused to the truck. At the same time, it proceeded on the premise that there was no such contract and, therefore, the insurance company was required to refund the premium amount with compensation. The approach of the Permanent Lok Adalat is self-contradictory.

8. Payment of insurance premium is the sine qua non for a contract of insurance between the parties. The direction for payment of the amount for damage to the truck proceeded on the basis that there was a valid contract of insurance. Without payment of insurance premium, respondent No.1 could not get the double advantage in the manner directed by the Permanent Lok Adalat.

9. For the reasons given above, the direction in the award for refund of the insurance premium to respondent No.1, that too with compensation to an equal amount, cannot be sustained.

10. Accordingly, the petition is partly allowed and the impugned award is partly set aside to the extent of the direction

therein for the refund of the insurance premium along with compensation of the equal amount to respondent No.1.

11. Disposed of in the above terms.

(ARUN MONGA)
JUDGE

23.07.2019
vandana

Whether speaking/reasoned Yes/No
Whether Reportable Yes/No