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

Sr. No.201 **Civil Writ Petition No.19744 of 2018 (O&M)**
**Date of Decision : April 05, 2022**

United India Insurance Company Ltd. ...Petitioner

Versus

Permanent Lok Adalat (Public Utility Services), Rewari, Haryana and another

...Respondents

**CORAM: HON'BLE MR. JUSTICE SUDHIR MITTAL**

Present: Mr. Raj Kumar, Advocate, for the petitioner.

Mr. Rajneesh Chadwal, AAG, Haryana.

Mr. Tapan Yadav, Advocate, for respondent No.2.

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**SUDHIR MITTAL, J. (ORAL)**

The respondent took out an LPG Dealers Package Policy for the period 10.02.2013 to 09.02.2014. Theft took place in his godown on 31.01.2014 and FIR dated 01.02.2014 was registered at Police Station Bawal, District Rewari under Sections 457 & 380 IPC. The police could not trace the culprits and thus, untraced report dated 19.05.2014 was submitted. Meanwhile, the respondent had registered its claim on 01.02.2014 itself and had submitted a claim bill dated 03.02.2014 for a sum of Rs.2,55,640/-. Upon receipt of claim, a Surveyor was appointed by the petitioner who submitted a survey report dated 06.02.2014 assessing the amount payable at Rs.73,140/-. Thereafter, vide communication dated 10.03.2014, the petitioner demanded certain documents from the respondent including final investigation report, tariff and cost of stolen goods. Reminder dated 24.03.2014 was submitted. The respondent could not submit the documents as the same were not available with him. Finally, after receipt of the untraced report, the documents were submitted on 10.07.2015 but the claim was repudiated by the petitioner being delayed. Legal notice dated 17.10.2015 was issued but to no avail. Thus, a claim under Section 22-C of the Legal Services Authority Act, 1987 was filed for payment of Rs.6 lacs along with interest. The Permanent Lok Adalat has passed an Award dated 23.04.2018 directing the petitioner to pay the respondent a sum of Rs.6 lacs along with interest @ 8% per annum on account of wrong repudiation of the claim.

Learned counsel for the petitioner has submitted that the policy of the petitioner (copy Annexure P-5) shows that the total sum insured (for empty cylinders) was Rs.5,10,000/- Clause 6 of the General Conditions of the Policy provides for assessing loss on an average basis, in case, the property insured was of greater value than the sum insured. According to the survey report, the value of stock at the time of theft was Rs.17,81,306/-. This value was given by the claimant-respondent and since the value was much higher than the sum insured average clause was applicable. The Surveyor was justified in assessing the claim @ Rs.73,140/-. The Permanent Lok Adalat has not given any reasons for passing an award of Rs.6 lacs and thus, the same deserves to be interfered.

Learned counsel for the respondent has submitted that repudiation of the claim by the petitioner was illegal. The respondent deserve to be compensated for the same. Accordingly, the claim for Rs.6

lacs was made and as the repudiation was found to be illegal, award for Rs.6 lacs along with interest was passed. The same calls for no interference.

A perusal of the award shows that no reason whatsoever is forthcoming for awarding a sum of Rs.6 lacs. Repudiation of the claim was not justified as neither any term of the insurance policy or any statutory rule has been brought to my notice in support thereof and thus, the respondent deserves to be compensated for illegal repudiation of the claim. However, award of Rs.6 lacs is arbitrary. The petitioner has been able to show on the basis of the terms of the policy that calculation was to be made on an average basis as the value of the insured goods at the time of theft was much higher than the sum insured. Thus, for the higher value, the claimant-respondent has to himself bear the loss. The assessment of Rs.73,140/- made by the Surveyor appears to be justified. The award of interest upon the said amount would compensate the respondent for the delay as well as for repudiation of the claim.

The writ petition is accordingly allowed and impugned Award dated 23.04.2018 is quashed. The petitioner is directed to pay a sum of Rs.73,140/- along with interest @ 18% per annum from the date the claim was registered i.e. 01.02.2014 till date of payment. Amount be paid within four weeks from today.

**April 05, 2022** **(SUDHIR MITTAL)**
*Ankur* **JUDGE**

Whether speaking/reasoned Yes

Whether Reportable Yes