IN THE HIGH COURT OF JUDICATURE AT PATNA
CIVIL MISCELLANEOUS JURISDICTION No.1823 of 2018

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National Insurance Company Limited, Patna Regional Office through the Chief Regional Manager and its constituted Attorney, Regional Office, National Insurance Company Limited, Sone Bhawan, 4th Floor, Birchand Patel Marg, Patna.

... ... Petitioner/s

Versus

Ram Babu Prasad Yadav, Son of Sri Ram Sakal Rai, Resident of Tata Colony, Maner, Madhopur, Police Station Maner, District Patna.

... ... Respondent/s

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Appearance :

For the Petitioner/s	:	Mr.Rupak Kumar, Advocate
		Mr. Vikrant Kumar, Advocate
For the Respondent/s	:	Mr. Balram Kapri, Advocate

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CORAM: HONOURABLE MR. JUSTICE ARUN KUMAR JHA
CAV JUDGMENT

Date : 08-09-2025

The present petition has been filed for setting aside the order dated 13.07.2018 passed by learned Permanent Lok Adalat, Patna in P.L.A. Case No. 04 of 2018, whereby and whereunder the respondent has been found entitled for payment of Rs.2,82,500/- along with interest at the rate of 9% per annum from 19.01.2018 within a period of one month from the date of the order.

2. The respondent brought a case before learned Permanent Lok Adalat that his Mahindra Bolero vehicle bearing Registration No. BR-01PB/3756 was parked in the field of the school where the son of the respondent was Principal and it was stolen in the intervening night of 23/24/01.2017 for which

Naubatpur P.S. Case No. 20 of 2017 was instituted by the son of the respondent. The case was found to be true but final report was submitted stating the case to be clueless. The petitioner was the insurer of the stolen vehicle and it is stated that the petitioner was informed about alleged theft on 20.04.2017. The respondent filed P.L.A. Case No. 04 of 2018 for grant of compensation of Rs. 2,82,500/- against his stolen vehicle before Permanent Lok Adalat, Patna stating that the claim of respondent was repudiated and closed by the petitioner on 22.02.2018. The petitioner appeared before the learned Permanent Lok Adalat, Patna and filed written statement and supplementary written statement on 23.02.2018 denying its liability on factual and legal grounds. The learned trial court after consideration of the case of the respective parties, vide order dated 13.07.2018, found that the respondent was entitled to receive the claim of Rs.2,82,500/-, the value of the vehicle, as assessed by the petitioner and accordingly, directed the petitioner to pay Rs.2,82,500/- along with interest at the rate of 9% per annum from the date of the filing of the case, i.e., 19.01.2018, within a period of one month from the date of the passing of the order. This order is under challenge before this Court.

3. Learned counsel for the petitioner submitted

that the impugned order is not sustainable and the same is liable to be set aside as the learned Permanent Lok Adalat has exceeded its jurisdiction to decide the same under Section 22-C of the Legal Services Authorities Act, 1987 (in short 'the Act'). The learned Permanent Lok Adalat cannot entertain such claim which is the subject matter of Consumer Protection Act, 1986. The learned Permanent Lok Adalat entertained the matter relating to an offence not compoundable under the law and therefore, the order dated 13.07.2018 passed by it suffers from jurisdictional error. Learned counsel further submitted that the impugned order is bad in the eye of law and illegal and suffers from non-application of judicial mind. Learned counsel further submitted that the theft of the stolen vehicle took place in the night of 23/24.01.2017 but information was given to the petitioner only on 20.04.2017, i.e., after delay of 87 days which is clear violation of the terms and conditions. The respondent was required to give notice of the theft of the vehicle insured to the petitioner company immediately upon the occurrence but the respondent failed in his duty. This delay in intimating the petitioner company goes to the root of the agreement and it is not a merely technical matter but an essential condition for making a valid claim by the insured. On this aspect learned counsel relied on the case of ***M/s Sonell Clocks and Gifts Limited Vs. The New India Assurance Company Limited*** in ***(2018) 9 SCC 784***, wherein the Hon'ble Supreme Court held that the stipulation contained in Clause 6 of the policy to forthwith give notice to the insurer is not a technical matter but *sine qua non* for a valid claim to be pursued by the insured, as agreed upon between the parties and the respondent insurer had not waived the condition relating to delay stipulated in the said clause of general conditions of the policy, by appointing a surveyor. The Hon'ble Three Judges Bench in ***Sonell Clocks*** (*supra*) overruled by implication the decision of a Bench of Two Judges of Hon'ble Supreme Court in the case of ***Om Prakash Vs. Reliance General Insurance and Another*** in ***(2017) 9 SCC 724***, wherein it has been held that genuine claim of the appellant ought not to be rejected on technical ground, keeping in mind that the Consumer Protection Act is a beneficial legislation warranting liberal construction and thus Three Judges Bench observed that the said contention cannot be taken forward at the instance of the appellant who failed to fulfill the threshold stipulation contained in Clause 6 of the general conditions of the policy and for this reason must suffer the consequence. Learned counsel next referred to the decision in the case of ***Oriental***

Insurance Company Limited Vs. Parvesh Chander Chadha in ***(2018) 9 SCC 798***, wherein the Hon'ble Supreme Court held that the repudiation of claim on ground of delay was proper and observed that the respondent insured was duty bound to inform forthwith of the loss of the vehicle so that the insurer could immediately inquire into the cause of theft and nature of loss as per the terms of insurance policy. Insured was duty bound to inform it about the theft of the vehicle immediately after the incident and on account of delayed intimation, the insurer was deprived of its legitimate right to get an inquiry conducted into the cause and nature of loss. Learned counsel thus submitted that the respondent did not give explanation for unusual delay in informing the appellant about theft of his vehicle which gave rise to claim of compensation. In the case of ***Oriental Insurance Company Limited*** (*supra*) the theft was committed on 18.01.1995 and the information was given by the letter on 22.05.1995 and on the ground of delay, the repudiation of the claim was held to be proper. The insurance company cannot be saddled with the liability to pay compensation as the insured did not comply the terms of agreement for giving intimation to the insurance company forthwith.

4. Learned counsel for the petitioner further

submitted that Section 22-C(3) and 22-C(4) of the Act provide that when an application is made to the Permanent Lok Adalat under sub-section (1) and when pleadings have been filed, the Permanent Lok Adalat shall conduct conciliation proceedings between the parties to the application in such manner as it thinks appropriate taking into account the circumstances of the dispute. Only when the parties fail to reach an agreement under sub-section (7) of Section 22-C then under sub-section (8), the Permanent Lok Adalat shall, if the dispute does not relate to any offence, decide the dispute. Learned counsel further submitted that the learned Permanent Lok Adalat has not taken any steps for conciliation between the parties and this provision is mandatory as the word shall have been used in Section 22-C(4) of the Act but this mandatory provision was not followed. Further, sub-section (8) of Section 22-C makes it clear that only when the parties fail to reach an agreement after conciliation, then only Permanent Lok Adalat will decide the dispute if the dispute does not relate to any offence. Learned counsel further submitted that the Hon'ble Supreme Court has also held that conciliation proceedings under Section 22-C of the Act are mandatory when Permanent Lok Adalat decides the dispute on its merit and in this regard relied on the case of ***Canara Bank***

Vs. G.S. Jayarama in ***(2022) 7 SCC 776***.

5. Learned counsel for the petitioner further submitted that proviso to Section 22-C(1) provides that the Permanent Lok Adalat shall not have jurisdiction in respect of the claim in the matter relating to an offence not compoundable under any law. In the present case, the offence is not compoundable and for violation of provisions of Section 22-C, the impugned order is bad and illegal. In this regard, learned counsel relied on the decision of ***United India Insurance Company Limited Vs. Ajay Sinha and Another*** in ***(2008) 7 SCC 454***, wherein the Hon'ble Supreme Court held that provisos appended to Section 22-C(1) limits the jurisdiction of Permanent Lok Adalat. These provisos must be interpreted in an expansive manner. Therefore, the term related to an offence appearing in first proviso must be interpreted broadly, and as the determination before Permanent Lok Adalat involves as to whether or not offence, which is non-compoundable, have been committed, this falls outside the jurisdiction of Permanent Lok Adalat.

6. Thus, learned counsel submitted that taking into consideration the above noted infirmities, the impugned order suffers from a number of illegalities and is fit to be set

aside.

7. Learned counsel appearing on behalf of the respondent vehemently contended that there is no infirmity or illegality in the impugned order and the same is proper and correct. Learned counsel submitted that the insurance company failed to settle the claim of respondent only on the ground of delay. Even from plain reading of the FIR it is clear that the vehicle was registered in the name of respondent and he was aged about 60 years at the time of occurrence and had been suffering from illness. The petitioner accepted that the vehicle was stolen. Police investigated the matter and submitted charge sheet finding the case to be true but without clue. There could be no challenge to the jurisdiction of Permanent Lok Adalat for deciding the matter when the petitioner repudiated the claim of the respondent. Learned counsel referred to the decision of ***Canara Bank*** (*supra*) in support of his contention that the Permanent Lok Adalat has got adjudicatory powers and thus submitted that on mere technicalities, the claim of the respondent could not be rejected by the petitioner. Learned counsel further submitted that the settlement of insurance claim under the existing laws is a beneficial provision and if the reason for delay in making claim is satisfactorily explained,

such a claim cannot be rejected on ground of delay. Further, the condition regarding delay shall not be taken shelter of to repudiate the insurance claim which has otherwise been proved to be genuine and referred to the decision of Hon'ble Supreme Court in the case of ***Om Prakash*** (*supra*). Learned counsel reiterated that the police has found the case true for theft of the vehicle of the respondent and insurer has no power to reject the genuine claim which has already been verified and found to be correct. Thus, learned counsel submitted that the impugned order needs no interference by this Court.

8. I have given my thoughtful consideration to the rival submission of the parties and perused the record. Admittedly, the intimation to the insurance company, has been given after delay of 87 days. Now condition no. 1 of the insurance agreement between the parties reads as under:-

> *"1. Notice shall be given in writing to the Company immediately upon the occurrence of any accidental loss or damage in the event of any claim and thereafter the insured shall give all such information and assistance as the Company shall require. Every letter claim writ summons and/or process or copy thereof shall be forwarded to the Company immediately on receipt by the insured. Notice shall also be given in writing to the*

> *Company immediately the insured shall have knowledge of any impending prosecution, inquest or fatal inquiry in respect of any occurrence which may give rise to a claim under this Policy. In case of theft or criminal act which may be the subject of a claim under this Policy the insured shall give immediate notice to the police and co-operate with the Company in securing the conviction of the Offender."*

9. The Hon'ble Supreme Court in ***Sonell Clocks*** (*supra*) took into consideration the case of ***Om Prakash*** (*supra*), wherein it has been held that genuine claim of the appellant ought not to be rejected on technical ground, keeping in view the fact that the Consumer Protection Act is a beneficial legislation warranting liberal construction. However, the Hon'ble Supreme Court held that it is not a technical matter but sine qua non for a valid claim to be pursued by the insured, as agreed upon between the parties. In the same vain is the another decision of Hon'ble Supreme Court in the case of ***Oriental Insurance Company Limited*** (*supra*) where the repudiation claim on the ground of delay to be held to be proper. The Hon'ble Supreme Court held that in insurance policy the respondent was duty bound to inform it about theft of the

vehicle immediately after the incident. On account of delayed intimation, the appellant was deprived of its legitimate right to get an inquiry conducted into the alleged theft of vehicle and make an endeavour to recover the same. Thus, learned Supreme Court held that the appellant cannot be saddled with the liability to pay compensation to the respondent despite the fact that he had not complied with the terms of the policy. The situation is somewhat similar in the present case. The respondent failed to intimate the petitioner company about the theft of the vehicle immediately after the occurrence and gave intimation only after 87 days of the occurrence. Therefore, there is violation of the terms of the policy. Hence, the impugned order has been passed without consideration of the law laid down by the Hon'ble Supreme Court.

10. Further, it is evident from the record that conciliation proceeding never took place before the Permanent Lok Adalat when there is specific provision under Section 22-C(4) of the Act. The Permanent Lok Adalat is bound to follow the mandatory conciliation proceedings. Therefore, it is obvious that no attempt was made by the learned Permanent Lok Adalat for conciliation and to propose terms of settlement between the parties at their instance under Section 22-C(7) of

the Act. Therefore, violation to abide by the mandatory provision of law makes the impugned order bad. Reliance could be placed on the case of **Canara Bank** (*supra*) about the mandatory nature of Section 22-C of the Act about conciliation proceeding before the Permanent Lok Adalat.

11. Though other grounds have also been taken challenging the impugned order, since there is apparent illegality in the impugned order emanating from non-consideration of the mandatory provision of law as well as violation of the essential condition of policy, I am of the considered opinion that the impugned order dated 13.07.2018 could not be sustained and the same is set aside.

12. Accordingly, the present petition is allowed.

13. However, it is made clear that this Court has not made any observation on the merit of the dispute between the parties and all rights and contentions of the parties are left open.

(Arun Kumar Jha, J)

DKS/-

AFR/NAFR	NAFR
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