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

**ARB-538-2024 (O&M)
Date of Decision: 23.09.2025**

M/s Fairways Trading Co.

..... Petitioner

Versus

Chairman-cum-Managing Director, National Insurance Co. Ltd. and others

..... Respondent

CORAM: HON'BLE MR. JUSTICE JASGURPREET SINGH PURI

Present: Mr. Aashish Chopra, Senior Advocate with
Mr. Gagandeep Singh, Advocate
for the petitioner.

Mr. S.S. Sidhu, Advocate
for the respondent.

JASGURPREET SINGH PURI, J. (ORAL)

1. The present petition has been filed under Section 11(6) of the Arbitration and Conciliation Act, 1996 (hereinafter referred to as 'the Act') praying for appointment of an independent Sole Arbitrator to adjudicate the disputes which have arisen between the parties.

2. Mr. Aashish Chopra, learned Senior Counsel appearing on behalf of the petitioner assisted by Mr. Gagandeep Singh, Advocate has submitted that a contract was entered into between the parties by taking three insurance policies from the respondent wherein there was an arbitration clause i.e. Clause 13 which provided that in case any dispute or difference arises pertaining to the quantum to be paid under the policy then such difference is to be sent to the Sole Arbitrator to be appointed in writing given by the parties and in case they cannot agree upon a single arbitrator,

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then a panel of three arbitrators will be appointed. He further submitted that in this way, a procedure was prescribed in the aforesaid arbitration clause and the petitioner had raised a claim with regard to the quantum of insurance amount vide letter dated 22.07.2024 (Annexure P-6) wherein although the date has not been mentioned but the said letter was sent through email vide Annexure P-7. Thereafter, vide Annexure P-8, a notice dated 10.08.2024 under Section 21 of the Act was sent to the respondent for invoking the arbitration clause, but the respondent failed to respond to the same and in this way, the petitioner has filed the present application for appointment of Sole Arbitrator under Section 11(6) of the Act. He also submitted that the aforesaid arbitration clause is a valid and existing clause and the claim is pertaining to the quantum of insurance amount and therefore, the dispute in the present case is arbitrable. He further submitted that in similar circumstances, a Co-ordinate Bench of this Court vide order dated 18.04.2024 in ***ARB-78-2023*** titled as “***M/s Adhunik Packagers Pvt. Ltd. Vs. United India Insurance Company Ltd.***” has appointed a Sole Arbitrator and prayed that in the present case as well, Sole Arbitrator may be appointed.

3. On the other hand, Mr. S.S. Sidhu, learned counsel for the respondent has submitted that there is no dispute with regard to the existence of the arbitration clause as aforesaid and also there is no dispute that the petitioner is claiming the difference in the quantum of insurance amount. He however submitted that at the time of granting the amount of claim already given to the petitioner, he had given a consent letter and discharge voucher that this is a full and final settlement and therefore, he cannot seek the appointment of an Arbitrator.

4. I have heard the learned counsels for the parties.



5. The aforesaid Clause 13 of the Arbitration Agreement is reproduced as under:-

“13. If any dispute or difference shall arise as to the quantum to be paid under this policy (liability being otherwise admitted) such difference shall independently of all other questions be referred to the decision of a sole arbitrator to be appointed in writing by the parties to or if they cannot agree upon a single arbitrator within 30 days of any party invoking arbitration, the same shall be referred to a panel of three arbitrators, comprising of two arbitrators, one to be appointed by each of the parties to the dispute/difference and the third arbitrator to be appointed by such two arbitrators and arbitration shall be conducted under and in accordance with the provisions of the Arbitration and Conciliation Act, 1996.

It is clearly agreed and understood that no difference or dispute shall be referable to arbitration as hereinbefore provided, if the Company has disputed or not accepted liability under or in respect of this policy.

It is hereby expressly stipulated and declared that it shall be a condition precedent to any right of action or suit upon this policy that the award by such arbitrator/ arbitrators of the amount of the loss or damage shall be first obtained.”

6. There is no dispute by either of the parties that the aforesaid clause is a valid existing clause and is binding upon both the parties. It is also undisputed that the claim, which the petitioner is raising, is pertaining to the quantum of insurance amount which falls within “dispute” as so stated in the aforesaid arbitration clause. The petitioner has also invoked the arbitration clause by serving a legal notice dated 10.08.2024 vide Annexure P-8.

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7. However, learned counsel for the respondent has taken an objection to the extent that the petitioner has already got the claim settled by giving a consent letter and discharge voucher that nothing more is outstanding.

8. To the aforesaid objection, learned Senior Counsel for the petitioner has referred to a letter dated 22.07.2024 (Annexure P-6) in this regard, which was sent to the respondent through email wherein the petitioner has protested with regard to the aforesaid claim settlement by so stating that the petitioner had signed the discharge voucher under financial duress and accepted the amount because they knew that if they had not signed the discharge voucher, the payment would have been stopped to them and also so stated in the aforesaid protest letter that they had signed the discharge voucher to save their Firm because the amount which they received was like oxygen and they had no option but to sign the aforesaid discharge voucher. The petitioner also requested the respondent to consider their signatures on discharge vouchers as having been done under protest. Learned Senior Counsel for the petitioner submitted that in this way the aforesaid objection raised by learned counsel for the respondent is not sustainable because this itself is an arbitrable dispute and once the petitioner is claiming the quantum of insurance amount paid to them, then this Court while exercising the power under Section 11 of the Act would only see as to whether there is any valid arbitration clause in the agreement or not.

9. The law with regard to exercising the power under Section 11 of the Act is well settled. Hon'ble Supreme Court in "**SBI General Insurance Company Limited Vs. Krish Spinning**", **2024 SCC Online SC 1754** and also another judgment of Hon'ble Supreme Court in "**Interplay**



between Arbitration Agreements under Arbitration and Conciliation Act, 1996 and Stamp Act, 1899, In Re” (2024) 6 SCC 1 held that the High Court while exercising the power under Section 11 of the Act is not to hold mini trial and the Court at the reference stage is only to see as to whether there is an existence of a valid arbitration clause or not. The rest of the issues are to be seen if so deem appropriate by the learned Arbitrator.

10. In the present case, the petitioner is disputing the quantum of insurance amount and is also disputing that the discharge voucher which he had signed was so done under financial duress in order to claim the remaining amount which was already paid to them. All these aspects can be determined and adjudicated upon only by the learned Arbitrator as to whether it was under duress or not in case necessity so arises and therefore, the argument raised by learned counsel for the respondent that the application under Section 11(6) of the Act cannot be allowed is not sustainable particularly in view of the fact that the learned counsel for the respondent has not disputed the existence and validity of the arbitration clause as reproduced above.

11. In view of the aforesaid facts and circumstances the present petition is allowed. Mr. Tejinderbir Singh, Additional District and Sessions Judge (Retd.), resident of House No.129, 39 West, Sector 122, Mohali, Mobile No.9876105444, Email id. tejinderbir@gmail.com, is nominated as the Sole Arbitrator to adjudicate upon the dispute between the parties, subject to compliance of statutory provisions including Section 12 of the Act.

12. Parties are directed to appear before the learned Arbitrator on date, time and place to be fixed and communicated by the learned Arbitrator



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at his convenience.

13. Fee shall be paid to the learned Arbitrator in accordance with the Fourth Schedule of the Arbitration Act, as amended.

14. Learned Arbitrator is also requested to complete the proceedings as per the time limit prescribed under Section 29-A of the Act.

15. A request letter alongwith a copy of the order be sent to Mr. Tejinderbir Singh, Additional District and Sessions Judge (Retd.).

23.09.2025

Bhumika

(JASGURPREET SINGH PURI)
JUDGE

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| 1. Whether speaking/reasoned: | Yes/No |
| 2. Whether reportable: | Yes/No |