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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ **ARB.P. 1008/2025**
M/S CIRCULARITY SOLUTIONS PVT. LTD.

.....Petitioner

Through: Mr. Amit Kumar Maihan, Adv.

versus

UNITED INDIA INSURANCE CO. LTD.

.....Respondent

Through: Mr. Sanjay Kumar Chhetry, Adv

CORAM:
HON'BLE MR. JUSTICE JASMEET SINGH

ORDER
24.11.2025

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1. This is a petition filed under Section 11 of the Arbitration and Conciliation Act, 1996 seeking appointment of an Arbitrator for adjudication of disputes between the parties.
2. The brief facts of the case are that the petitioner obtained an insurance policy being United Bharat Laghu Udyam Suraksha Policy bearing No. 0404001122P105048236 from the respondent covering fire and allied perils from 30.08.2022 to 29.08.2023 in respect of its plant, machinery, stock and other assets. On 12.07.2023, fire broke at the petitioner's premises causing damage to the petitioner's assets. The respondent assessed and disbursed the partial claim of petitioner to the tune of Rs. 9,83,407/-.
3. The said Insurance Policy contains an arbitration clause being Clause No. I (4) which reads as under:

"If any dispute or difference arises between You and Us



regarding the amount of claim to be paid under this policy (liability having been admitted by Us), such difference shall independently of all other questions, be referred to the decision of a sole arbitrator to be appointed in writing by You and Us or if You and We cannot agree upon a single arbitrator within 30 days of either of Us opting for arbitration, the same shall be referred to a panel of three arbitrators comprising of two arbitrators, one to be appointed by each of Us, 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.”

4. Since there were disputes between the parties, the petitioner invoked arbitration *vide* legal notice dated 19.11.2024 and thereafter filed the present petition.
5. Mr. Chhetry, learned counsel for the respondent, has placed reliance upon the circular dated 27.10.2023. The letter is reproduce as under:-



भारतीय बीमा विनियानक और विकास प्राधिकरण
INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY OF INDIA

Ref: IRDAI/NL/CIR/MISC/188/10/2023

Date: 27th October, 2023

To

All CEOs/ CMDs of General Insurance Companies

Re: Amendment of Arbitration Clause in General Insurance policies

On reference made by the Hon'ble Supreme Court of India, IRDAI undertook a comprehensive review of the extant Arbitration Clause prevalent across various lines of business in the General Insurance Industry. After due consultation with stakeholders, IRDAI is of the view that the extant Arbitration Clause is limited in scope and need to be amended. It was also viewed that the retail/ individual policy holders may be kept out from the provisions of Arbitration Clause as they have alternative forums of Insurer's Grievances System, Insurance Ombudsman and the Consumer Courts besides the Civil Courts available for redressal of their grievances/ disputes.

Accordingly, the Authority in exercise of its powers under Clause (i) sub Section (2) of Section 14 of the IRDA Act, 1999, hereby directs that

- I. All policies issued under the Retail Lines of Business shall not have any Arbitration Clause.
- II. All policies issued under the Commercial Lines of Business shall have an Arbitration Clause as under:

"The parties to the contract may mutually agree and enter into a separate Arbitration Agreement to settle any and all disputes in relation to this policy.

Arbitration shall be conducted under and in accordance with the provisions of the Arbitration and Conciliation Act, 1996."

III. Transitory provisions

a. For all the new policies issued on or after the date of this circular:

- Arbitration Clause shall be deemed deleted from all the retail policies.
- Clause at 'II' above shall be deemed to be the Arbitration Clause in General Conditions of all the commercial insurance policies.

सर्वे नं.-115/1, फाइनेंशियल डिस्ट्रिक्ट, नानकनगुडा,
गच्छिबोली, हैदराबाद - 500032, भारत
दूरभाष- 91-040-2020 4000

Sy No. 115/1, Financial District, Nanaknaguda,
Gachibowli, Hyderabad - 500032, India
Ph. : 91-040-2020 4000



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INSURANCE REGULATORY AND
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b. For all the existing policies;

- The existing Arbitration Clause shall remain valid till the term of the policy unless a policyholder specifically requests the insurer to replace it with the clause at 'II' above.
- The clause at "II" shall be deemed replaced the existing Arbitration Clause in all the commercial policies from the date of renewal falling on or after the date of this circular

Insurers shall take necessary steps to bring it to the notice of the policyholders and to amend the relevant provisions of such policies.

This circular comes into force with immediate effect.

-Sd/-

Randip Singh Jagpal
Executive Director (NL)

6. I am of the view that the circular is dated 27.10.2023 and in the present case, the insurance policy came to an end on 29.08.2023 which is prior to the date of the circular. Hence, clearly the circular is not applicable to the facts of the present case.
7. All other disputes raised by the respondents are on merits and will lie within the exclusive domain of the Arbitrator.
8. I am satisfied that there exists a valid arbitration clause and there are dispute between the parties which need to be adjudicated through the arbitral mechanism.
9. For the said reasons, the petition is allowed and the following directions are issued:-
 - i) Ms. Mehak Nakra (Advocate) (Mob No. 9871144582) is appointed as a Sole Arbitrator to adjudicate the disputes



- between the parties.
- ii) The arbitration will be held under the aegis and rules of the Delhi International Arbitration Centre, Delhi High Court, Sher Shah Road, New Delhi (hereinafter, referred to as the 'DIAC').
 - iii) The remuneration of the learned Arbitrator shall be in terms of DIAC (Administrative Cost and Arbitrators' Fees) Rules, 2018.
 - iv) The learned Arbitrator is requested to furnish a declaration in terms of Section 12 of the Act prior to entering into the reference.
 - v) It is made clear that all the rights and contentions of the parties, including as to the arbitrability of any of the claim, any other preliminary objection, as well as claims/counter-claims and merits of the dispute of either of the parties, are left open for adjudication by the learned arbitrator.
 - vi) The parties shall approach the learned Arbitrator within two weeks from today.
10. The present petition is disposed of in the aforesaid terms.

NOVEMBER 24, 2025 / (MS)

JASMEET SINGH, J