(2007) 05 NCDRC CK 0001

In the National Consumer Disputes Redressal Commission

Paramount Iron and Steel Works Pvt. Ltd. APPELLANT

Vs

Oriental Insurance Co. Ltd. and Anr. RESPONDENT

Date of Decision : 23-05-2007

Acts Referred:

Citation : 2007 3 UC 1416

Hon'ble Judges : M.B.SHAH J.

Judgement

1. HEARD the learned Counsel for the parties.

2. UNDISPUTEDLY , the complainant has taken insurance cover from the respondent/ M/S Oriental Insurance Co. Ltd. (herein referred to as the Insurance Company) for the plant and factory premises. On 09.02.2005 there was a fire in the factory premises. On the basis of the information received by the Insurance Company, Insurance Company appointed a Surveryor, who submitted his report on 09.11.2005. Despite the report, the Insurance Company had not released the amount due and payable to the complainant. Hence, this complaint was filed before this Commission. When the matter came up for hearing on 13.11.2006, the learned Counsel for the Insurance Company stated that the Insurance Company would pay Rs. 1,50,47,206/ - (Rupees One Crore fifty lakhs, forty seven thousand two hundred and six only) to the insured on or before 20.11.2006. That was on the basis of the letter issued by the Insurance Company on 06.10.2006. For this delay in making payment, the learned Counsel for the Insurance Company has pointed out para 8 of the written version, wherein it has been stated that: Since this was a huge claim and the event insured against occurred on the very day of effecting the insurance, clearance from the vigilance department was also necessary before taking a decision on the claim. Further, the claim had to be approved by the Head Office of the respondent. The Head Office instructed M/s R. N. Paul & Associates, Insurance Investigator, on 27.07.2006 to investigate the claim. The report of this investigation was received on 19.09.2006. The claim was approved for payment on 03.10.2006 and the said decision was conveyed to the complainant by letter

dated 06.10.2006.

3. LEARNED Counsel appearing on behalf of the complainant states that statements made in the aforesaid para are incorrect and in any case it would not justify delay in paying the amount assessed by the Surveyor.

4. IN our view, the contentions raised by the ld. Counsel for the complainant is justified. Merely because the claim is huge, it would not permit the Insurance Company to withhold the same. On the contrary when the claim is huge and if the amount is not paid, insured suffers a lot and the whole purpose of obtaining insurance cover is frustrated. Hence for such delay, Insurance Company should pay adequate compensation to the insured. Further, as per Regulation 9(6) of the Insurance Regulatory and Development Authority (Protection of Policy Holders'' Interest) Regulations 2002, in such cases the Insurance Company is required to pay interest at a rate which is 2% above the Bank Rate prevalent at the beginning of the Financial Year in which the claim is reviewed by it.

5. IN the present case, admittedly the fire took place on 09.02.2005 and the Surveyor submitted his report on 09.11.2005. The amount was paid only after our order dated 13.11.2006. For this delay in payment adequate compensation is required to be paid. Payment by way of interest would be a proper measure of compensation. In our view, payment of interest at the rate of 10% p.a. from 09.11.2005, i.e. after more than six months from the date of the fire would be sufficient to meet the ends of justice.

6. IN the result, complaint is allowed. The Insurance Company is directed to pay interest at the rate of 10% p.a. from 09.11.2005, till the date of its payment on the sum assessed by the Surveyor i.e. Rs 1,50,47,206/ -, within a period of four weeks from today. The complaint stands disposed of accordingly. There shall be no order as to costs.