(1996) 03 NCDRC CK 0008

In the National Consumer Disputes Redressal Commission

UNITED INDIA INSURANCE CO. LTD. — APPELLANT

Vs

POOJA GYANCHANDRA JOSHI — RESPONDENT

Date of Decision : 13-03-1996

Acts Referred:

Citation : 1996 0 NCDRC 40 : 1996 2 CPC 270 : 1996 2 CPJ 56 : 1996 2 CPR 149

Hon'ble Judges : V.BALAKRISHNA ERADI , B.S.YADAV , S.S.CHADHA , R.THAMARAJAKSHI , S.P.BAGLA J.

Advocate : A.K.RAINA , P.N.MISHRA , S.D.MOKASHI

Judgement

1. MRS . Pooja Gyanchandra Joshi of M/s. Suram Enterprises, 87/ 6, Nutan Priyadarshani, Dalat Nagar, Shanta Cruz W, Bombay, filed a claim with the appellant Insurance Company for the loss of stock of ready-made garments by fire for a sum of Rs. 3,95,727/- immediately after the incidence of fire in the premises of her factory on the 20th September, 1990. The incident was reported to the Police on the 24th September, 1990. It was also indicated by the complainant Mrs. Joshi, that out of the stocks in her business premises, the goods worth Rs. 1 lakh were hypothecated with the Punjab National Bank, Santacurz Branch and through this hypothecation a packing credit of Rs. 1 lakh was obtained. The premium for the insurance policy obtained by the complainant for stocks in her business premises bearing No. 120100/11/16/13/20/04/11925/90 of the 23rd March, 1988 had been paid. There is no dispute in this regard.

2. AS against the claim of Rs. 3,95,727/- the Insurance Company sent a voucher for Rs. 69,205/- settling her claim after one-and-half years. The contention of the Insurance Company was that the valuation of the stock was not correct as the complainant herself has indicated a packing credit of Rs. 1 lakh which should be considered the correct value of the stock and after deducting approximately one-third of this amount as depreciation a sum of Rs. 69,205/-was considered to be the adequate amount for the settlement of her claim. The State Commission

has not accepted these contentions of the Insurance Company as justified on the ground that the credit obtained by the complainant was according to her requirement of funds and not directly co-related to the stocks. It has been stated by the complainant that the stocks hypothecated were of export quality and for export purposes. The Insurance Company has however stated that these stocks were meant for sale in the local market. Even if this contention of the Insurance Company is accepted, it does not in any way prove successfully that the value of the total stocks was limited to the extent of the credit obtained by the complainant from the Bank. Moreover, the rate of depreciation calculated by the Insurance Company on the stock of garments is also not justified, as garments are not succeptible to lose so much value in such a short time. The stocks were insured for Rs. 4 lakhs and the claim based on the information given by the complainant was for Rs. 3,95,727/-. The State Commission accepted the complaint and directed that she was entitled to the settlement of her claim of Rs. 3,95,727/-. They-also directed that interest at the rate of 18% per annum should be paid from 1.4.91 within 30 days from the date of receipt of their order.

3. THE Insurance Company has come in appeal against this order. In their appeal, however, they have not advanced any new argument which was not there before the State Commission. In fact, the State Commission has very rightly pointed out that the settlement of a claim made mechanically and based on a belated report of the Surveyor received after 14 months of the date of the occurrence of fire amounts to deficiency in service. In support of this, the State Commission has cited an order of this Commission in the case of Shri Umedilal Aggarwal v. K.K. Nagpal and Ors., reported in I (1991) CPJ169, wherein, it was held that failure to settle an insurance claim within a reasonable time amounts to delay in settlement of the insurance and a deficiency in service by the Insurance Company. What is a reasonable time is a matter of judgment, but normally a claim should be settled within six months, as otherwise it puts the insured to a considerable loss apart from mental agony.

4. WE , after a careful perusal of the record and hearing the learned Counsel for the appellant and the respondent, are of the view that there is nothing in this appeal which may persuade us to interfere with the order of the State Commission. Therefore, this appeal is dismissed with no order as to costs.

