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Supreme Court Mandates Reconsideration of Insurance Claim Due to Procedural
Fairness Issues



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The Hon'ble Supreme Court in the case of M/S Kozyflex Mattresses Pvt. Ltd. vs. SBI General Insurance Co. Ltd., addressed a dispute regarding the repudiation of an insurance claim following a fire incident at the appellant's manufacturing unit. The insured-appellant had obtained a 'Standard Fire and Special Perils Policy (Material Damage)' from SBI General Insurance Co. Ltd., covering plant, machinery, and stock. Following the fire, the appellant claimed Rs. 3.31 crores in damages. The insurer-respondent, however, repudiated the claim, alleging it was fraudulent and based on fictitious transactions as supported by the reports of two independent investigators. The primary legal questions were whether the appellant was entitled to the claim under the policy and whether the appellant, as a corporate entity, qualified as a consumer under the Consumer Protection Act, 1986.

The Court, analyzing the definition of 'person' under the Consumer Protection Act, 1986, noted that it should be interpreted liberally to include corporate entities. The court found merit in the appellant's argument that they were not given a fair chance to rebut the surveyor's and investigators' reports. It concluded that the insured-appellant should have been provided the opportunity to file rebuttal affidavits to these reports. As a result, the Supreme Court set aside the National Commission's order and remitted the matter for fresh consideration, directing the National Commission to allow the appellant to file rebuttal affidavits and re-examine the case on its merits.



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