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INSURANCE INSIGHT

Supreme Court reaffirms restrictions on Revisional authority of National Commission



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In the case of Rajesh Kumar v. National Insurance Co. Ltd., Civil Appeal Nos. 14615-14616 of 2024 (Arising out of SLP (Civil) Nos. 2219-2220 of 2020), the Hon'ble Supreme Court held that the National Commission exceeded its revisional jurisdiction by interfering with the concurrent findings of the District and State Commission without identifying any jurisdictional error or material irregularity.

In this case, Rajesh Kumar (Appellant) insured his car with National Insurance Co. Ltd. (Respondent) for an Insured Declared Value of Rs. 5,02,285. On 25.03.2013, his car turned upside down and fell into a ditch while avoiding a cow and later caught fire due to a short circuit. Although the appellant immediately reported the accident to the police, he notified the insurer three days later. The Respondent denied the claim, arguing that the delay in intimation and leaving the vehicle unattended led to additional damage.

The District Consumer Commission awarded 75% of the insured value finding the delay justified under the circumstances. The State Commission, on appeal, allowed the full insured value with interest. However, the National Commission reduced the claim to Rs. 53,543, relying on Condition No. 4 of the policy, which required the insured to take proper precautions to prevent further damage after an accident.

The Supreme Court restored the State Commission's order and directed the insurer to pay the full insured value with 9% interest. The Court held that the delay was reasonable given the appellant's urgency to assist his injured co-passenger.

The Court further noted that the National Commission had overstepped its revisional jurisdiction under Section 21(b) of the Consumer Protection Act, 1986, which allows interference only in cases of jurisdictional errors or material irregularities. The Court interpreted Condition No. 4 of the policy reasonably, concluding that the appellant's actions were justified given the circumstances of the accident.



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