

INSURANCE

INSIGHT

Supreme Court sets aside repudiation of marine insurance claim for breach of monsoon warranty; directs reassessment by NCDRC

Supreme Court clarifies deduction of government compensation in motor accident claims; enhances compensation for dependents



Supreme Court sets aside repudiation of claim for basement flood damage due to heavy rainfall

In the case of Gopal Dikshit v. United India Insurance Co. Ltd., 2025 SCC OnLine SC 1161, the Supreme Court overturned NCDRC's dismissal of an insurance claim where the insured building suffered heavy water damage in the basement following an intense rainfall in Delhi in August 2016. The insurer had repudiated the claim, citing seepage water damage, which was excluded under the policy, and the NCDRC had upheld the repudiation, relying on a delayed second survey report.

The Supreme Court noted that the first survey report, conducted promptly after the event, clearly attributed damage to flooding caused by heavy rains entering through the flooring. Certificates from independent structural engineers supported this finding, concluding the basement was flooded, not gradually seeping. The Court found the later survey report alleging damage due to seepage water to be unsupported and arbitrary. Emphasizing the objective evidence, the Court held the cause of damage was flooding from heavy rainfall, a covered peril, and not excluded seepage.

The Court set aside the NCDRC order and remanded the matter for fresh determination of compensation quantum consistent with the policy terms. This judgment reinforces the importance of timely and credible surveys and careful differentiation of flooding versus seepage in insurance claims.

Accident caused by the uninsured trailer attached to an insured tractor cannot exclude liability for Motor accident compensation

In the case of Royal Sundaram Alliance Insurance Co. Ltd. v. Honnamma, 2025 SCC OnLine SC 1027, the Supreme Court dealt with a motor accident claim where the deceased fell off an uninsured trailer attached to an insured tractor. The Motor Accident Claims Tribunal awarded Rs. 9,50,000 as compensation, which was later enhanced by the High Court to Rs. 13,28,940 and holding the insurer liable.

The Supreme Court upheld the enhancement and affirmed insurer liability despite the trailer being uninsured, observing that the accident occurred during the course of the tractor pulling the trailer. The Court noted precedent clarifying that trailers attached to tractors are not required to be separately insured under the Motor Vehicles Act and that the insurer of the tractor is liable for accidents involving it and the attached trailer.

The Court emphasised balancing statutory insurance provisions with practical realities, holding the insurer responsible for the accident caused by the insured tractor's operation, while granting the insurer the right to recover from the trailer owner.





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