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# INSURANCE

## INSIGHT

NCDRC examines the liability of Insurance company when it had rejected the  
request to enhance insurance coverage

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ANIMESH SINHA & PARTNERS  
ADVOCATES & SOLICITORS

**NCDRC examines the liability of Insurance company when it had rejected the request to enhance insurance coverage**

The Hon'ble NCDRC in the case of Oriental Insurance Co. Ltd. v. M/S Buildmet Fibers pvt. Ltd. First Appeal No. 1894 Of 2017, examined whether the insurance company is liable to indemnify the complainant for the damages to the insured vehicle despite the complainant's request for enhancement of the insurance coverage not being approved before the fire incidents occurred. The insurance company maintains that since the complainant's request for an increase in coverage was not approved and no additional premium was paid for the enhanced coverage, the insurer is not liable to cover the loss beyond the original sum insured.

The complainant contends that the insurance company ignored the endorsement request dated 07.06.2010, which requested an enhancement of coverage. They believe that this enhancement request was valid and should have been processed, and thus, the complainant should be compensated based on the enhanced coverage amount. Complainant further contends that since the request was made in good faith and prior to the final assessment of the claim, the company should have considered the request.

The Hon'ble NCDRC in the present case, set aside the findings of the Learned State Commission and held that the enhancement request made by the complainant for additional coverage was properly rejected because it was not processed as it was too late, and a new contract with additional premium was required. The complainant's insurance policy coverage remained at Rs.25 lakhs for the affected unit, despite the complainant's request for enhancement.



D106 SF Defence Colony  
New Delhi - 110024



asp@sinhapartners.com  
www.sinhapartners.com



+91 11 41 046 911  
+91 11 40 536 008