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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% ***Date of Decision: 03rd February, 2025***

+ **W.P.(C) 1335/2025 & CM APPL. 6539/2025**

PUNEET SINGHAL

.....Petitioner

Through: Mr. Ujwal Lahoti, Mr. Teeksh
Singhal and Ms. Tanya Sharma,
Advocates

versus

THE INSURANCE OMBUDSMAN, NEW DELHI & ANR.

.....Respondent

Through: None

CORAM:

HON'BLE MR. JUSTICE MANOJ JAIN

J U D G M E N T (oral)

CM APPL. 6539/2025 (exemption)

Exemption allowed, subject to all just exceptions.

W.P.(C) 1335/2025

1. Rules 16 & 17 of *Insurance Ombudsman Rules, 2017* read as under: -

“16. Recommendations made by the Insurance Ombudsman. —

(1) Where a complaint is settled through mediation, the Ombudsman shall make recommendation which it thinks fair in the circumstances of the case, within one month of the date of receipt of mutual written consent for such mediation and the copies of the recommendation shall be sent to the complainant and the insurer concerned.

(2) If the recommendation of the Ombudsman is acceptable to the complainant, he shall send a communication in writing within fifteen days of receipt of the recommendation, stating clearly that he accepts the settlement as full and final.

(3) The Ombudsman shall send to the insurer, a copy of its recommendation, along with the acceptance letter received from the complainant and the insurer shall, thereupon, comply with the terms of the recommendation immediately but not later than fifteen days of the receipt of such recommendation, and inform the Ombudsman of its compliance.



17. Award. —

(1) Where the complaint is not settled by way of mediation under rule 16, the Ombudsman shall pass an award, based on the pleadings and evidence brought on record.

(2) The award shall be in writing and shall state the reasons upon which the award is based.

(3) Where the award is in favour of the complainant, it shall state the amount of compensation granted to the complainant after deducting the amount already paid, if any, from the award:

Provided that the Ombudsman shall,—(i) not award any compensation in excess of the loss suffered by the complainant as a direct consequence of the cause of action; or (ii) not award compensation exceeding rupees thirty lakhs (including relevant expenses, if any).

(4) The Ombudsman shall finalise its findings and pass an award within a period of three months of the receipt of all requirements from the complainant.

(5) A copy of the award shall be sent to the complainant and the insurer named in the complaint.

(6) The insurer shall comply with the award within thirty days of the receipt of the award and intimate compliance of the same to the Ombudsman.

(7) The complainant shall be entitled to such interest at a rate per annum as specified in the regulations, framed under the Insurance Regulatory and Development Authority of India Act, 1999, from the date the claim ought to have been settled under the regulations, till the date of payment of the amount awarded by the Ombudsman.

(8) The award of Insurance Ombudsman shall be binding on the insurers.”

2. According to petitioner, he was having one insurance policy for his car.

3. It was issued by respondent no. 2 herein and was valid till 22.08.2024.

4. The above car, however, met with some accident on the night intervening 17.11.2023 & 18.11.2023 i.e. during the period when it was duly insured.

5. Petitioner lodged claim with insurance company and supplied all the documents, promptly, as and when so demanded by the insurance company.

6. However, according to petitioner, his such claim was rejected by respondent no. 2 in an arbitrary manner.



7. Petitioner approached *Chief Grievance Officer* of respondent no. 2, but to no avail.
8. Resultantly, he escalated the matter by filing a complaint under Rule 13(1)(b) of the *Insurance Ombudsman Rules, 2017*.
9. The Insurance Ombudsman, vide order dated 04.09.2024, was pleased to remand the complaint to respondent no. 2 insurance company for further review and re-consideration. It is contended that the Insurance Ombudsman had resorted to Rule 16 and even recommended mediation and respondent no. 2 was accordingly directed to re-consider the claim of the petitioner. It was also categorically mentioned in the aforesaid order dated 04.09.2024 that insurer had agreed to review the claim for which complainant had also agreed and thus the conciliation was arrived at between the parties. It was thus recorded in the aforesaid order that the *complaint stood resolved by way of mediation under Rule 16 and, accordingly, insurer was directed to take legal opinion and to review the claim within 30 days of the award*.
10. Relevant part of such order reads as under: -

“Observation and Conclusions:

Case called and parties to the case were present. The complaint stated that on 18.11.2023, his son was coming back to his home after having dinner due to his long working hours. Suddenly an animal came in front of his vehicle and in order to save the animal, his son steered his car but due to that the vehicle got hit with another vehicle on the front side. The Insurers representative stated that the impact of the accident was severe and as per the copy of MLC the driver was under intoxication at the time of accident which is violation of the terms and conditions of the policy. The complainant responded that at the time of accident, the car’s door got jammed and he broke the window and asked for the help and was taken to the hospital. On being asked, he has innocently replied he innocently replied that he took beer. In MLC it is clearly stated that his son was conscious. No blood alcohol test was done by the hospital to find out the alcohol and to establish that he was under the intoxicating liquor beyond



the prescribed limit. There was no mention of smell. So he claims he should be paid. During further discussion in hearing it was noted that no smell test was done nor balloon test was done and also no test for the alcohol level in blood was done. Though the hospital has written history of alcohol induced but at same time it was mentioned as per casualty card that patient was conscious and oriented. The Insurer's agreed to review the claim for which the complainant also agreed, Hence conciliation arrived at between the parties of the case.

**Recommendation under Rule 16 of Insurance Ombudsman Rules 2017
(as amended from time to time)**

COMPLAINT REF NO DEL-G-023-2425-0112

Complaint stands resolved by way of mediation under Rule 16 of Insurance Ombudsman Rule, 2017. The Insurer shall take legal opinion and review the claim within 30 days of the Award.

AWARD NO: IO/DEL/R/GI/0078/2024-2025 INSURANCE OMBUDSMAN

Date: 04/Sep/2024

Delhi

11. Fact remains that despite aforesaid remand, respondent no. 2 insurance company held that the claim was not tenable and did not fall under the purview of the policy and thereby, again, rejected the claim vide communication dated 23.09.2024.
12. Petitioner submitted fresh representation before the Insurance Ombudsman by sending, *inter alia*, a communication dated 04.11.2024, which request has neither been registered nor considered. It is contended that such subsequent complaint has not even been registered on the premise that the complaint has already been redressed as earlier the Insurance Ombudsman had disposed of the matter.
13. This Court does find some merit in the contention of the petitioner.
14. The situation herein is little unusual as the petitioner seems totally remediless.



15. As already noted, when the complaint was, initially, raised, the Insurance Ombudsman, though, seems to have merely remanded the matter as the insurance company had agreed to review the claim, it also, in the same very order, *observed that complaint stood resolved by way mediation under Rule 16 of Insurance Ombudsman Rules, 2017.*

16. Fact remains that there is nothing which may even remotely indicate that complaint was settled through mediation. Manifestly, the matter was merely remanded back to concerned insurance company to reconsider and review the claim.

17. Since, thereafter, the claim was, again, rejected by the insurance company and a fresh complaint was lodged with the Insurance Ombudsman, it is now incumbent upon the Insurance Ombudsman to consider such complaint in terms of Rule 16 and Rule 17 of Insurance Ombudsman Rules, 2017.

18. The alternate prayer in the present writ petition is also to the effect that the office of Insurance Ombudsman may be requested to expeditiously decide the claim of the petitioner, arising out of policy in question.

19. This Court would not mince any word in commenting that, actually speaking, there is no order which can be said to be falling under Rule 16 of Insurance Ombudsman Rules, 2017.

20. As already noticed above, by virtue of the aforesaid order dated 04.09.2024, though it was observed that the matter had been resolved by way of mediation, fact remained that there was no adjudication or any resolution by way of mediation and the parties were merely relegated back, on the basis of assurance given by the insurance company to review the claim. In such a situation, when there is again a rejection of claim by



insurance company, it is obligatory for the Insurance Ombudsman to re-register the complaint of the petitioner and to decide the same in terms of aforesaid Rules.

21. Nobody appears on behalf of the respondents despite advance notice.

22. Learned counsel for the petitioner has also strongly relied upon the judgment of this Court given in *Karan Tomar Vs. Insurance Ombudsman and Another: 2024 SCC OnLine Del 5979* wherein it has been observed as under:-

“10. A bare perusal of the aforesaid provisions would show that Insurance Ombudsman is enjoined upon to bring about an amicable settlement between the parties and in case there is no settlement arrived at, the Insurance Ombudsman is empowered to pass an Award finalising its findings and pass an appropriate award containing its recommendations, including granting of compensation.

11. In the instance case, it is evident that no ‘Award’ has been passed, as the impugned Award dated 04.07.2022 does not effectively settle the claims and counter claim of the parties. It mechanically records a submission by respondent No. 2 that they would be supplied with “requisite documents”, without specifying what those relevant documents are. Such kind of orders do not serve the cause of justice but instead create further complications. It is also manifest that on the strength of directionless orders, respondent No. 2 has been successful in taking the justice system for a ride, and now denying the claim of the petitioner in an arbitrary manner.”

23. Situation is, more or less, similar here as there is no resolution by mediation and, therefore, Ombudsman is mandated to pass Award.

24. In view of the above, the present petition is disposed of with the



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direction to respondent no. 1 i.e. Insurance Ombudsman to consider the aforesaid representation made by the petitioner on 25.11.2024 and to dispose that of in consonance with Rule 16 & Rule 17 of Insurance Ombudsman Rules, 2017, within a period of six weeks from receipt of this order.

25. The Registry is directed to send a copy of this order to *Insurance Ombudsman* for information and due compliance.

26. A copy of this order/judgment be given *dasti* under the signatures of the Court Master.

(MANOJ JAIN)
JUDGE

FEBRUARY 3, 2025/dr