

**IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI**

[3483]

APHC010429512024



**WRIT PETITION No: 22758 of 2024 along with
W.P.Nos.22091, 22103, 22124, 22131, 22138, 22759,
22760, 22818, 22820, 22918, 22919, 22921, 22923,
22935, 22937, 22940, 22962, 22968, 23002, 23014,
23016, 23051, 23104, 24120, 24124, 24202, 24289,
24324, 24420, 24459, 24460, 24461, 24467, 24477,
24638, 24642, 24706, 24707, 24728, 24730, 24733,
24893, 26395, 26453, 26482, 26513, 26580, 26585,
26654, 26804, 26865, 28993, 29310, 29419, 30311,
30458, 31022, 31143 & 31220 of 2024**

Agriculture Insurance Company Of India
Ltd

...Petitioner

Vs.

The National Consumer Disputes Redressal Commission
and Others

...Respondent(s)

Advocate for Petitioner:

Mr. Motupalli Vijaya Kumar, learned
Senior Counsel appearing for Mr. P.
Mohan Rao

Advocate(s) for Respondent(s):

Mr. Kushank Sindhu,
Mr. Varun Byreddy,
GP for Agriculture

**CORAM : THE CHIEF JUSTICE DHIRAJ SINGH THAKUR
SRI JUSTICE RAVI CHEEMALAPATI**

DATE : 30.01.2026

Per DHIRAJ SINGH THAKUR, CJ:

Since common questions of law and fact arise in the present batch of petitions, we propose to deal with the same by way of this common judgment and order.

2. All the petitions are filed by the Agriculture Insurance Company of India Limited challenging the orders passed by the National Consumer Disputes Redressal Commission, dated 25.06.2024, by virtue of which revision petitions filed by the farmers against the order passed by the State Consumer Commission were partly allowed and the petitioner – Insurance Company was directed to refund the premium amount collected from the complainants/farmers. Besides this, an amount of Rs.40,000/- each was directed to be paid to the complainants as cost of litigation and suffering on account of mental agony and harassment.

Briefly stated, the material facts are as under:

3. The Government of India floated a scheme called 'Weather Based Crop Insurance Scheme' (WBCIS) by virtue of its order, dated 03.03.2010. Thereafter, the Government of Andhra Pradesh issued G.O.Rt.No.7, dated 03.01.2012 for implementation of a pilot weather based crop insurance scheme, which was to operate in certain districts including in Kurnool District. The crops which could be insured under the scheme were the crops of banana and mango. The scheme is stated to have been widely publicized by the officers in the villages in the concerned districts including Kurnool District.

As per the notification, the Government, by virtue of G.O.Rt.No.7, notified insurance cover for the mango crop for certain districts including Kurnool, whereas banana crop was notified to be insured for the districts of Vizianagaram, East Godavari and Y.S.R. Kadapa.

4. The main features according to clause 5 of the 'operational modalities' pertained to the perils which were covered, whereas clause 6 deals with the risk period. Both are reproduced hereunder:

“5. PERILS COVERED:

Following are the weather perils, which are deemed to cause “Adverse Weather Incidence” affecting crop health, leading to crop loss, would be covered under the Scheme:

1. Excess/unseasonal rainfall
2. Pests and diseases (High Rh & Low Temperature)
3. Daily temperature fluctuations and
4. Daily maximum wind speed

6. RISK PERIOD: Risk period commences from 1st January, 2011 to and the table containing the coverage periods at phases as given here:

S.No.	Name of the cover	Period
1	Excess/Unseasonal Rainfall cover	1 st January, 2012 to 29 th February, 2012
2	Cover against Pest and Disease incidence	1 st January, 2012 to 29 th February, 2012
3	Daily Temperature Fluctuation Cover	1 st January, 2012 to 15 th March, 2012
4	Daily Max Wind Speed Cover	1 st March, 2012 to 31 st May, 2012

Table – 1: Coverage details”

The scheme envisaged that a farmer would only be required to pay 50% of the total premium and that the balance to be shared by the Central Government and Government of Andhra Pradesh on a 50:50 basis.

5. According to clause 13 of the notified scheme, the claims of insurance would be based upon the data as regards the wind speed, temperature fluctuations, etc., which data was envisaged to be provided by 'automatic weather stations' set up by the Andhra Pradesh Disaster Mitigation Society to the petitioner Insurance Company on a day-to-day basis for the period from

01.01.2012 to 31.05.2012, as that was the period during which the insurance cover would be available to the farmers.

In the aforementioned backdrop, complaints came to be filed by the complainants wherein it was claimed that their mango crop had suffered damage thereby causing huge monetary loss to them on account of heavy rain and storm coupled with high-speed winds which occurred on 13.05.2012. The farmers claimed deficiency of service on the part of the petitioner alleging failure to settle their insurance claims.

6. The stand of the claimants was that the Assistant Director of Horticulture upon visiting the fields of the complainants, had given a certificate certifying that there was crop failure on account of the unfavourable weather conditions.

7. The stand of the complainants was that they had filled up the proposal forms with a view to be protected by the insurance cover for their crops and that the respondents in the complaint including the appellant had not supplied the terms and conditions of the scheme, including various parameters, on the happening of which, the insurance claim could be triggered.

8. Complainants claimed that the horticulture officers who acted as agents between the farmers and the Insurance Company had given an impression that the complainants would be compensated on account of any crop loss that would occur and had been kept in the dark as regards the various factors and that it was for the first time that they were being told

during the proceedings before the District Forum that the compensation was not payable.

9. According to the stand of the petitioner - Insurance Company before the District Consumer Forum, there was no adverse incident on the date when the complainants claimed that there were unseasonal/excessive rains during the specified cover period and therefore, the stand was that the claims were untenable under the WBCIS and consequently, there was no deficiency of service on its part in refusing to pay the insurance amount.

According to the scheme, the daily maximum wind trigger for the period between 01.03.2012 to 31.05.2012 was as under:

Daily Max Wind Trigger						
Fortnights	1-Mar to 15-Mar	16-Mar to 31-Mar	1-April to 15-April	16-April to 30-April	1-May to 15-May	16-May to 31-May
Wind speed (Km/Hr)	45	40	40	35	35	30

10. The District Forum allowed the complaints filed by the complainants holding that most of the farmers were illiterate and that the only person competent to give reasons for loss of crop was the Horticulture Officer. It was also held that the concerned Tahsildar, Dhone, had issued a Certificate of Renewal during the rabi season in 2011-12, according to which, it had rained continuously for four days from 10.05.2012 to 13.05.2012 in the area, which had received about 20 mm of rainfall and since it was the time when the flowers were to convert into fruits, the loss occurred on account of heavy

rains and winds. The complaints were accordingly allowed with a direction for payment of the assured amount to the complainants.

11. The petitioner challenged the order passed by the District Consumer Forum in First Appeal before the State Consumer Commission, which set aside the order passed by the District Consumer Forum on the ground that it had proceeded to allow the complaint based on Ex.A9, which was a certificate issued by the Horticulture Officer and further held that the said claim could not have been allowed inasmuch as the complainants had not adduced any evidence and not filed any documents stating that there was a storm on 13.05.2012.

12. The order passed by the State Consumer Commission was then challenged before the NCDRC in revision, who by its common order, dated 25.06.2024, partly allowed the revision petitions and set aside the orders of the State Commission and the District Forum and directed the Insurance Company to refund the premium amount collected from the complainants along with interest at the rate of 6% per annum from the date of filing complaint as also to pay an amount of Rs.40,000/- to each of the complainants/farmers as cost of litigation and suffering on account of mental agony and harassment.

The basis for allowing the revision petitions, though partly allowed by the NCDRC, was that the complainants/farmers had not been informed in

detail the manner in which the scheme would operate and that the information that was provided was an extremely limited piece of information.

13. Learned counsel for the appellants – Insurance Company would submit that the view expressed by the NCDRC was unsustainable in law inasmuch as it had erroneously come to a conclusion that the scheme had not been fully explained to the farmers. Reference in this regard was made to the proposal form which was signed by each of the farmers, who came to be covered under the aforesaid scheme. It was urged that the view expressed by the State Consumer Commission was the correct view, which had gone into the entire issue minutely.

It was further urged that the basis of the claim of the complainants in the complaint was loss to the mango crop that had been caused on account of a storm and heavy rain on 13.05.2012 coupled with high speed winds whereas the claim with regard to excess/unseasonal rainfall would be covered only for the period from 01.01.2012 to 29.02.2012 and in any case, did not cover and did not extend to 13.05.2012. It was stated that wind speed was much below the trigger point of 35 and therefore, in no case could the claimants be entitled to claim deficiency of service for non-payment of compensation on account of the alleged crop loss.

14. Learned counsel for the respondents/claimants, on the other hand, reiterated the grounds earlier urged before the State Commission and sought to justify and buttress the view already expressed by the NCDRC.

We have heard learned counsel for the parties.

15. The issue that falls for our consideration is as to whether the claimants are entitled to the compensation in terms of the policy of insurance on account of loss to the mango crop, which, according to the petitioners, they had suffered on account of the storm with heavy rain coupled with high speed winds on 13.05.2012.

Admittedly, the claim on account of loss to the mango crop would be maintainable only if the claimants had established that there was excess/unseasonal rainfall and that the daily maximum wind speed had exceeded the daily maximum wind trigger as was prescribed under the scheme.

16. Insofar as the excess/unseasonal rainfall is concerned, the said insurance cover was relevant only for the period from 01.01.2012 to 29.02.2012 and therefore, would in no case cover the alleged damage on 13.05.2012, which was otherwise claimed by the claimants.

Insofar as the alleged damage to the mango crop on account of the excessive wind speed is concerned, the said could be covered if the loss had occasioned from the period commencing from 01.03.2012 to 31.05.2012. However, the daily maximum wind trigger in that case ought to have been at least 35, as was prescribed for the period from 01.05.2012 to 15.05.2012 under the scheme.

17. According to the case of the appellant – Insurance Company, the wind speeds had not exceeded the prescribed trigger points and therefore, no claim could be made by the claimants on that account.

However, we have to look at the issue from a different perspective, as has been held by the National Commission and that is whether the Insurance Company had made full disclosure of the scheme and, in particular, the trigger points with regard to the wind speed etc. to the complainants at the time when they were persuaded to get the insurance cover.

18. At this stage, it will be relevant to refer to the Apex Court judgment rendered in the case of **Mahakali Sujatha vs. Branch Manager, Future General India Life Insurance Company Limited and another**¹, where the Apex Court emphasized the duty of both the insured and also the insurer to make full disclosure in regard to the contract of insurance so that the parties could make an informed decision with regard to the contract of insurance.

The Supreme Court in the judgment supra held thus:

“39. From the aforementioned discussion, it is clear that the principle of utmost good faith puts reciprocal duties of disclosure on both parties to the contract of insurance. These reciprocal duties mandate that both the parties make complete disclosure to each other, so that the parties can take an informed decision and a fair contract of insurance exists between them. No material facts should be suppressed, which may have a bearing on the risk being insured and the decision of the party to undertake that risk. However, not every question can be said to be material fact and the materiality of a fact has to be adjudged as per the rules stated in the aforementioned judgment.”

¹ (2024) 8 SCC 712

19. The necessity and importance of conveying to the beneficiary of an insurance policy holder the conditions of the said insurance policy was also dealt with earlier in **Anju Kalsi vs. HDFC Ergo General Insurance Company Limited and another**².

20. In the aforesaid case, the claimant's son had obtained the benefit of an insurance cover under a policy called "Cardsure Package Policy". The claimant's son was an accountholder with HDFC Bank Limited and had availed a Debit Card from the Bank, who in turn had obtained an insurance cover from HDFC Ergo General Insurance Company Limited for providing an insurance cover for cardholders of the Bank. The claimant's son however died in an accident whereafter a claim was made under the insurance cover, which was repudiated by the Insurance Company on the ground that the deceased had not undertaken "non-ATM transaction" in the period of three months immediately preceding the date of accident.

It is in that context that the Apex Court held that the insurance cover was governed by a policy between the Bank and the Insurance Company and that the terms and conditions of the insurance cover had to be specifically communicated to the accountholder and should also be put on notice that the insurance cover would become available only after a transaction took place of the nature spelt out in the subject conditions of the insurance policy. It also held that unless the respondents were able to

² (2022) 6 SCC 394

establish on a cogent basis that the special conditions of the policy which was issued by the Insurance Company to the Bank were drawn to the notice of the accountholder, the claim could not have been repudiated.

21. When we test the facts of the present case on the touchstone of the ratio of the aforesaid judgments, it can be seen that even in the present case, the claimants were not informed specifically that the insurance cover would be available only if the trigger points were met in regard to wind speeds during the relevant period.

22. At this stage, we deem it apposite to deal with the argument of learned Senior Counsel appearing for the Insurance Company that this was not a case where the scheme of the insurance policy had not been intimated to the claimants in its entirety. A lot of emphasis was placed by the learned Senior Counsel on the declaration made by the claimants in the proposal form, one of which reads as under:

"I hereby declare that the provisions of the Weather Based Crop Insurance Scheme & the Product structure therein have been read and understood by /explained to me in detail in my language before completing the proposal form. I hereby further declare that the particulars furnished above are true and correct. I am aware and agree that the payout, if any, would be made as per the data of the Reference Weather Station (RWS) as mentioned in this proposal form. ..."

23. In the ordinary course, one would have accepted the argument of learned Senior Counsel based upon the declaration so made, however, the statement made by learned counsel for the Insurance Company before the

NCDRC suggests otherwise. What was recorded by the NCDRC in para No.12 of its order is as under:

“12. Learned Counsel for the Insurance Company submitted that the Scheme was explained to the farmers by way of printing and distribution of a pamphlet in Telugu. I have gone through the pamphlet and I notice that it is a one page pamphlet back to back and contains extremely limited information. What is contained are the four perils, along with period of operation of such peril. The other details include the details of the crop insured, payment of premium with certain details and farmer (s) who are covered. Even the risk period mentioned in the pamphlet has been incorrectly printed. For example, for the risk of daily temperature fluctuation, the risk period is mentioned as 16th January - 3rd March, whereas actually it is 1st January - 15th March as per the Notification. It could be a typographical printing mistake. However, it is also a fact that the pamphlet does not contain any further detail (s) of how the Scheme would operate. Evidently, I am in agreement with the District Forum's Order (s) to the extent that the farmers were not supplied with full particulars of the Scheme, considering that the Scheme is so highly technical and the trigger points in availing the insurance claim put so high that any ordinary variation, if detected in weather condition would not allow triggering of the risk to be indemnified. ... In this connection, I would like to quote from the original Notification of Government of India, wherein it has been stated that the proposed pilot scheme aims "to mitigate the hardships of the farmers against the likelihood of financial losses on account of anticipated crop loss resulting from the incidence of adverse weather conditions of weather parameters like temperature, rainfall, humidity etc.". Thus, it can be seen that this is mainly to help mitigate the hardship of the farmers. Defining the intricacies of the Scheme would amount to proper disclosure.”

Learned counsel for the Insurance Company submitted that the scheme was explained to the farmers by way of printing and distribution of a pamphlet in Telugu.

24. Therefore, it does transpire that while the declaration is said to have been made by the claimants that they had been made to understand and explained in detail the weather based crop insurance scheme and the product structure, in fact, what was explained was only by way of the printing

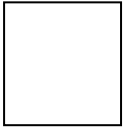
and distribution of a pamphlet in Telugu, which pamphlet did not at all mention the trigger points as regards wind speed etc. The NCDRC also recorded that even the pamphlet had been incorrectly printed in regard to the risk of daily temperature fluctuations where the risk period was mentioned as 16th January – 3rd March, whereas it was 1st January – 15th March as per the notification.

In the facts and circumstances as discussed hereinabove, we are of the opinion that the insurance claim of the claimants could not have repudiated and they would be entitled to get indemnified to the extent of loss for which they were otherwise insured in terms of the contract of insurance. The claimants also are held entitled only to an extent of Rs.10,000/- per claimant as cost of litigation and mental agony, as against Rs.40,000/- awarded by the NCDRC. The insurance company would also not be under any obligation to return to the claimants the premium amount as was ordered to be refunded to the claimants, by the NCDRC. The order passed by the NCDRC would stand modified to that extent.

The present batch of writ petitions shall stand disposed of accordingly.
No costs. Pending miscellaneous applications, if any, shall stand closed.

DHIRAJ SINGH THAKUR, CJ

RAVI CHEEMALAPATI, J
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**HON'BLE MR.JUSTICE DHIRAJ SINGH THAKUR, CHIEF JUSTICE
&
HON'BLE MR. JUSTICE RAVI CHEEMALAPATI**

Writ Petition No: 22758 of 2024 & Batch

DATE : 30.01.2026

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