STATE CONSUMER DISPUTES REDRESSALCOMMISSION
MAHARASHTRA, MUMBAI

CONSUMER COMPLAINT NO: SC/27/CC/18/1064

M/s Mateshri Textiles
A Proprietary concerned
Through Prop viz;
Mr. Abhishek Mahendrakumar Dhanresha,
R/o Plot No. E-92/5/5, MIDC Area,
Akkalkot Road, Solapur **…Complainant.**

Versus

United India General Insurance Co. Ltd.,
Having its Division Office at
Janata Shopping Centre,
2nd Floor, Navi Peth,
Solapur **….Opposite Party.**

BEFORE:
Ms. Poonam V. Maharshi, Hon'ble Presiding Member.
Dr. Nisha Amol Chavhan, Hon'ble Member.

APPEARANCE :
For Complainant : Adv. Prashant Trivedi / Adv. Maradkar
For Opposite Party : Adv. Savita Pethe

ORDER
(21/10/2026)

Per : Mrs. Dr. Nisha Amol Chavhan, Member.

1. The present consumer complaint has been filed by the Complainant under Section 12 of the Consumer Protection Act, 1986, alleging deficiency in service and unfair trade practice against the Opponent i.e. Insurance Company arising from the arbitrary and illegal repudiation of the fire insurance claim.

2. It is the case of the complainant that, the Complainant runs a textile industry manufacturing towels and napkins in the MIDC Area, Solapur. To safeguard his business interests against unforeseen perils, the Complainant obtained three valid insurance policies from the Opponent covering the factory

building, plant and machinery, stock of finished and semi-finished goods, and raw materials. The total sum insured across the three policies amounted to ₹91,50,000/-. The Opponent issued these policies after a thorough inspection and photographic documentation of the factory premises.

3. Complainant submitted that, on 21/07/2017 at approximately 2:45 p.m., an accidental fire broke out in the factory premises due to an electrical short circuit. Immediately upon the incident, the Complainant duly intimated the Police, the Fire Department, the Electrical Inspector, and the Opponent. The Opponent appointed a surveyor who inspected the site. The Complainant submitted a comprehensive claim assessing the total loss at Rs. 87,33,324/-. However, after a prolonged delay of approximately one year, the Opponent repudiated the claim vide letter dated 16.07.2018.

4. The Opponent repudiated the claim on the grounds that:

- There was unauthorized construction on the ground and second floors where the fire occurred;
- There was an unauthorized electricity connection on the second floor; and
- There was an absence of fire extinguishing appliances, which purportedly constituted negligence and a breach of general condition clause 3 of the policy.

5. Therefore, complaint prayed to allow the complaint.

6. After admission of the complaint, notice has been issued to the opponent. The Opponent filed its written statement admitting the issuance of the policies but justifying the repudiation. The Opponent contended that the Complainant suppressed material facts regarding unauthorized and additional construction on the second floor, where the fire allegedly originated, and relied heavily on the Fire Brigade's Survey Certificate dated 29.08.2017, which noted the absence of fire safety measures. The Opponent further asserted that the Complainant failed to produce authentic documentary evidence from an accounting expert to

substantiate the exact quantum of stock lost, maintaining that any breach of policy terms absolved them of liability.

7. Upon perusal of the record, pleadings, affidavits, and documentary evidence, the following key issues arise for our determination.

Sr. No.	Points	Findings
1.	Whether the Complainant is a "consumer" under the Consumer Protection Act, 1986, and whether the complaint involves a consumer dispute?	Affirmative
2.	Whether the repudiation of the fire insurance claim by the Opponent on the grounds of unauthorized construction, electricity connection, and absence of fire-fighting equipment amounts to deficiency in service and unfair trade practice?	Affirmative
3.	What order?	As per final Order

REASONS

As to Point No.1 :

8. After the perusal of the record, this commission found that, it is undisputed that the Complainant obtained three insurance policies covering his factory building, plant and machinery, stock, and raw materials for a total sum insured of Rs. 91,50,000/- after paying the requisite premium. The insurance was obtained to safeguard the business assets against accidental risks such as fire. The repudiation of the claim by the insurance company constitutes a "deficiency in service" under Section 2(1)(g) of the Consumer Protection Act, 1986. Hence, this Commission has the requisite jurisdiction to entertain and try the present complaint. Accordingly, Point No. 1 is answered in the affirmative.

As to Point No.2 :

9. In this present consumer case, the core controversy revolves around the grounds of repudiation invoked by the Opponent Insurance Company namely,

unauthorized construction, unauthorized electricity connection, and absence of fire-fighting appliances.

10. It is an established principle of insurance jurisprudence that an insurance policy is issued only after due inspection of the premises by the insurer's agents or surveyors. The Opponent issued the policies after a thorough inspection and photographic documentation of the factory premises. Having accepted the premium and issued the policies with open eyes, the Opponent cannot subsequently turn around and take refuge under pre-existing or alleged structural deviations to repudiate a legitimate claim, unless it is proven that such deviations fundamentally altered the risk parameters and were fraudulently concealed with a nexus to the peril insured.

11. The Opponent has taken a technical plea that the absence of fire-fighting equipment constitutes a breach of general condition clause 3 of the policy. We find this ground untenable. In commercial and industrial establishments, minor regulatory or safety compliance shortcomingsunless expressly warranted as a condition precedent to the contract's attachment in unequivocal termscannot form the sole basis to reject a claim arising from an accidental fire caused by an electrical short circuit. Insurance contracts are meant to indemnify losses against accidental hazards; they cannot be interpreted hyper-technically to defeat the very purpose of insurance cover.

12. The Complainant has rightly placed reliance on the judgment of the Hon’ble National Consumer Disputes Redressal Commission in ***Bajaj Allianz General Insurance Co. Ltd. vs. Bhupender Gahlawat (First Appeal No. 70 of 2014)***, wherein it has been consistently held that repudiation of claims on hyper-technical grounds, without establishing a direct causal connection between the alleged breach and the cause of loss, constitutes deficiency in service. In the present case, the fire broke out due to an accidental electrical short circuit, which is an extraneous peril covered under standard fire policies. The Opponent

has failed to establish any deliberate fraud or active concealment that caused the fire.

13. The Opponent raised a secondary objection that the Complainant failed to produce authentic expert accounting evidence regarding the stock. However, the Complainant had submitted a detailed claim assessing the loss at ₹87,33,324/- backed by primary records, police panchnama, fire brigade reports, and surveyor intimation. The surveyor appointed by the Opponent visited the site immediately after the incident. The wholesale repudiation of the claim on liability grounds rendered the assessment of quantum secondary, but the material on record sufficiently demonstrates substantial loss suffered by the Complainant.

Accordingly, we hold that the repudiation of the fire insurance claim by the Opponent vide letter dated 16.07.2018 was arbitrary, unjustified, and amounts to grave deficiency in service and unfair trade practice. Point No.2 is answered in the affirmative.

As to Point No.3 :

14. In view of our findings as to Point No.1 and 2 in affirmative, this Commission found that Opponent deficient in service, the Complainant is entitled to indemnification for the loss sustained, along with reasonable interest for the mental agony and financial hardship caused due to the unjustified withholding of the claim amount for nearly a decade.

Considering the total sum insured of Rs.91,50,000/- and the assessed loss of Rs.87,33,324/-, we deem it appropriate to direct the Opponent to pay the assessed claim amount along with reasonable interest and litigation costs. Hence, we hereby partly allowed the complaint and passed following order.

FINAL ORDER

1. The Consumer Complaint is hereby Partly allowed.

2. It is directed to the Opponent Insurance Company to pay to the Complainant the claim amount of Rs.87,33,324/- along with interest at the rate of 9% per annum from the date of repudiation (16.07.2018) until the date of actual realization.

3. The Opponent shall further pay an amount of Rs.1,00,000/- as compensation for mental agony and harassment, and Rs.50,000/- towards litigation costs.

4. Copy of this order be provided to both parties free of cost.

[Poonam V. Maharshi]
Presiding Member

[Dr. Nisha Amol Chavhan]
Member

NAC/aj