IN THE DELHI STATE CONSUMER DISPUTES REDRESSAL COMMISSION

Date of Institution: 29.12.2023
Date of Hearing: 12.05.2026
Date of Decision: 27.07.2026

FIRST APPEAL NO.- 698/2023

IN THE MATTER OF

UNITED INDIA INSURANCE CO. LTD.
REGIONAL OFFICE NO. 1:
18, BARAKHAMBA ROAD,
8th FLOOR, KANCHENJUNGA BUILDING,
NEW DELHI-110001.

(Through: Mr. Ravi Bakshi, Advocate)

…Appellant

VERSUS

MR. AJAY SHARMA
R/O 508, KRISHNA GALI, KATRA NEEL,
CHANDINI CHOWK, DELHI-110006.

(Through: Mr. Bhupesh Kumar Chandna, Advocate)

…Respondent

CORAM:
HON'BLE JUSTICE SANGITA DHINGRA SEHGAL (PRESIDENT)
HON'BLE MS. BIMLA KUMARI, MEMBER (FEMALE)

Present: None for the appellant
Mr. Bhupesh Kumar Chandna, Counsel for the Respondent (Mobile: 7988788815) appeared through VC

PER: HON'BLE JUSTICE SANGITA DHINGRA SEHGAL (PRESIDENT)

JUDGMENT

1. The facts of the case as per the District Consumer Disputes Redressal Commission-VI, (New Delhi District), M-Block, 1st Floor, Vikas Bhawan, I.P. Estate, New Delhi-110002, record are as under:

> *"1. The present complaint has been filed under the provisions of the Consumer Protection Act, 1986 (in short CP Act) against Opposite Parties (in short OP) alleging deficiency of services against OP-1. The brief facts of the case are that the complainant is the registered owner of the vehicle bearing No. DL-1CQ-2400 (SKODA LAURA) was insured with the OP vide policy bearing No.0402813117P109209077 27.09.2018. w.e.f. 28.09.2017 to27.09.2018.*
> *2. It is alleged that on 18.02.2018, the complainant insured vehicle got stolen from Gandhi Nagar, Pushta Shyam Block, Gandhi Nagar, Shahdara, Delhi. The complainant immediately registered the e- FIR bearing no. 005437 dated 18.02.2018 with the crime branch.*
> *3. It is alleged that the complainant immediately lodged the claim of theft with the OP-1 and the factum of loss was duly investigated by the police as well as the investigator Sh. Balbir Singh Bahel (Investigator) D-37, Old Gupta Colony, Near Vijay nagar, Delhi-110009 and subsequently appointed another*

investigator M/s X – cops investigation Allied Services A-7, Middle Circle, Connaught Place, new Delhi-110001.

4. It is further alleged by the complainant that vide letter dated 15.05.2015 and whatsupp message dated 23.05.2018, the first investigator demanded some document from complainant such as the purchase receipt / Cash receipt, proof of payment, copy of previous policies and ITRs. The complainant replied the Insurance co. as well as its surveyor/investigator vide letters dated 25.05.2018, 11.06.2018 and 23.07.2018.

5. It is alleged by the complainant that despite completion of entire formalities OP Insurance Co. did not settle the genuine claim and repudiated vide letter dated 08.04.2019 on the ground of false documents and mis-representation of facts. This act of OP Insurance Co. amounts to deficiency in service, hence, this complaint.

6. It is prayed that OP's be directed to pay a sum of Rs.16,51,000/- against. the theft claim of the vehicle including compensation on account of negligence, deficiency in service, harassment and cost of litigation to the complainant.

7. Notice of the complaint was issued to OP-1 & 2, upon which OP-1 entered appearance and whereas OP-2 chose not to appear in the proceeding, despite service as per track report dated 15-01-2019 available on record. OP-2 filed written statement along with two investigation report as well repudiation letter, contesting the case on various grounds inter alia that wherein it denied any deficiency in service on its part, It is further stated that the actual value of the vehicle was 5.5 lakh, but the value of the vehicle have been inflated by the insured with the help of some unknown unscrupulous person including there-inspection agency deployed for the inspection before issuing the policy in question. It is further stated that in its written version given to investigator the complainant had averred that he purchased the vehicle for a sum of Rs.10 lakhs, whereas, the complainant produced a purchase receipt of Rs.10 Lakhs. It is further stated that as per the investigation report the insurance claim lodged by the insured is not genuine and insured has made

an attempt to cheat the OP on the basis of false documents and representation of the facts. Hence, as per terms and condition of the policy insurer has no liability. It is further prayed that present complaint be dismissed with cost.

8. Both the parties have filed their evidence by way of affidavit, We have carefully gone through the record of the case and have heard the submissions of Ld. Counsels for the parties.

"

2. The District Commission after taking into consideration the material available on record passed the judgment dated **28.11.2023**, whereby it held as under:

"9. The sole question for our consideration is as to whether the OP-1 Co. was justified in repudiating the claim lodged by the complainant. The OP insurance company has repudiated the claim on 08/4/2019 on the ground that as per the investigation report the insurance claim lodged by the insured is not genuine and insured has made an attempt to cheat the OP on the basis of false documents and representation of the facts. There has been contradiction in statement given by the insured to investigator at different stage. Hence, as per terms and condition of the policy insurer has no liability.

10. The OP Insurance Co. has placed on record the copy of two investigator report one of Sh. Balbir Singh Bahel (Investigator) D-37, Old Gupta Colony, Near Vijay Nagar, Delhi-110009 dated 02.04.2018 and subsequently appointed after 5 months another investigator M/s X - cops investigation Allied Services A-7, Middle Circle, Connaught Place, New Delhi-110001, investigator report dated 04.09.2018. Investigator Balbir Sing Bahel submits his investigation report on 2.04.2018, assessed the loss to the extent of IDV and Investigation and Allied Services submit its report on 04.09.2018, repudiated the claim as being not genuine on account of mis-representation.

11. We have gone through both the report and repudiation letter and both the investigator narrated the different facts. The report of Balbir Singh investigator contradict with the report of

Investigation and Allied Service. As per M/s Investigation and Allied Services, the insurance claim lodged by the insured is not genuine whereas as per Balbir Singh investigator, Insured has certainly suffered a loss, also keeping in mind the social status and financial position of the insured, there does not appear to be any apparent moral Hazard on the part of Insured.

12. We have gone through the record before placed before us which revealed that the high handedness of the claim dealing department of the OP-1 insurer who repudiated the claim dated 18-2-2018 in question after receiving the summon of the case and moreover the date of repudiation letter dated 08.04.2019 is self-explanatory with regard to the mindset of the insurer about the rejection of the claim on the very same date while singing the written statement on 08.04.2019. This clearly establish that the claim in question is genuine one. Moreover, the OP Ins. Co. has failed to justify before this commission, as to why the second investigator was appointed to investigate the claim, when already Sh. Balbir Singh has submit its report confirming and assessing the loss in question to the tune of Rs.10,99,000/- .

The OP insurance Co. while repudiating the claim in question has stated that insured has purchased the vehicle in question worth Rs.11.00 lakh, no payment has been done from his account. on the one hand the OP Insurance Co. has taken the stand that insured failed to furnish the payment receipt and on the other hand itself accept in para 6 that he purchased the vehicle in Rs.11 lakh and the payment details were also mentioned in the said para by OP insurance company. The complainant has placed a letter dated 22.05.2018 (annexure C-5) stating therein the payment details, though the OP-1 failed to established the requirement of the purchased transactions by way of policy as well policy terms and conditions. It is further stated that the actual value of the vehicle was 5.5 lakh, but said value of the vehicle have been inflated by the insured with the help of some unknown unscrupulous person including the re-inspection agency deployed for the inspection before issuing the policy in question. The OP insurance company leveled the

allegation against the complainant of inflating the actual value of the vehicle in question in connivance with the inspection agency, who was deployed by the OP insurance itself, moreover, the OP-1 insurance co. has failed to placed on record any documentary evidence regarding the action taken by it against the inspecting agency, hence this stand taken by OP-1 insurance company in justifying the repudiation is base on presumption and surmises. Admittedly, as per the policy document the IDV of the vehicle is Rs.11,0,000/-. Once the insurance company has accepted a particular value as IDV at the time of issuing the policy and accepted premium on the basis of said value, it cannot resile from the same.

13. Our view find support from the judgment of Ho ble National Commission title as National Insurance Company vs. Shesh Rao 2009 NCJ 436 and in Dharmender Goel vs. Oriental Insurance Company & ACC (750) 11 SC it was held that once insurance company accepts value of vehicle at the time of policy and charges premium, it cannot claim that value at accident has come down to almost half.

14. We observed that the insurance company had clearly violated guidelines of the Insurance Regulatory Development Authority (IRDA). The claim of complainant was not passed on the ground relaying on the report of second surveyor. The Hon'ble National Commission observed that section 64UM of the Insurance Act, 1938, prescribes the manner in which a surveyor or a loss assessor is given a license to practice. Surveyors and loss assessors are required to comply with the code of conduct in respect of their duties, responsibilities and other professional requirements as may be specified by regulations made by the Controller of Insurance (prior to 1999) or by the Insurance Regulatory and Development Authority (IRDA) (since 1999). There is a provision for stringent action to be taken against a surveyor or loss assessor who is guilty of breach of his duties or who will fully make a false statement or acts in a fraudulent manner, which would even entail a cancellation of license to practice issued to him. The proviso to sub-section (2) of section

64UM provides that the right of the insurer to pay or settle the claim for any amount different from the amount assessed by the approved surveyor cannot be taken away or abridged by the survey report. Sub-section (3) of section 64UM provides for the IRDA to call for an independent report from any other approved surveyor or loss assessor, but this power is not vested with the insurance company.

15. Thus, on a careful consideration of the provisions of Section 64-UM, the Hon'ble National Commission held that the insurer cannot appoint second surveyor just as a matter of course. If the report of the surveyor or loss assessor is not acceptable to the insurer it must specify reasons but it is not free to appoint second surveyor. The appointment by the insurer of a second surveyor itself would be a reflection on the conduct of the first surveyor. A surveyor or a loss assessor is duty-bound to give a correct report. If the insurer/ insurance company finds that a surveyor or a loss assessor has not considered certain relevant points or has considered irrelevant points or for any other account it has reservations about the report, it can certainly require the surveyor or loss assessor to give his views and then come to its own conclusion, but the insurer cannot appoint a second surveyor or loss assessor to counter or even contradict or rebut the report of the first surveyor.

16. Ld Counsel for the complainant placed on record recently judgment passed by Hon'ble National commission dated 16.10.2023 in RP No.2124 of 2017 titled UIIC vs M/S Qcurewel Packaging Pvt. Ltd. it was held that "when determining whether second or successive surveyor by the insurance company is justified, one must take into consideration the necessity of doing so based on the relevant facts and circumstances including the deficiency".

17. In view of above discussion and judgment cited above, we are of the considered view that OP Insurance Co. has arbitrarily rejected the genuine claim of the complainant insurance company, clearly violated guidelines of the Insurance Regulatory Development Authority (IRDA). We therefore hold

OP-1 insurance guilty of deficiency in service and direct it as under:

1. OP-1 to Pay to the complainant an IDV of Rs.10,99,000/- (assessed loss by investigator report dated 02.04.2018) against the IDV of insured car of Rs.11,00,000/ alongwith interest @7% PA from the date of rejection of the claim i.e. 08.04.2019 till its realization.

2. OP-1 to Pay to the complainant a sum of Rs. 50,000/ on account of pain & mental agony suffered by the complainant.

3. OP-1 to Pay to the complainant a sum of Rs. 25,000/ on account of litigation expenses, Failing which OP-1 will be liable to pay interest @ 9% p.a. till realization.

3. Aggrieved by the aforesaid Order, the Appellant has preferred the present appeal on the grounds that the District Commission failed to appreciate the facts and evidence available on record and erroneously held the Appellant guilty of deficiency in service. The counsel for the Appellant contended that the insurance claim was rightly repudiated on the basis of the report of M/s X-Cops Investigation Allied Services**,** wherein the claim was found to be not genuine on account of misrepresentation of facts and submission of false documents by the Respondent. The Appellant further submitted that the insured vehicle had previously been declared a total loss and that the Respondent had failed to establish the lawful ownership of the vehicle, payment of the sale consideration or his insurable interest. He also contended that the previous insurance history, ownership chain and other material discrepancies rendered the claim doubtful and that the vehicle had been insured for an inflated IDV.

4. He further contended that the subsequent investigation was conducted after serious doubts arose regarding the genuineness of the claim and that the District Commission erred in discarding its findings. The Appellant contended that the District Commission wrongly held that the appointment

of the second investigator was contrary to law and erroneously relied upon the report of the first investigator. The Appellant further submitted that the District Commission ignored the material inconsistencies in the Respondent's case and wrongly awarded the insured declared value (IDV), interest, compensation and litigation costs. Accordingly, the Appellant prayed that the impugned Order be set aside.

5. The Respondent/Complainant has filed the Reply to the present Appeal, denying all the contentions and submissions of the Appellant. The counsel for the Respondent submitted that the District Commission rightly allowed the Complaint after duly appreciating the pleadings and evidence available on record and correctly held the Appellant guilty of deficiency in service. He further submitted that the allegations of fraud, misrepresentation, concealment and absence of insurable interest were baseless and unsupported by any cogent evidence. The Respondent further submitted that he was the registered owner of the insured vehicle and had obtained a valid comprehensive insurance policy upon payment of the requisite premium. It was also submitted that any alleged defect in the previous history of the vehicle was not within the knowledge of the Respondent and, in any event, it was the responsibility of the Appellant to verify the status of the vehicle before issuing the insurance policy. Accordingly, it was prayed that the present Appeal be dismissed with costs.
6. The Appellant has also filed the Written Arguments and reiterated the contentions raised in the present Appeal.
7. The Respondent has also filed the Written Arguments, reiterating the submissions made in the Reply and denying the contentions raised by the Appellant.
8. We have perused the material available on record.

9. The main question for consideration before us is ***whether the District Commission has erred in holding the deficiency of service on the part of the Appellant.***

10. The counsel for the Appellant contended that the District Commission erred in relying upon the report of the first investigator while ignoring the findings of the subsequent investigator namely M/s X-Cops Investigation Allied Services, on the basis of which the insurance claim was repudiated.

11. On perusal of the record, it is not in dispute that the Respondent was the registered owner of the insured vehicle bearing registration No. DL-1CQ-2400 (Skoda Laura)**,** which was insured with the Appellant vide Policy No. 0402813117P109209077 valid for the period from 28.09.2017 to 27.09.2018 with an Insured Declared Value (IDV) of Rs.11,00,000/-. It is also not in dispute that the insured vehicle was stolen on 18.02.2018**,** whereupon the Respondent immediately lodged e-FIR No. 005437 dated 18.02.2018 and also intimated the Appellant regarding the theft. Pursuant thereto, the Appellant appointed Mr. Balbir Singh Bahel as the first investigator, who assessed the loss to the extent of Rs.10,99,000/-. Thereafter, the Appellant appointed another investigator namely M/s X-Cops Investigation Allied Services. Subsequently, the Appellant repudiated the insurance claim vide letter dated 08.04.2019 on the ground that the claim was not genuine on account of misrepresentation of facts and submission of false documents on the basis of the second surveyor report dated 04.09.2018.

12. Furthermore, it is clear from the record that the Appellant repudiated the claim of the Respondent on the basis of the report of the subsequent investigator. However, the Appellant has failed to place any cogent material on record explaining the necessity of appointing a second investigator after the first investigator had already submitted his report

assessing the loss. More so, no independent documentary evidence has been placed on record to substantiate the allegations of fraud, misrepresentation or submission of false documents by the Respondent except for the allegations recorded in the report of the subsequent investigator.

13. We also concur with the findings of the District Commission placing reliance upon Section 64-UM of the Insurance Act, 1938 and the decision of the Hon'ble National Commission in *United India Insurance Co. Ltd. vs. M/s Qcurewel Packaging Pvt. Ltd.* [Revision Petition No. 2124 of 2017, decided on 16.10.2023], wherein it was held that the appointment of a second surveyor/investigator cannot be made as a matter of course and must be justified by the facts and circumstances of the case. In the present case, the Appellant has failed to assign any valid reason for discarding the report of the first investigator and appointing a subsequent investigator. Therefore, we find no infirmity in the findings recorded by the Learned District Commission.

14. Additionally, we also find ourselves in agreement with the findings of the District Commission that the Appellant has failed to substantiate its contention that the insured vehicle was covered for an inflated Insured Declared Value (IDV). The District Commission rightly relied upon judgments *National Insurance Company Ltd. vs. Shesh Rao,* 2009 NCJ 436 (NC), and *Dharmender Goel vs. Oriental Insurance Co. Ltd.*, IV (2011) CPJ 63 (SC), wherein it has been held that once the insurer accepts the value of the insured vehicle at the time of issuance of the policy and collects the premium on the basis of such value, it cannot subsequently dispute the Insured Declared Value (IDV) in the absence of cogent evidence to the contrary.

15. In view of the aforesaid discussion, we find no irregularity or infirmity in the impugned Order dated 28.11.2023 passed by the District Consumer Disputes Redressal Commission-VI (New Delhi District), M-Block, 1st Floor, Vikas Bhawan, I.P. Estate, New Delhi-110002.
16. Resultantly, the present Appeal stands dismissed.
17. No order as to costs.
18. Application(s) pending, if any, stand disposed of in terms of the aforesaid judgment.
19. A copy of this judgment be provided to all the parties free of cost as mandated by the Consumer Protection Act, 1986. The judgment be uploaded forthwith on https://e-jagriti.gov.in for perusal of the parties.
20. File be consigned to record room along with a copy of this Judgment.

(JUSTICE SANGITA DHINGRA SEHGAL)
PRESIDENT

(BIMLA KUMARI)
MEMBER (FEMALE)

Pronounced On:
27.07.2026

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