

Insurance firm must pay despite breach of conditions: court

The Supreme Court has ruled that the owner of a vehicle, plying it as a taxi flouting an insurance condition, will still be entitled to 75 percent of the insured sum on its theft or carjacking.

A bench of Justice Tarun Chatterjee and Justice Dalveer Bhandari gave the ruling, upholding a September 2006 verdict of the National Consumer Disputes Redressal Commission.

The bench held that an insurance company was under obligation to indemnify the insurer for the theft of a vehicle, even if there was a breach of conditions of insurance. The ruling was given Thursday but released later.

'In the case of theft of a vehicle, breach of condition is not germane. The insurance company is liable to indemnify the owner of the vehicle when the insurer has obtained comprehensive policy for the loss," the bench ruled.

The apex court gave the verdict while dismissing an appeal by the National Insurance Company against the consumer court which ordered it to pay 75 percent of the insured amount to Nitin Khandelwal, a resident of Gwalior in Madhya Pradesh.

Khandelwal had lost his vehicle, a Mahindra Scorpio bought in May 2003, in a carjacking incident en route to [Jaipur](#) in September.

When he lodged the claim for the insured sum, the insurance company dismissed it, saying he had been using the vehicle as taxi and flouted the conditions of insurance.

Though the Gwalior District Consumer Dispute Redressal Forum upheld the insurance company's contention, the Madhya Pradesh State Consumer Forum on an appeal from Khandelwal directed it to pay 75 percent of the insured amount to the claimant.

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