

Fire Insurance Policy

Ahmedabad Ombudsman Centre

Case No. UIC / 1 / 147

M/s. Vimal Provision Stores

Vs

United Insurance Co. Ltd.

Award Dated 25.4.2005

A standard Fire and Special Peril Policy covering stock in Godown of Vimal Provision Store was issued by Veraval Branch Office of the Respondent. The Owner of the Store lodged a Claim for loss incurred in the stocks due to Fire for Rs. 9,64,488/-. After the survey the surveyor assessed loss for Rs. 74,870/-. The difference between these two amounts was large and so the mediation efforts during the hearing were failed. The Complainant informed that in the Survey Report "Goods totally burnt and destroyed" are not considered at all. He further alleged that semi - damaged goods were considered as totally burnt and damaged goods. The exact cause of fire as per FSL report stated the presence of Residual Petroleum Hydrocarbon detected. But the Complainant denied of having any type of petroleum product in the shop. So the Respondent had withdrawn the offer of settlement made earlier. Both the parties maintained their inflexibility. In such a situation full legal process should have been followed. It was felt that this Forum is a quasi-judicial Forum. It is neither equipped infrastructurally nor geared up otherwise to operate with competency so as to meet the ends of justice in the instant case of complexity in nature. Therefore, no order was issued on the subject Claim on merits. And opportunity was given to the Complainant to approach other appropriate Forum.

Ahmedabad Ombudsman Centre

Case No. 11.004.0065

Mr. Maheshkumar Premchand Shah

Vs

United India Insurance Co. Ltd.

Award Dated 13.5.2005

Claim lodged under Fire Policy for the loss inflicted on the insured stock was decided as non-admissible claim. The Insurance Cover was taken for stocks in Trade particulars of which were "Chilli, Grains, Spices and and such other goods". The Loss sustained by the Fire Accident was with regards to stock of "Imli, Katri and Potato Wafer". The Respondent did not deny that there was loss suffered due to the Accidental Fire. However, they contended that the Stock lost was for items of goods other than those covered by the Policy. The Complainant reiterated that they were covered under the heading "such other goods". It was interpreted that the terms under reference should include goods which are cognate to the items clearly named. Since the definition of the other goods varieties of Chilli, Grains and Spices do not include Imli, Katri and Potato Wafer the decision of the Respondent not to admit the Claim was upheld with no relief to the Complainant.

Ahmedabad Ombudsman Centre
Case No. 11.004.0063
Mr. Hitesh P. Shah
Vs
United India Insurance Co. Ltd.

Award Dated 13.5.2005

Claim lodged under Fire Policy for the loss inflicted on the insured stock was decided as non-admissible claim. The Insurance Cover was taken for Stock in Trade particulars of which were "Chilli, Grains, Spices and such other goods". The Loss sustained by the Fire Accident was with regards to stock of "Katri and Potato Wafer". The Respondent did not deny that there was loss suffered due to the Accidental Fire. However, they contended that the Stock lost was for items of goods other than those covered by the Policy. The Complainant reiterated that they were covered under the heading "such other goods". It was interpreted that the terms under reference should include goods which are cognate to the items clearly named. Since the definition of the other goods varieties of Chilli, Grains and Spices do not include Katri and Potato Wafer the decision of the Respondent not to admit the Claim was upheld with her relief to the Complainant.

Ahmedabad Ombudsman Centre
Case No. 11.004.0064
Mr. K. P. Shah
Vs
United India Insurance Co. Ltd.

Award Dated 13.5.2005

Claim against loss suffered to Stock under Fire Insurance Policy settled for a lower amount. Fire in the Complainant's Cold Storage destroyed the stock of Chillies and Potato Wafers. The Respondent Company released a part of the payment on an "On Account" basis and the balance was released later. The said amount was accepted by the Complainant towards full and final settlement of the Claim through due execution of the Discharge Voucher of the Complainant. The Complainant could not produce any copy indicating protest against the payment on the Voucher. He is now estopped from agitating on the quantum of Claim settled by reopening the case. Reference was made to Hon'ble Supreme Court Judgement in the case of United India Insurance Co. Ltd. Vs Ajmer Singh Cotton and General Mills (1999 CCJ 1158 SC) and the case was dismissed with no relief to the Complainant since he had not executed the Discharge in an unqualified manner for the purpose of getting the amount involved.

Ahmedabad Ombudsman Centre
Case No. 11.004.0333
Mrs. Nafisabibi Y. Shaikh
Vs
United India Insurance Co. Ltd.

Award Dated 20.6.2005

Claim lodged under Fire Policy for the loss inflicted on household goods due to heavy rain and water logging was settled for a lower amount by the Respondent. Claims for "washed away" articles could not be considered since the Complainant's position was not convincing on the points brought forth both in the Final Survey Report and the Investigation Report. However, Amounts incurred for loss incurred to the building and

items thrown away due to bad odour was considered after deducting depreciation and the Respondent was directed to pay a further amount of Rs. 33,181/-.

Ahmedabad Ombudsman Centre
Case No. 11.005.0140
Kisan Traders (Prop. BP Patel)
Vs
Oriental Insurance Co. Ltd.

Award Dated 29.8.2005

The Complainant lodged a claim for loss that occurred to the stock of cotton under Standard Fire and Special Perils Policy. The loss was assessed by the Surveyor as Rs. 4,25,196/- and from the amount Rs. 21,296/- was deducted as value of salvage and Excess. The cheque of Rs. 4,04,620/- was issued after obtaining unqualified discharge voucher from the Complainant by the Respondent. The Complainant has not pleaded any misconduct on the part of the Respondent for obtaining the Discharge Voucher. Hence Complainant fails to succeed.

Bhubaneswar Ombudsman Centre
Case No. I.O.O. / BBSR / 11 - 474
Shri Debendra Mohanty
Vs
Oriental Insurance Co. Ltd.

Award Dated 18.4.2005

This is a complaint under Rule 12(1)(b) of the RPG Rules, 1998.

The details of the complaint is as below :

The Insured - Complainant Shri Debendra Mohanty had insured his garment shop with Oriental Insurance Co. Ltd. which was damaged due to fire on 8.8.2003. The complainant had claimed for the compensation of Rs. 2,27,980. The surveyor assessed the loss for Rs. 42,000/-. Insured complainant not being satisfied with the quantum of compensation approached this forum. During the Hearing the complainant stated that he has signed the consent letter in state of shock. There were lot of anomalies in the survey report. The surveyor has not considered the value of items burnt to ash and damaged due to water. Hon'ble Ombudsman directed the Insurer to pay Rs. 34,197/- in addition to Rs. 42,000/- as the assessment has not been fairly made.

Bhubaneswar Ombudsman Centre
Case No. I.O.O. / BBSR / 11 - 004 - 0022
Shri Ramesh Patra
Vs
United India Insurance Co. Ltd.

Award Dated 16.5.2005

Complainant being a weaver by profession insured raw materials and finished products of the loom with United India Insurance Co. Ltd. under Fire & Special peril policy. Due to the storm on 31.8.2003 his raw materials and finished products got damaged and complainant lodged a claim for Rs. 71,930/-. Surveyor inspected the loom and made the report that complainant shown him used and old sarees. Insurer repudiated the claim on the ground that insured complainant had opted for deletion of STFI cover and

the loss assessed by the surveyor for Rs. 1,500/- for the damaged to the yarns below the policy excess.

During the Hearing complainant had stated that surveyor demanded Rs. 5,000/- from him for recommending the loss. During the Hearing it has been observed that insurer has not deducted any premium for the deletion of STFI perils nor it has been mentioned on the face of the policy for such deletion.

Hon'ble Ombudsman directed the insurer to pay Rs. 13,384/- towards compensation considering the damage to the sarees and yarns after deducting the excess of Rs. 10,000/- as per policy condition.

Hyderabad Ombudsman Centre
Case No. IO (HYD) / G - 11.005.423
Shri Faiz Ansari
Vs
Oriental Insurance Co. Ltd.

Award Dated 13.6.2005

The complainant's xerox machine purchased under a loan financed by State Bank of Hyderabad was covered under a Standard fire policy.

Machine was damaged in a fire accident on 24.5.2004. Claim was intimated both to insurer and bank.

Insurer rejected claim on the ground that there was change of address which was not informed to them. As such, under General Exclusion No. 13, the claim merited repudiation.

Complainant contended that change of address was intimated to both bank and insurer on 18.5.2004. Bank has in turn intimated the same to the insurer vide their letter dated 21.5.2004 which is well before the accident.

Insurer contended that they received the letter on 3.6.2004. Hence, they are not liable to honour the claim.

Held : Complainant produced evidence of having sent the letter to the insurer on 18.5.2004. The date seal of the post office indicates the date of despatch. Since the bank's letter is dated 21.5.2004, it is evident that the intimation was made within time. It is unfortunate that the insurer did not receive the letter. Hence they are directed to honour and pay the claim as per the surveyor's assessment.

Hyderabad Ombudsman Centre
Case No. IO (HYD) / G - 11.003.303
Shri R. Mohan Reddy
Vs
National Insurance Co. Ltd.

Award Dated 15.6.2005

The complainant purchased two fire policies bearing nos. 3100065 / 2000 & 3100071 / 2000 to cover stocks of Beedi Leaves for the season 2000 which undergoing sun curing in the various khallas situated in Unit No. 162, Somanapally and Unit No. 192, Kishnepally for the period 8.5.2000 to 31.5.2000. He informed the insurer on 8.6.2000 that Beedi Leaves which were being dried on the river bed were washed away due to heavy rains and gale winds during the period 26.5.2000 to 30.5.2000. He incurred a loss of Rs. 23,99,701/- on both the khallas. The surveyors assessed the claim for both khallas at Rs. 6,88,002/-. However, the Respondent company processed the claim or Rs. 2,89,331/- disallowing the stock dried in the Vagu.

The Respondent contended that they were not informed about stock being dried in vagu while policy being issued. The information about the loss was received by them only on 8.6.2000 by way of undated telegram. The dates of loss in documents like panchanama, claim form etc., are varying.

The complainant contended that the proposal form was filled - in by the Agent, he only affix his signature on the form and till date never received policy bond. Drying of Beedi Leaves in Vagu is approved by the Forest Department. Hence, he has not done anything illegal. Phonogram was sent to the insurer immediately on the occurrence of the loss. Similar claims have been honoured by other insurance companies to several Beedi Leaves contractors. He never agreed to the assessment of Rs. 2,00,000/-.

Held : As regards panchanama being undated, the insurer should have deputed their investigator to ascertain the veracity of the documents. This they did not do. The complainant's stated that he was not aware of the exact terms and conditions and warranties cannot be brushed aside as he did not receive the policy bond at all. The certificate from Meteorological Department states that there is no observatory at Bellampally. Under these circumstances, it is absurd to expect the insured to bring a certificate. The complainant was instructed to furnish proof of payment made by other companies to contractor for loss sustained during the same period and produce the evidence for proof of sending phonogram to the insurer immediately. The insured did not comply with this instructions. Hence, insurers have been denied the benefit of ascertaining the exact liability. As such, insurers are directed to process and pay the claim at 50 % of surveyor's assessment of Rs. 6,88,002/-.

Hyderabad Ombudsman Centre
Case No. IO (HYD) / G - 11.004.042
Shri Kailas Srinivas
Vs
M/s. United India Insurance Co. Ltd.

Award Dated 1.8.2005

M/s. Polite Garments, owned by Smt. K. Uma Rani was insured under standard fire policy for the period 21.12.2001 to 20.12.2002 for a sum insured of Rs. 10,00,000/- covering building shed, machinery, raw materials, finished and semi - finished goods. A fire accident occurred on 10.11.2002 causing damages to the shed, machinery and stocks estimated at an amount of Rs. 8,42,000/-. Vide our Award no. 44/2004 - 05 dated 9.8.2004, insurers were directed to settle the claim on the basis of surveyor's assessment and make the payment to the insured as per the terms and conditions of the fire policy. The insurer processed the claim and made payment to her for Rs. 2,72,064/- as against her estimate of Rs. 8,42,000/-. The complainant contended that the surveyors assessment was not made known to her either by the insurer or by the office of the Insurance Ombudsman during the earlier hearing. The insurer accepted the salvage of cupid cutting machine although it should not have been done as per the survey report. The insurer requested her for a consent letter for Rs. 3,00,000/- which she did not give. The insurers contended that they have made payment of Rs. 2,72,064/- as per the surveyors assessment and abided by the Award no. 44 / 2004 - 05 without making any deductions. It is wrong to say that the surveyor's report was not given to her. They provided the same on her request. As regards the consent letter for Rs. 3,00,000/- they received the same from her bankers even though they never solicited for one.

Held : In her letter dated 14.2.2005 addressed to this office, she has stated that she examined the survey report. Hence, her contention that the details of assessment etc.,

were not made known to her baseless. The insurer was directed either to refund an amount of Rs. 1,450/- deducted towards salvage of the cupid cutting machine or hand over the damaged machine to the insured. The insurer agreed during the hearing to abide by the order. No lapse was observed on the insurers part in so far as the payment of claim amount. No relief is awarded towards interest and cost.

Kochi Ombudsman Centre
Case No. IO / KCH / GI / 11.004.028 / 2005 - 06
Shri N. A. Joy
Vs
United India Insurance Co. Ltd.

Award Dated 14.6.2005

The complaint under Rule No. 12 (1)(b) read with Rule 13 of the RPG Rules stems out of repudiation of a Fire claim by the insurer. Two policies were issued to the complainant through Catholic Syrian Bank, Thodupuzha - A shop keper's policy covering the stock - in - trade in the shop and the other, a fire policy for the residential building. There was a fire in the shop where there was also a kitchen used for smoking rubber sheets. The fire occurred on 30.12.2004 and the complainant claimed a total of Rs 1.26 lakhs. Although the surveyor estimated the loss at Rs. 36,000/- after salvage, the facts were that the shop building and the rubber sheets were not covered in the policy. The insurance coverage was only in relation to the stock - in - trade like stationery items etc. which were assessed at Rs. 9,000/-. However, the "excess clause" in the policy warranted that the insured person should bear the first Rs. 10,000/- of the loss and in the case on hand the loss in relation to the insured items being worth only Rs. 9,000/-, nothing was payable to the complainant. Since the decision of the insurer was found correct, the complaint was dismissed.

Kochi Ombudsman Centre
Case No. IO / KCH / GI / 11.02.06/ 2005 - 06
Shri Vimal Arackal
Vs
New India Assurance Co. Ltd.

Award Dated 23.6.2005

The complaint under Rule No. 12(1)(b) read with Rule 13 of the RPG Rules, 1998 arises out of repudiation of a claim by the insurer under a Fire & Allied Special perils policy issued to the complainant. The complainant had erected a hoarding at Nagamapadom, Kottayam 40 feet in height and 71 feet in length with base level height of 15ft. from the ground. The hoarding was insured after due inspection by the Engineer of the insurer and the sum insured was Rs. 5 lakhs. On 4.8.2004 heavy rains and surface wind lashed the kottayam town and adjacent places and the hoarding was severely damaged. The surveyor of the insurer assessed the damage at Rs. 2,05, 507/- subject to deduction of policy excess. However, the insurer refused to pay the claim based on the Indian Meteorological Department's certificate according to which the wind speed was between 45 and 55 km.p.h. only and that the said speed did not conform to the special - perils - standard. According to the Indian Meteorological Department's certificate, a cyclonic storm would have a speed of 34 to 47 knots - 1 knot being equal to 1.86 kmph. Based on this certificate, the minimum is around 63 kmph. speed. In Nagampadom the speed was determined at 55 kmph at the maximum. However, the insurer had lost sight of the reality that the hoarding was erected on the banks of a stream and the area was neither thickly populated nor had high rise building because

of which the wind speed would have been much more at the particular spot Besides, the Indian Meteorological Dept. had not segregated storm from cyclonic storm - it was combined - whereas the policy covered storm as well as cyclone. The word "storm" not being defined as to its minimum speed, one will have to go by the Dictionary meaning, which says that it is a "violent commotion in the atmosphere". The Newspaper reports added a lot of credence to the contention of the complainant. Extensive damage in the area concerned was reported. Besides, the difference between the wind speed certified by the Meteorological dept. and the standard measurement differed only to the extent of 8 kmph. and when the possibility of a higher speed at the particular spot is considered, the claim becomes payable The insurer was therefore directed to pay a sum of Rs. 2 lakhs subject to compulsory deductibles to the complainant as assessed by the surveyor.

Kochi Ombudsman Centre
Case No. IO / KCH / GI / 11.004.018 / 2005 - 06
M/s. Ashoka Textiles Ltd.
Vs
United India Insurance Co. Ltd.

Award Dated 13.7.2005

The complaint under Rule 12(1)(b) read with Rule 13 of the RPG Rules, 1998 relates to repudiation of a claim preferred by the complainant under a Fire (Consequential loss) Policy issued by the respondent. The complainant had insured the buildings & stock by two other standard Fire & Special perils policies and consequent to the Employees' Strike, Lock out etc. from Sept. 2003 to December 2003, the material damages caused to the building and stock was compensated by the insurer to the tune of Rs. 10.58 lakhs. It was also a settlement after negotiations involving General Insurance consultants apart from the Surveyors and the officials of the respondent. Subsequently, the complainant preferred a claim to the tune of Rs. 1.35 crores under the consequential loss policy for loss of profits etc. which was repudiated by the insurer as the consequential loss policy covered only loss of profits directly arising out of damage to property covered under the Standard Fire & Special Perils policy. Besides, lock out was also not an insured peril covered under the standard fire & special perils policy. As the insured disallowed the claim for the lock out period, the complainant further worked out the LOP for the post - lock out and pre - lock out period separately at Rs. 37.37 lakhs and further reduced the claim to Rs. 20 lakhs in order to suit the financial limit of this Forum. In essence, the complainant's claim came down drastically from Rs. 1.35 crores to Rs. 20 lakhs. When the complaint was analysed the insurer's stand was found justifiable in as much as that the consequential loss policy was an extension of the standard fire & special perils policy and so long as the LOP was not related to the damage to building etc. covered under the standard policy, the consequential loss policy could not cover the normal LOP arising out of pre-lock out and post-lock out period. Hence, the complaint did not have any logical force and the same was dismissed endorsing the action of the insurer.

Kochi Ombudsman Centre
Case No. IO / KCH / GI / 11.003.029 / 2005 - 06
Shri M. T. P. Mohammed Kunhi
Vs
National Insurance Co. Ltd.

Award Dated 27.7.2005

The complaint under Rule No. 12(1)(b) read with Rule 13 of the RPG Rules, 1998 relates to partial repudiation of a Fire claim under Pol. No. 571100 / 31 / 04 / 3100154 by the respondent insurer. The insurance policy covered the building and stock of M/s Sulfex Fibre Products, Parassinikadavu for Rs. 3,10,00,000/- against Fire and allied perils from 2.5.2004 to 1.5.2005. There was a massive fire in the factory on 2.5.2004 itself and the building and stock suffered extensive damage. Although the claim was for Rs. 1 crore, the insurer's surveyors and Chartered accountant found various discrepancies in the books of accounts and finally worked out the loss at Rs. 33,57,240/- and the insurer, without admitting the liability, settled the claim as non-standard at Rs. 25,17,930/-. The complainant therefore preferred a complaint before this Forum. This Forum found that although the insurer had disputed the veracity of account books, they had already settled a substantial part of the claim as certified by the surveyor. The arguments for refusing the balance were too feeble to be accepted and in such circumstances, going by the surveyor's report, this Forum had set aside the order of partial repudiation and ordered the Insurance Co. to settle the full amount arrived at by the surveyor. Since the insurer had already paid a sum of Rs. 25,17,930/-, the balance of Rs. 8,39,310/- was granted as an award in favour of the complainant.

Kochi Ombudsman Centre
Case No. IO / KCH / GI / 11.002.101 / 2005 - 06
Shri M. I. Abdul Karim
Vs
New India Assurance Co. Ltd.

Award Dated 23.9.2005

The complaint under Rule No. 12(1)(b) read with Rule No. 13 of the RPG Rules, 1998 arose out of repudiation of a claim by the Respondent Co. in respect of Standard Fire & Special Perils Policy no. 761004 / 11 / 03100233. The complainant's compound wall covered under the policy had collapsed due to heavy rains on 13th, 14th and 15th of August 2004. The surveyor of the insurer had found that the residence and the compound wall of the complainant were constructed on a plot which was a paddy field earlier and a natural stream was flowing hardly a meter away from the site. The compound wall was constructed on a loosely packed rubble foundation and as such the foundation itself was weak and could not withstand the weight of the hollow bricks. The continuous flow of water in the stream had added to the weakness of the substandard construction and therefore the wall had collapsed. No special perils insured against had occurred and the complainant could not produce any evidence in support of his claim. Besides, even before the surveyors had reached the spot, the complainant had started reconstruction of the wall. On examination of the available papers, the complainant had not proved his case that an insured peril had caused the damage to the wall. On the other hand, the assessment of the surveyor was found to be very stable and acceptable. Hence the complaint was dismissed and the repudiation of the claim by the insurer was upheld.