

S-01 PRINCIPLES AND PRACTICE OF INSURANCE AND SURVEY AND LOSS ASSESSMENT

Original Text in book

Chapter 9 Page no.145.

Legality of the contract

The subject-matter of the contract must, be legal. Section 23 of the Indian Contract Act, states: “The object of an agreement is lawful unless (a) it is forbidden by law, (b) is of such a nature that, if permitted, it would defeat the provision of any law or is fraudulent, (c) involves or implies injury to the person and property of another, or (d) the court regards it as immoral or opposed to public policy.”

In addition to the general principles of law, insurance contracts are also governed by certain special principles evolved under common law and later codified in the Marine Insurance Act, 1963. These legal principles relate to (1) the duty of utmost good faith to be observed by both parties, (2) the requirement of insurable interest and (3) indemnity. The peculiar nature of insurance contracts made it necessary to formulate these special principles of law. (These principles have been dealt with in chapters 7 to 10)

Revised text as below

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Original Text in book

Chapter 5 Page no. 66.

In burglary (business premises) policy, the peril “burglary” is defined to restrict the coverage. Here, the legal definition on burglary will not apply. (See also Rules for construction in Chapter 17)

The coverage and the exclusions under various policies in different classes of insurance have been dealt with in chapters 3 to 6.

Revised text as below

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The coverage and the exclusions under various policies in different classes of insurance have been dealt with in chapters 17 to 19.

Original Text in book
Chapter 8 Page no.139 last para.

A district forum has jurisdiction to entertain a complaint if the value of the service and the compensation claimed is less than Rs.25 lakhs. The order of the District Forum can be appealed against within 30 days. The District Forum is empowered to send its order / decree for execution to appropriate Civil Court.

A State commission has original, appellate and supervisory jurisdiction. It would entertain appeals from the District Forum. It has original jurisdiction to entertain complaints where the value of goods / service and compensation claimed exceeds Rs.25 lakhs but does not exceed Rs.1 crore. An appeal against its award may be preferred to the National Commission within 30 days of the date of award.

The National Commission is the final authority established under the Act. It will have the original, appellate as well as supervisory jurisdiction. It would hear the appeals from the order passed by the State Commission and in its original jurisdiction it will entertain disputes, where goods / services and the compensation claimed exceeds Rs.1crore.

Revised text as per revised District Commission as below
Chapter 8 Page no.139 - Last Para

A **district commission** has jurisdiction to entertain a complaint if the value of the service and the compensation claimed is less than **Rs.50 lakhs**. The order of the **district commission** can be appealed against within **45 days**. The **district commission** is empowered to send its order / decree for execution to appropriate Civil Court.

A State commission has original, appellate and supervisory jurisdiction. It would entertain appeals from the **district commission**. It has original jurisdiction to entertain complaints where the value of goods / service and compensation claimed exceeds **Rs.50 lakhs** but does not exceed **Rs.2 crore**. An appeal against its award may be preferred to the National Commission within 30 days of the date of **order**.

The National Commission is the final authority established under the Act. It will have the original, appellate as well as supervisory jurisdiction. It would hear the appeals from the order passed by the State Commission and in its original jurisdiction it will entertain disputes, where goods / services and the compensation claimed exceeds **Rs.2 crore**.

Original Text in book
Chapter 8 Page no.143.

The Awards are governed by the following rules:

- If the dispute is not settled by intermediation the Ombudsman will pass an award to the insured which he thinks is fair, and is not more than what is necessary to cover the loss of the insured,
- The award should not be more than Rs.20 lakh (inclusive of ex-gratia payment and other expenses),
- The award should be made within a period of 3 months from the date of receipt of such a complaint, and the insured should acknowledge the receipt of the award in full as a final settlement within one month of the receipt of such reward,
- The insurer shall comply with the award and send a written intimation to the Ombudsman within 15 days of the receipt of such acceptance letter,
- If the insured does not intimate in writing the acceptance of such award, the insurer may not implement the award,

Revised text as per revised District Commission as below
Chapter 8 Page no.143

The Awards are governed by the following rules:

- If the dispute is not settled by intermediation the Ombudsman will pass an award to the insured which he thinks is fair, and is not more than what is necessary to cover the loss of the insured,
- The award should not be more than Rs.30 lakh (inclusive of ex-gratia payment and other expenses),
- The award should be made within a period of 3 months from the date of receipt of such a complaint, and the insured should acknowledge the receipt of the award in full as a final settlement within one month of the receipt of such reward,
- The insurer shall comply with the award and send a written intimation to the Ombudsman within 30 days of the receipt of such acceptance letter,
- If the insured does not intimate in writing the acceptance of such award, the insurer may not implement the award,