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**IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH**

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Date of decision:13.08.2025

DHFL PRAMERICA LIFE INSURANCE CO. LTD

...PETITIONER

VS.

THE PERMANENT LOK ADALAT & ANR

...RESPONDENTS

CORAM: HON'BLE MR. JUSTICE SUVIR SEHGAL

Present: Mr. Karan Nehra, Advocate and
Mr. Harvinder Thakur, Advocate
for the petitioner.

Mr. Ajaivir Singh, Advocate
for respondent No.2.

SUVIR SEHGAL, J.

1. Instant petition has been filed under Articles 226/227 of Constitution of India *inter alia* for issuance of a writ in the nature of certiorari quashing award dated 21.03.2016, Annexure P-4, passed by the Permanent Lok Adalat (Public Utility Services) (for short “PLA (PUS)”), Jalandhar.

2. Respondent No.2 filed an application under Section 22-C of the Legal Services Authorities Act, 1987, (for short “the Act”) before PLA (PUS) alleging that Balwinder Singh (deceased) had obtained a life insurance policy from the petitioner on 04.06.2012 for Rs.32 lacs for a period of 17 years. Balwinder Singh suffered a massive heart attack and died



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on 18.06.2013. Being the nominee, his widow, respondent No.2 lodged a claim under the policy, which was repudiated on 25.07.2014 on the ground that the deceased had withheld material information that he had a pre-existing disease of “DM, Alcoholic Liver Disease, Cirrhosis and PHT” at the time of purchasing the insurance policy. Although, the policy was for a higher amount, respondent No.2 filed an application, Annexure P-2, under Section 22-C of the Act, for a claim of Rs.25 lacs. Upon appearance, petitioner contested the claim and filed a reply, Annexure P-3, stated that deceased was taking treatment from Dayanand Medical College and Hospital, Ludhiana, but did not disclose it in the proposal form. A stand was taken that the deceased had suppressed material facts from the petitioner. After both the parties led their respective evidence, vide Annexure P-4, PLA(PUS) passed an award of Rs.20 lacs in favour of respondent No.2 with interest @ 9% from the date of filing of the petition.

3. Counsel for the petitioner has argued that PLA(PUS) did not adhere to the procedure prescribed for adjudicating a claim under the Act. He has made a reference to Sections 22-C to 22-E, *ibid*, to contend that PLA(PUS) failed to formulate the terms of settlement before determining the dispute on merits.

4. Per contra, counsel for respondent No.2 has supported the impugned award and asserts that PLA(PUS) has decided the dispute on merits after settlement could not be arrived at between the parties.

5. Having heard counsel for the parties, this Court is of the view that there is substance in the argument raised by counsel for the petitioner. A



perusal of order dated 12.08.2015, Annexure P-7, shows that after both the sides filed their respective response, PLA(PUS) considered the arguments addressed by counsel for the parties and came to the conclusion that the repudiation of the claim by the petitioner is illegal. PLA(PUS) proceeded to record that in its considered opinion, dispute can be settled, in case, petitioner agrees to pay death claim without interest as claimed in the petition. Proposed terms of settlement were formulated and served them upon the parties. It is evident from this order that at the first instance PLA(PUS) heard the parties on merits; rejected the stand taken by the petitioner and then framed the terms of settlement. In other words, PLA(PUS) adjudicated the dispute on merits before proposing a settlement between the parties. This is in clear breach of the procedure laid down under the Act.

6. In **Vijay Pal Verma Vs. Permanent Lok Adalat and others** **2017 (1) PLR 311**, a Coordinate Bench of this Court has observed as under:-

“7. Section 22C of the Act categorically provides that the application under Section 22C(1) can be filed only before the dispute is brought to the Court, meaning thereby it would not be maintainable if the same dispute is pending between the parties in the Court. It further provides that the Lok Adalat shall not decide any case in which the issue is relating to an offence which is not compoundable under any law. It further provides that it would also stay/keep away its hands to interfere in the matter in which it has no pecuniary jurisdiction. However, once an application is maintainable, it has to be dealt with by the Lok Adalat in terms of the provisions



of Section 22C(3) onwards in which Sections 22C (4) and (5) provide for conducting the conciliation proceedings and if it is found that there exists elements of a settlement in the conciliation proceedings, which may be acceptable to the parties, it is the duty of the Lok Adalat to formulate the terms of a possible settlement of the dispute and in case the settlement is successful, then the Lok Adalat shall pass the award and furnish a copy thereof to each of the parties. A careful reading of Sections 22C (3) to (6) provides a mechanism of deciding the lis between the parties by way of conciliation which has to be followed by the Lok Adalat religiously before it takes over an avatar of a Court to decide the lis between the parties on the basis of evidence led by them. It is needless to mention that the Lok Adalat is required to reflect in its day to day proceedings about compliance of Sections 22C(3) to (7) of the Act and it is also expected of the parties appearing before the Lok Adalat to ask for conciliation proceedings before having their case adjudicated on merits. It is also pertinent to mention that since the award/order of the Lok Adalat, which has to deal with the issues pertaining to the public utility services, defined in Section 22A(b) of the Act, is not appealable, therefore, a larger number of writ petitions are being filed in this Court against the award/orders of the Lok Adalat which are decided on merits in terms of Section 22C(8) of the Act and generally the issues are being raised about non-compliance of the provisions contained in Sections 22C(3) to (7) of the Act. It may also be mentioned here that with the advent of alternative disputes resolution mechanism, Section 89 has been added as Part V (Special Proceedings) in the Code of



Civil Procedure, 1908 (hereinafter referred to as the "CPC"), in which powers have been given to the Court to formulate the terms of settlement if it appears to it that there exists elements of a settlement which may be acceptable to the parties and after receiving the observations of the parties, the Court may re-formulate the terms of a possible settlement and refer the same for arbitration, conciliation, judicial settlement including settlement through Lok Adalat or mediation. Thus, an effort is more on resolving the dispute between the parties by resorting to the alternative disputes resolution mechanism than the use of adjudicatory process in which the parties litigate for several years in appeals filed before various forums.”

7. After an application is received by PLA(PUS) under Section 22-C (1) of the Act, it shall direct both the parties to file their statements in writing supported by any documents or evidence they intend to rely upon. Thereupon, under Sub-sections (4) and (5) of Section 22-C, PLA(PUS) shall commence the conciliation proceedings and assist the parties to reach at an amicable settlement. While doing so, PLA(PUS) will not exert any coercion or pressure on the parties. If during conciliation proceedings, PLA(PUS) finds that there exists an element of settlement, which may be acceptable to the parties, it shall formulate the terms of settlement of dispute and supply copies to the parties to enable them to reach at an agreement before settlement is arrived at between them. Thereafter, an award shall be passed in terms of the settlement. However, in case, the parties are unable to reach at any consensus, PLA(PUS) has been conferred with the jurisdiction under Section 22-C(8) to decide the differences by passing an award on merits by



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applying the principles of fair play, equity, natural justice and objectivity as laid down in Section 22-D of the Act. It is, therefore, apparent that determination of the dispute under Section 22-C(8) has to be done by PLA(PUS), in case, the parties fail to arrive at a mutual settlement and not the other way around. It cannot, therefore, be disputed that the procedure adopted by PLA(PUS) as is evident from order dated 12.08.2015, Annexure P-7, is *dehors* the statutory provision. Impugned award, therefore, cannot be sustained and the matter deserves to be remitted back to PLA(PUS) concerned.

8. For the afore-going reasons, impugned award dated 21.03.2016, Annexure P-4, is set aside and the matter is remitted to PLA(PUS) for proceeding further strictly in accordance with the provisions of the Act.

9. Parties are directed to appear before PLA(PUS), Jalandhar, on 10.09.2025 for further proceedings in accordance with law.

10. It is expected that PLA(PUS) will conclude the proceedings within a period of 6 months from the date of appearance of the parties.

11. Writ petition is disposed of.

12. Pending application(s) is/are disposed of.

13.08.2025

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(SUVIR SEHGAL)
JUDGE

Whether Speaking/reasoned	Yes/No
Whether Reportable	Yes/No