



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 27TH DAY OF MARCH, 2026

BEFORE

THE HON'BLE MR. JUSTICE SACHIN SHANKAR MAGADUM

WRIT PETITION NO.26221 OF 2024 (GM-RES)

BETWEEN:

SRI.M.V.NARASIMHA PRASAD
AGED ABOUT 54 YEARS
S/O SRI.M.S.VISWESWARAIAH
RESIDING AT NO.36, 6TH CROSS
SRI.BANASHANKARI KRUPA
N.R.LAYOUT
HOSAKEREHALLI
BANASHANKARI 3RD STAGE
BENGALURU - 560085

...PETITIONER

(BY SRI.SAMEER SHARMA, ADVOCATE)

AND:

OFFICE OF THE INSURANCE OMBUDSMAN
(KARNATAKA)
HAVING OFFICE AT JEEVAN SOUDHA BUILDING
GROUND FLOOR, 19/19
24TH MAIN ROAD, JP NAGAR
1ST PHASE, BANGALORE - 560078
REPRESENTED BY ITS SECRETARY

...RESPONDENT

(BY SRI.VIJAYENDRA D JOSHI, ADVOCATE)





THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO QUASH AND SET ASIDE THE INTIMATION DATED 10/09/2024 ISSUED BY THE RESPONDENT (ANN-A) AND ETC.

THIS PETITION, COMING ON FOR PRELIMINARY HEARING, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE SACHIN SHANKAR MAGADUM

ORAL ORDER

The petitioner, who had subscribed to a 'Family Health Optima Insurance Plan' on 31.01.2019, is stated to have undergone surgery for the ailment of umbilical hernia. It is averred that prior to the said procedure, the petitioner had been admitted to Ratkal's Rescue Urology Center, Chikkellur Hospital, where he underwent surgery for 'calculous cholecystitis' and was subsequently discharged. The petitioner thereafter submitted a claim before the Insurer seeking reimbursement of medical expenses incurred towards the said surgery for 'calculous cholecystitis'. The Insurer, however, repudiated the claim. Aggrieved by such repudiation, the petitioner asserts to have addressed an email requesting reconsideration of the



claim, bearing No. CIR/2022/141124/2977028. Upon failure of the Insurer to accede to the said request, the petitioner approached the respondent – Insurance Ombudsman by filing a complaint challenging the repudiation of his claim.

2. The records further disclose that the petitioner was initially aggrieved by the award passed by the respondent – Insurance Ombudsman, which, according to him, suffered from gross violation of the principles of natural justice. In that background, the petitioner had approached this Court in W.P. No.3160/2023. This Court, upon consideration, allowed the writ petition and set aside the award passed by the Ombudsman, remitting the matter back for fresh consideration with a direction to afford an opportunity of hearing to the petitioner. Pursuant to the remand, the petitioner filed an application invoking Rule 15 of the Insurance Ombudsman Rules, 2017 read with Order III Rule 1 and Section 151 of the Code of Civil Procedure, 1908, seeking permission to engage the



services of an advocate to represent and conduct the proceedings before the Ombudsman.

3. The respondent – Insurance Ombudsman, by placing reliance on Rule 17 of the Insurance Ombudsman Rules, 2017, has rejected the said application. The rejection is premised on the reasoning that the proceedings before the Ombudsman are intended to be informal and non-adversarial in nature; that neither the Ombudsman nor the representatives of the Insurance Company are legally trained; and therefore, permitting legal practitioners would disturb the parity between the parties. On these grounds, the request made by the petitioner seeking legal representation came to be rejected. The said order is assailed in the present writ petition.

4. Heard the learned counsel appearing for the petitioner and the learned counsel appearing for the respondent – Insurance Ombudsman.



5. Upon perusal of the impugned order and the material placed on record, the following point arises for consideration:

i) Whether the impugned order of respondent - Insurance Ombudsman declining the legal assistance to the petitioner on the premises that the respondent - Insurance Ombudsman is not legally qualified and therefore, assistance of an Advocate is not required runs contrary to Rule 17 of the Insurance Ombudsman Rules, 2017 warrants interference?

ii) What order?

Findings on Point No.(i)

6. Before this Court adverts to the case on hand, this Court deems it fit to extract Rules 15 to 17 of the Insurance Ombudsman Rules, 2017. It would be apposite for this Court to extract the same, which reads as under;

"15. Insurance Ombudsman to act fairly and equitably. — (1) *The Ombudsman may, if he deems fit, allow the complainant to adopt a procedure other than under sub-rule(1) or sub-rule (2) of rule 14 for making a complaint, after notifying the parties to the dispute.*



(2) The Ombudsman shall have the power to ask the parties concerned for additional documents in support of their respective contentions and wherever considered necessary, collect factual information relating to the dispute available with the insurer or the insurance broker as the case may be, and may make available such information to the parties concerned.

(3) The Ombudsman may obtain the opinion of professional experts, if the disposal of a case warrants it.

(4) The Ombudsman shall dispose of a complaint after giving the parties to the dispute a reasonable opportunity of being heard.

(5) The Ombudsman may, on his own or on the request of the complainant, hear a matter through video-conference if he is satisfied that circumstances so require, after notifying the complainant and the insurer or insurance broker concerned, subject to guidelines issued by the Council for Insurance Ombudsmen in this regard and published on its website:

Provided that the Ombudsman may allow the insurer (including its agents and intermediaries) or insurance broker, as the case may be, to be heard through video-conference.



16. **Complaints settled through mediation by Insurance Ombudsman:** - (1) *Where a complaint is settled through mediation, the Ombudsman shall make a recommendation which it thinks fair in the circumstances of the case, within one month of the date of receipt of mutual written consent for such mediation and the copies of the recommendation shall be sent to the complainant and the insurer or the insurance broker, as the case may be, concerned.*

(2) *If the recommendation of the Ombudsman is acceptable to the complainant, he shall send a communication in writing within fifteen days of receipt of the recommendation, stating clearly that he accepts the settlement as full and final.*

(3) *The Ombudsman shall send to the insurer or the insurance broker, as the case may be, a copy of its recommendation, along with the acceptance letter received from the complainant and the insurer or the insurance broker, as the case may be, shall, thereupon, comply with the terms of the recommendation immediately but not later than fifteen days of the receipt of such recommendation, and inform the Ombudsman of its compliance.*

17. **Award.** — (1) **Where the complaint is not settled by way of mediation under rule 16, the Ombudsman shall pass an award, based on the pleadings and evidence brought on record.**



(2) The award passed under the sub-rule (1) shall be in writing, duly signed in person or digitally by the Insurance Ombudsman with reasons for passing such award.)

(3) Where the award is in favour of the complainant, it shall state the amount of compensation granted to the complainant after deducting the amount already paid, if any, from the award:

Provided that the Ombudsman shall,—

*(i) not award any compensation in excess of the loss suffered by the complainant as a direct consequence of the cause of action;
or*

(ii) not award compensation exceeding rupees (fifty) lakhs (including relevant expenses, if any).

(4) The Ombudsman shall finalise its findings and pass an award within a period of three months of the receipt of all requirements from the complainant.

(5) A copy of the award shall be sent to the complainant and the insurer (or the insurance broker, as the case may be,) named in the complaint.

(6) The insurer or the insurance broker, as the case may be, shall comply with the award within thirty



days of the receipt of the award and intimate compliance of the same to the Ombudsman and upload the details in the complaints management system.

(7) The complainant shall be entitled to such interest at a rate per annum as specified in the regulations, framed under the Insurance Regulatory and Development Authority of India Act, 1999, from the date the claim ought to have been settled under the regulations, till the date of payment of the amount awarded by the Ombudsman.

(8) The award of Insurance Ombudsman shall be binding on the insurers or the insurance broker, as the case may be."

(emphasis supplied)

7. A careful reading of Rule 15 of the Insurance Ombudsman Rules, 2017, as extracted supra, makes it abundantly clear that once a complaint is instituted, the Ombudsman is enjoined with a statutory duty to act fairly and equitably. Sub-rule (2) thereof confers ample powers on the Ombudsman to call upon the parties to produce additional documents in support of their respective contentions and, wherever deemed necessary, to collect



factual information from the insurer or intermediary. Sub-rule (3) further empowers the Ombudsman to obtain opinions of professional experts. Most significantly, sub-rule (4) mandates that the complaint shall be disposed of only after affording the parties a reasonable opportunity of being heard. Thus, the scheme under Rule 15 unmistakably postulates a procedure which, though summary in form, is nevertheless anchored in the foundational principles of fairness, reasonableness, and effective hearing.

8. Rule 16, which provides for settlement of complaints through mediation, indicates that the Ombudsman is required, at the first instance, to make an endeavour to resolve the dispute amicably between the parties. The emphasis under the said provision is on consensual resolution. However, where such mediation fails, the statutory scheme transitions into an adjudicatory domain under Rule 17. The language employed in Rule 17(1) explicitly stipulates that the Ombudsman shall pass



an award “based on the pleadings and evidence brought on record.” The requirement of considering pleadings and evidence, coupled with the obligation to assign reasons under sub-rule (2), unmistakably demonstrates that the Ombudsman, at that stage, discharges a quasi-judicial function. Therefore, the proceedings cannot be construed as being purely informal once the stage of adjudication is reached.

9. On a conjoint reading of Rules 15, 16 and 17, this Court is of the considered view that though the proceedings before the Ombudsman are intended to be summary and consumer-friendly, the moment the dispute travels beyond the stage of mediation and enters the realm of adjudication, the character of the proceedings assumes a quasi-judicial complexion. In such circumstances, particularly in cases involving repudiation of insurance claims founded on interpretation of policy conditions, medical records and technical evidence, denial of legal assistance to a claimant would seriously prejudice



his ability to effectively present his case. The use of the expression "pleadings and evidence" under Rule 17(1) necessarily implies that the parties must be afforded a meaningful opportunity to substantiate their claims, and such opportunity, in appropriate cases, would include the right to seek assistance of a legal practitioner.

10. The aforesaid issue is no longer *res integra*. The Division Bench of the Telangana High Court, in ***N.Vijaya Laxmi vs. Insurance Regulatory and Development Authority of India and Others in W.P. No.45471/2022***, has had occasion to consider an identical question. The Division Bench, upon an elaborate consideration of the statutory framework and the scope of proceedings before the Ombudsman, has categorically held that once the matter proceeds beyond mediation and enters the adjudicatory stage, denial of legal representation would be unjustified and contrary to the principles of natural justice. This Court, being in respectful agreement with the said view, deems it appropriate to



advert to the relevant findings recorded by the Division Bench in paragraphs 24 to 31 and 34 to 39, which have a direct bearing on the issue under consideration.

"24. Rule 16 of the Insurance Ombudsman Rules deals with recommendations made by the insurance ombudsman. As per sub-rule (1), where a complaint is settled through mediation, the ombudsman shall make a recommendation which it thinks fair in the circumstances of the case within the time specified. Sub-rule (2) deals with a situation where recommendation of the ombudsman is acceptable to the complainant in which event the complainant is required to communicate to the ombudsman that he accepts the settlement as full and final. Thereafter, in terms of sub-rule (3) the ombudsman shall send to the insurer or to the insurance broker, as the case may be, a copy of its recommendation along with the acceptance letter received from the complainant and in such an eventuality, the insurer or the insurance broker shall comply with the terms of the recommendation immediately within fifteen days of receipt of such recommendation and inform the ombudsman of its compliance.

25. Rule 17 provides for award. Sub-rule (1) thereof says that where the complaint is not settled by way of mediation under Rule 16, the ombudsman shall pass an award based on the pleadings and evidence brought on record. Sub-Rule (2) says that such an award should be in writing and shall state the reasons for passing the award. Sub-rule (3) provides that where the award is in favour of the complainant, it shall state the amount of compensation granted to the complainant after deducting the amount already paid, if any, from the award. As per the proviso thereto, the ombudsman shall not award any compensation in excess of the loss suffered by the



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complainant as a direct consequence of the cause of action or not award compensation exceeding Rs.30 lakhs which includes relevant expenses, if any. As per sub-rule (4), the ombudsman shall finalise its findings and pass an award within three months of receipt of all requirements from the complainant. In terms of sub-rule (5), a copy of the award shall be sent to the complainant as well as to the insurer or insurance broker, as the case may be, named in the complaint. As per sub-rule (6), the insurer or insurance broker, as the case may be, has to comply with the award within thirty days and intimate compliance of the same to the ombudsman. Sub-rule (7) says that the complainant would be entitled to such interest at a rate per annum as specified in the regulations framed under the Insurance Regulatory and Development Authority Act, 1999. As per sub-rule (8), the award of insurance ombudsman shall be binding on the insurer or the insurance broker, as the case may be.

26. A circular was issued by the office of the executive council of insurers on 27.05.2009 on the issue regarding allowing an advocate to represent the case before the ombudsman on behalf of the complainant. In this connection, reference was made to paragraph 14 of Circular dated 26.11.1999 as per which it was held that there was no need for a lawyer to present the case of the complainant or that of the insurer and that the practice of engaging lawyer should not be encouraged, since the purpose of institution of ombudsman is to bring about an amicable resolution of the complaint in quick time and with minimal cost. However, it was mentioned that if there was an insistence on the part of the claimant/insurance company for engaging a lawyer to represent their point of view, ombudsman may at his discretion decide depending upon the merits of the case.



Adverting to the Banking Ombudsman Scheme, 2006, it is stated that the said scheme allows all authorized representatives other than an advocate to represent the complainant. Finally, it was decided that an advocate would not be allowed to represent the complainant or insurer.

27. Having noticed the above, we may briefly analyze the evolution of the concept of ombudsman. 'Ombudsman' is a Scandinavian word, meaning an officer or commissioner. In its special sense, it means a commissioner, who has the duty of investigating and reporting to parliament on citizens' complaints against the government. An ombudsman would have no legal powers except the power of inquiry. The main object of the institution of ombudsman is to safeguard the citizens against the misuse of powers by the administration. Though the institution of ombudsman had its origin in the Scandinavian countries, slowly but surely it was adopted in the other countries as well. In India, office of ombudsman has been introduced mainly in sectors like banking, insurance etc.

28. Insofar insurance ombudsman in India is concerned, if we carefully analyse the Insurance Ombudsman Rules, the same can be compartmentalized in two stages; Stage I deals with the complaints filed under Rule 14 and ending with the recommendations made in Rule 16. Stage II deals with Rule 17.

29 to 33. xxxxxxxxxxxx.

34. However, as the insurance ombudsman role progresses from Rule 16 to Rule 17 of the Insurance Ombudsman Rules, it enters into a different stage. Rule 17 will come into play only when the mediation processes ends in failure. In such a situation, the ombudsman is required to



pass an award based on the pleadings and evidence brought on record. He must record the award in writing, stating the reasons upon which the award is based. Where the award is in favour of the complainant, it shall state the amount of compensation granted to the complainant. Once an award is passed, it shall be sent to the complainant and to the insurer. The insurer is bound to comply with the award within the time specified and intimate compliance of the same to the ombudsman. The complainant would be entitled to interest from the date when the claim ought to have been settled till the date of payment of the amount awarded by the ombudsman. The award of insurance ombudsman shall be binding on the insurer or the insurance broker as the case may be.

35. Though the word 'award' is not defined in the Insurance Ombudsman Rules, Black's Law Dictionary (9th Edition) defines the word 'award' as a final judgment or decision, especially one by the arbitrator or by a jury assessing damages; to grant by formal process or by judicial decree.

36. The Law Lexicon (5th Edition) by P.Ramanathan Iyer defines the word 'award' to give, to adjudge, to be due; assign or bestow as of right; or give by judicial determination; the award is not a mere agreement but is equivalent to a judgment.

37. Similarly, in Supreme Court Words and Phrases (3rd Edition), it is stated that the expression 'award' has a distinct connotation. It envisages a binding decision of a judicial or a quasi-judicial authority.



38. Therefore, what we notice is that once the stage of Rule 16 is crossed and the proceedings travel to Rule 17, the role of the ombudsman also changes; from being a mediator, he becomes an arbitrator and is mandated to pass an award based on the pleadings and evidence brought on record.

39. If this be the position, Section 30 of the Advocates Act, 1961 would come into play. As per Section 30 of the aforesaid Act, every advocate whose name is entered in the roll of advocates shall be entitled as of right to practice throughout the territories to which the Advocates Act, 1961 extends, (i) in all courts including the Supreme Court; (ii) before any tribunal or person legally authorized to take evidence; and (iii) before any other authority or person before whom such advocate is by or under any law for the time being in force entitled to practice. Therefore, in the context of the present case, what Section 30 (ii) says is that an advocate as a matter of right is entitled to practice before any tribunal or any person legally authorized to take evidence."

11. This Court has carefully perused the authoritative pronouncement of the Division Bench of the Telangana High Court, more particularly the observations contained in paragraph Nos.24 to 31 and 34 to 39 extracted supra. The Division Bench, upon an in-depth analysis of the statutory scheme underlying Rules 16 and 17 of the Insurance Ombudsman Rules, 2017, has lucidly delineated



the transition in the nature of proceedings before the Ombudsman. It has been categorically held that while proceedings under Rule 16 are essentially conciliatory and mediation-oriented, intended to secure an amicable settlement between the complainant and the insurer, the proceedings assume a distinctly different character once they traverse into the domain of Rule 17. At that stage, the Ombudsman is no longer discharging a facilitative or mediatory role, but is statutorily obligated to adjudicate the dispute by rendering an "award" based on pleadings and evidence brought on record.

12. The Division Bench has further expounded that the expression "award", though not defined under the Rules, carries a well-recognized legal connotation, signifying a binding determination akin to a judgment rendered by a judicial or quasi-judicial authority. Consequently, once the stage of Rule 17 is reached, the Ombudsman effectively assumes the role of an adjudicator, and the proceedings acquire the trappings of



a quasi-judicial process. In such a scenario, the applicability of Section 30 of the Advocates Act, 1961, which confers a statutory right on an advocate to practice before any tribunal or authority empowered to take evidence, stands attracted.

13. In the light of the aforesaid enunciation of law, which squarely governs the issue on hand, this Court is of the considered view that the reasoning assigned by the respondent – Insurance Ombudsman in rejecting the petitioner’s request for legal representation is wholly untenable. The mere fact that the Ombudsman or the representatives of the insurer may not be legally trained cannot be a valid ground to deny a litigant the assistance of an advocate, particularly when the proceedings have entered the adjudicatory stage under Rule 17. Such a view not only runs contrary to the statutory framework but also militates against the principles of fairness and effective hearing.



14. Therefore, in the backdrop of the binding principles laid down by the Division Bench and having regard to the scheme of the Rules, the impugned order cannot be sustained in law and is liable to be set aside.

15. This Court is also of the considered opinion that the right to seek assistance of a legal practitioner assumes greater significance having regard to the class of litigants who ordinarily approach the Insurance Ombudsman. A policyholder may not necessarily be a person well-versed in law or procedure; he may be an illiterate villager, a widow who is a homemaker with no independent exposure to legal or technical matters, or a lay consumer unfamiliar with the nuances of insurance contracts and medical documentation. To expect such a claimant to effectively present his or her case involving interpretation of policy terms, exclusions, medical records and causation, without the aid of professional assistance, would be wholly unrealistic and would, in effect, amount to denial of meaningful opportunity of hearing. The mere fact that the



Ombudsman may not possess a legal background cannot be a ground to deny the claimant the benefit of legal representation. On the contrary, fairness in adjudication demands that a party who is otherwise handicapped in presenting his/her case be permitted to avail expert assistance. Therefore, particularly once the proceedings travel beyond mediation under Rule 16 and enter the adjudicatory stage under Rule 17, refusal to permit engagement of an advocate would result in manifest prejudice to such vulnerable categories of claimants and would be antithetical to the principles of natural justice.

16. For the foregoing reasons, this Court proceeds to pass the following;

ORDER

- (i) The writ petition is hereby allowed.
- (ii) The impugned intimation dated 10.09.2024 issued by the respondent – Insurance Ombudsman, as per Annexure-A, is quashed.



(iii) The petitioner-complainant is permitted to engage and be represented by an advocate in the proceedings before the respondent – Insurance Ombudsman. The respondent shall permit such representation and proceed with the matter in accordance with law. It is, however, made clear that the statutory timeline prescribed for disposal shall remain unaltered, and the respondent shall endeavour to dispose of the complaint within a period of ninety (90) days from the date of receipt of a certified copy of this order.

(iv) The petitioner, upon engaging an advocate, shall extend full cooperation for expeditious disposal of the proceedings and shall not seek unnecessary adjournments, so as to ensure adherence to the aforesaid timeline.

Sd/-
(SACHIN SHANKAR MAGADUM)
JUDGE