HC-KAR

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 1ST DAY OF JULY, 2026

PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

THE HON'BLE MRS. JUSTICE K.S. HEMALEKHA

WRIT APPEAL NO.1534 OF 2026 (GM-RES)

BETWEEN:

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

...APPELLANT

(BY SRI. VIJAYENDRA D. JOSHI, ADVOCATE)

AND:

SRI M.V. NARASIMHA PRASAD
AGED ABOUT 56 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.

...RESPONDENT

(BY SRI. SAMEER SHARMA, ADVOCATE FOR C/R)

THIS WRIT APPEAL IS FILED UNDER SECTION 4 OF THE KARNATAKA HIGH COURT ACT PRAYING TO CALL FOR THE RECORDS OF THE W.P.NO.26221/2024 ON THE FILE OF THE

LEARNED SINGLE JUDGE OF THIS HON'BLE COURT AND FURTHER BE PLEASED TO SET ASIDE THE ORDER DATED 27.03.2026, PASSED THEREIN AND DISMISS THE WRIT PETITION.

THIS APPEAL COMING ON FOR PRELIMINARY HEARING, THIS DAY, JUDGMENT WAS DELIVERED THEREIN AS UNDER:

CORAM: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE
and
HON'BLE MRS. JUSTICE K.S. HEMALEKHA

ORAL JUDGMENT

(PER: HON'BLE MRS. JUSTICE K.S. HEMALEKHA)

1. The appellant [**Insurance Ombudsman**], has preferred the present appeal impugning the order dated 27.03.2026, passed by the learned Single Judge in W.P.No.26221/2024 [GM-RES], whereby the writ petition filed by the respondent was allowed, the intimation dated 10.09.2024 issued by the appellant rejecting the respondent's request to be represented by an advocate before the Insurance Ombudsman was quashed and the appellant was permitted to engage and be represented by an advocate in the proceedings before the Insurance Ombudsman and the Insurance Ombudsman was directed to permit such representation.

2. The respondent had challenged before the Insurance Ombudsman the repudiation of his insurance claim by the insurer.

The complaint was initially disposed of by the Insurance Ombudsman. Aggrieved thereby, the respondent had approached this Court in W.P.No.3160/2023 [GM-RES], by an order dated 10.07.2024, the learned Single Judge set aside the award passed by the Insurance Ombudsman and remitted the matter for fresh consideration after affording the respondent an opportunity of hearing.

3. Pursuant to the order of remand, the respondent filed an application before the Insurance Ombudsman seeking permission to be represented by an advocate in the proceedings. The Insurance Ombudsman, by an intimation dated 10.09.2024, rejected the request, principally on the ground that the proceedings before the Insurance Ombudsman are intended to be informal and non-adversarial in nature and that permitting representation through legal practitioners would disturb the parity between the parties.

4. The principal contention urged on behalf of the appellant is that the Insurance Ombudsman is intended to function as an informal, consumer-friendly and non-adversarial dispute resolution

mechanism and that permitting representation through an advocate would defeat the very object underlying the statutory scheme.

5. The learned Single Judge, however, held that once the proceedings assume an adjudicatory character, a claimant cannot be denied effective legal assistance solely on the ground that neither the Insurance Ombudsman nor the representatives of the insurer are not legally trained. The learned Single Judge, placing reliance on the decision of the Division Bench of the Telangana High Court in **N. Vijaya Laxmi Vs. Insurance Regulatory and Development Authority of India and Others**[1], observed that the statutory transition from mediation under Rule 16 of the Insurance Ombudsman Rules, 2017 [**Rules, 2017**] to adjudication under Rule 17 of the Rules, 2017 fundamentally alters the nature of the proceedings and entails legal consequences.

6. In this context, it is necessary to refer to the Rules, 2017, which were framed with an object of providing an inexpensive, expeditious and effective mechanism for resolution of disputes arising between policyholders and insurers. The institution of

[1] 2023(4) ALT 177

Insurance Ombudsman is intended to provide an accessible forum where grievances of policyholders are resolved with minimum procedural formalities, thereby avoiding prolonged and expensive litigation before the civil Courts. The Rules, 2017 envisage a two stage mechanism for resolution of dispute. The first stage is essentially conciliatory in nature. Rule 14, 15 of the Rules, 2017 reads as under:

> "**14. Manner in which complaint to be made.—** (1) Any person who has a grievance against an insurer [or insurance broker], may himself or through his legal heirs, nominee or assignee, make a complaint in writing to the Insurance Ombudsman within whose territorial jurisdiction the branch or office of the insurer [or the insurance broker, as the case may be,] complained against or the residential address or place of residence of the complainant is located.
>
> (2) The complaint shall be in writing, duly [signed or made by way of electronic mail or online through the website of the Council for Insurance Ombudsmen,] by the complainant or through his legal heirs, nominee or assignee and shall state clearly the name and address of the complainant, the name of the branch or office of the insurer against whom the complaint is made, the facts giving rise to the complaint, supported by documents, the nature and extent of the loss caused to the complainant and the relief sought from the Insurance Ombudsman.
>
> (3) No complaint to the Insurance Ombudsman shall lie unless—
>
> (a) the complainant [has made a representation in writing or through electronic mail or online through website of the insurer or insurance broker concerned] to the insurer [or insurance broker, as the case may be,] named in the complaint and—

(i) either the insurer [or insurance broker, as the case may be,] had rejected the complaint; or

(ii) the complainant had not received any reply within a period of one month after the insurer [or insurance broker, as the case may be,] received his representation; or

(iii) the complainant is not satisfied with the reply given to him by the insurer [or insurance broker, as the case may be];

(b) The complaint is made within one year—

(i) after the order of the insurer [or insurance broker, as the case may be,] rejecting the representation is received; or

(ii) after receipt of decision of the insurer [or insurance broker, as the case may be,] which is not to the satisfaction of the complainant;

(iii) after expiry of a period of one month from the date of sending the written representation to the insurer [or insurance broker, as the case may be,] if the insurer [or insurance broker, as the case may be,] named fails to furnish reply to the complainant.

(4) The Ombudsman shall be empowered to condone the delay in such cases as he may consider necessary, after calling for objections of the insurer [or insurance broker, as the case may be,] against the proposed condonation and after recording reasons for condoning the delay and in case the delay is condoned, the date of condonation of delay shall be deemed to be the date of filing of the complaint, for further proceedings under these rules.

(5) No complaint before the Insurance Ombudsman shall be maintainable on the same subject

matter on which proceedings are pending before or disposed of by any court or consumer forum or arbitrator.

(6) The Council for Insurance Ombudsmen shall develop a complaints management system, which shall include an online platform developed for the purpose of online submission and tracking of the status of complaints made under rule 14.

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 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."

7. Rule 14 prescribes the manner in which a complaint may be instituted before the Insurance Ombudsman and Rule 15 lays down the procedure to be followed by the Insurance Ombudsman upon receipt of the complaint. Under Rule 15, the Insurance Ombudsman is empowered to call for additional documents, obtain factual information and expert opinion wherever necessary, and is required to afford the parties a reasonable opportunity of hearing.

8. Thereafter, the Rule 16, which reads as under, comes into play:

> "**16. Complaint 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 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 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 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. "

9. Rule 16 obligates the Insurance Ombudsman to make an endeavour to bring about an amicable settlement between the parties through mediation. Where the complaint is not settled by mediation under Rule 16, Rule 17 becomes applicable. It provides for the second stage of the proceedings. Rule 17 has been incorporated in recognition of the legislative intent that every dispute may not be capable of settlement through mediation.

10. Rule 17 reads as under:

"**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 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 insurance broker, as the case may be,] named in the complaint.
>
> (6) The insurer [or 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 insurance broker as the case may be."

11. Rule 17 provides that, where mediation fails, the Insurance Ombudsman ceases to act merely as a conciliator and is required to determine the dispute by passing a reasoned award based on the pleadings and evidence on record. Thus, the legislative intent is clear; whilst the Rules encourage consensual settlement in the first instance, they simultaneously provide an adjudicatory mechanism to ensure that the complainant is not left remediless merely because the mediation has failed.

12. It is this transition from mediation to adjudication that assumes significance. During mediation, the Insurance Ombudsman performs a facilitative role with the object of bringing about an amicable resolution. Once the proceedings cross this stage and enter Rule 17, the Insurance Ombudsman is required to adjudicate the dispute by evaluating the pleadings, appreciating the evidence and recording reasons in support of the award. Thus, the nature of proceedings undergoes a material change. The Insurance Ombudsman is no longer engaged in facilitating a settlement but is instead required to determine the rights and liabilities of the parties.

13. In this context, Rule 15 (4), which requires a reasonable opportunity of hearing assumes significance. The opportunity contemplated therein cannot be reduced to a mere formality once the proceedings have entered the adjudicatory stage. The expression "reasonable opportunity of hearing" must receive a purposive construction consistent with the scheme of Rules and the nature of proceedings contemplated under Rule 17.

14. The Division Bench of the Telangana High Court in **N. Vijaya Laxmi**'s case (*supra*), has held that scheme of Insurance Ombudsman Rules has been divided into two stages. Stage I,

which deals with the complaints filed under Rule 14 and ending with the recommendation made in Rule 16 and Stage II deals with Rule 17. It was held that the mediation as understood upto Rule 16 is voluntary, informal and non-adjudicatory process. A neutral mediator facilitates communication and negotiation between disputing parties and does not suggest or impose any terms of settlement. Because the stage involves no adjudication, the Division Bench held that there was no role for advocates at this point in the mediation process. However, the Court noted that the situation changes once mediation fails and the matter proceeds to Rule 17. At this stage, the Insurance Ombudsman function shifts from that of a mediator to that of an adjudicator and the Insurance Ombudsman must pass a reasoned award based on the pleadings and evidence on record, specifying the compensation due if the decision favours the complainant. This award is binding on the insurer, who must comply with stipulated time and pay interest for any delay in settlement.

15. Accordingly, the Division Bench held that once proceedings move from Rule 16 to Rule 17, the Insurance Ombudsman effectively becomes an arbitrator exercising quasi-judicial function.

This triggers Section 30 of Advocates Act, 1961, which grants advocates the right to practice before any Tribunal or person legally authorized to take evidence. Additionally, since proceedings under Rule 17 necessarily involve the presentation and appreciation of evidence before such an authority, the Division Bench held that the role of an advocate cannot be excluded at this stage. The Division Bench also took note of Bombay High Court decision in **Aditya Birla Sun Life Insurance Co. Ltd., Vs. Insurance Ombudsman Goa, and Thane and Another**[2] wherein it was held as under:

> **"16.** Thus, the statutory scheme of the Insurance Ombudsman Rules, 2017, clearly reflects that when the Ombudsman makes an award under Rule 17 while exercising his duties and functions under Rule 13, the Insurance Ombudsman is in fact adjudicating the dispute as made in the complaint. In such context, sub-rule (4) of Rule 15 is required to be noted which clearly provides that the Ombudsman shall dispose of the complaint after giving the parties to the dispute a reasonable opportunity of being heard. Sub-rule (2) of Rule 17 provides that the award shall be in writing and state the reasons upon which the award is based. Sub-rule (8) of Rule 17 provides that the award of the Insurance Ombudsman shall be binding on the insurer. From a cumulative reading of the rules and its provisions, it is thus clear that the adjudication being undertaken by the Insurance Ombudsman has all trappings of an adjudication by a tribunal when the Insurance Ombudsman adjudicates a complaint. In the course of such adjudication, he is under an obligation to act judicially, he is required to follow all the essential ingredients of what a tribunal would be required to follow in adjudicating such disputes, namely of a hearing to

[2] 2022 SCC OnLine Bom 1673

be granted to the parties before him and taking a decision by furnishing reasons on such decision in pronouncing upon the rights or liabilities arising under the insurance contract. Thus, necessarily the functions which are discharged by the Ombudsman are akin to the function as discharged by a tribunal in adjudicating the dispute.

17. It is well established that the word "tribunal" as used in Article 227 of the Constitution is required to be given a liberal interpretation to include all statutory authorities who are vested with quasi judicial power even though they may not have been labelled as tribunals. In this context, it would be useful to refer to the decision of the Supreme Court in Manmohan Singh Jaitla v. Commissioner Union Territory, Chandigarh, 1984 Supp SCC 540 : AIR 1985 SC 364. Paragraph 7 of the said decision needs to be noted which reads thus:—

> "7. The High Court declined to grant any relief on the ground that an aided school is not "other authority" under Article 12 of the Constitution and is therefore not amenable to the writ jurisdiction of the High Court. The High Court clearly overlooked the point that Deputy Commissioner and Commissioner are statutory authorities operating under the 1969 Act. They are quasi-judicial authorities and that was not disputed. Therefore, they will be comprehended in the expression 'Tribunal' as used in Article 227 of the Constitution which confers power of superintendence over all Courts and tribunals by the High Court throughout the territory in relation to which it exercises jurisdiction. Obviously, therefore, the decision of the statutory quasi-judicial authorities which can be appropriately described as tribunal will be subject to judicial review namely a writ of certiorari by the High Court under Article 227 of the Constitution. The decision questioned before the High Court was of the Deputy Commissioner and the Commissioner exercising powers under section 3 of the 1969 Act. And these statutory authorities are certainly amenable to the writ jurisdiction of the High Court."
>
> (emphasis supplied)

23. I am, therefore, of the considered view that as the adjudication of a complaint before the Insurance Ombudsman possesses all essentials of a judicial/quasi judicial adjudication akin to an adjudication by a tribunal. It

> thus may not be an acceptable proposition that merely because sub-rule (8) of Rule 17 provides that an award shall be binding on the insurer, the insurer would be precluded from assailing the award by invoking the jurisdiction of this Court under Article 227 being a remedy as guaranteed by the Constitution, more particularly, being an adjudication governed by statutory rules as noted above. The question No. (i) as noted in paragraph (3) would accordingly stand answered. "

16. The Division Bench on the said facts held as under:

> "44. The decision of the Bombay High Court supports the line of reasoning which we have adopted. When the insurance ombudsman starts proceedings under Rule 17 of the Insurance Ombudsman Rules, he discharges his duties as an arbitrator and ultimately passes the award. When he does so, he performs the duties of an arbitral tribunal and therefore, he would be a tribunal when he exercises the powers under Rule 17. But prior to Rule 17 as we have already discussed above, it is a mediation process which does not envisage any role for a lawyer."

17. The Division Bench noted that the petitioner's complaint was still at the mediation stage i.e. from Rule 14 to Rule 16 and at that stage, there was no justification to grant that the advocate may be allowed to appear. However, the Division Bench clarified that if the matter progresses to Rule 17, the petitioner will have the right to be represented by an advocate.

18. We find ourselves in agreement with the view taken by the Division Bench of the Telangana High Court in **N. Vijaya Laxmi**'s case (supra) as well as the view taken by the learned Single Judge.

The impugned order does not suffer from any infirmity warranting any interference in this intra-Court appeal. Accordingly, the writ appeal is dismissed.

19. The pending interlocutory applications also stand disposed of.

Sd/-
(VIBHU BAKHRU)
CHIEF JUSTICE

Sd/-
(K.S. HEMALEKHA)
JUDGE

AT
List No.: 2 Sl No.: 18