HC-KAR

NC: 2026:KHC:47481
WP No. 14682 of 2024

CNR: KAHC010254402024

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IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 1ST DAY OF SEPTEMBER, 2026

BEFORE

THE HON'BLE MR. JUSTICE SURAJ GOVINDARAJ

WRIT PETITION NO. 14682 OF 2024 (GM-RES)

BETWEEN

1. M/S NATIONAL INSURANCE CO LTD
   MUMBAI CORPORATE REGIONAL
   OFFICE,
   PUBLIC LIMITED COMPANY
   NATIONAL INSURANCE BUILDING
   2ND FLOOR, 14 JAMSHEDJI TATA ROAD,
   CHURCH GATE, MUMBAI 400020,
   REP BY ITS MANAGER
   AUTHORIZED SIGNATORY
   MRS SUJATHA.

2. M/S NATIONAL INSURANCE CO. LTD.,
   A PUBLIC LIMITED COMPANY
   BHARATH BUILDING P M RAO ROAD,
   MAGNALORE 575001
   REP BY ITS MANAGER
   AUTHORIZED SIGNATORY
   MRS SUJATHA.

...PETITIONERS

(BY SRI. DEVAIAH I S., ADVOCATE)

AND

1. MR PADMANABHA SHETTY G
   S/O PAKEERAPPA SHETTY,
   AGED ABOUT 66 YEARS,
   RESIDING AT NO.1304,
   B BLOCK MAURIKSHA PARK
   PVS CIRCLE, KODIALBAIL,
   MANGALORE 575003

2. MEDI ASSIST INSURANCE TPA PVT LTD.,
   NO.4/1 TOWER D, 4TH FLOOR
   IBC KNOWLEDGE PARK
   BANNERGHATTA ROAD,
   BENGALURU, KARNATAKA 560029
   REPRESENTED BY ITS CEO

3. M/S BANK OF BARODA
   BARODA BHAVAN,
   7TH FLOOR, R.C. DUTT ROAD,
   VADODARA 390007,
   REP BY THE MANAGING DIRECTOR AND CEO.

4. M/S BANK OF BARODA
   ZONAL OFFICE II FLOOR,
   VIJAYA TOWERS,
   LHH ROAD, MANGALORE 575003,
   REP BY THE GENERAL MANAGER.

…RESPONDENTS

(BY SRI. RANJAY SHETTY., ADVOCATE FOR R1;
SRI. KASHYAP N. NAIK., ADVOCATE FOR R2;
SRI. VIGNESH SHETTY., ADVOCATE FOR R3 & R4)

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO ISSUE A WRIT, ORDER OR DIRECTION IN THE NATURE OF A WRIT OF CERTIORARI OR ANY OTHER APPROPRIATE WRIT/ORDER/DIRECTION QUASHING THE IMPUGNED ORDER DATED 20.09.2023 AND MODIFIED/RECTIFIED ORDER DATED 10.01.2024 PASSED BY THE LEARNED PERMANENT LOK ADALAT, AT MANGALURU, DAKSHINA KANNADA IN PLD NO.761/2022 (ANNEXURE-A & B) AND ETC.,

THIS WRIT PETITION COMING ON FOR ORDERS AND HAVING BEEN RESERVED FOR ORDERS ON 28.07.2026, THIS DAY, THE COURT PRONOUNCED THE FOLLOWING:

CORAM: HON'BLE MR. JUSTICE SURAJ GOVINDARAJ

CAV ORDER

1. The Petitioners-Insurance Company are before this Court seeking for the following reliefs:

> *i. Issue a writ, order or direction in the nature of a writ of certiorari or any other appropriate writ/order/direction quashing the impugned order dated 20.09.2023 and modified/rectified order dated 10.01.2024 passed by the learned Permanent Lok Adalat, at Mangaluru, Dakshina Kannada in PLD No. 761/2022 (Annexure-A & B) and*
>
> *ii. Pass any other orders/grant such other relief as this Hon'ble Court deems fit, under the circumstances of the case, in the interest of justice and equity.*

2. Respondent No.1 was an employee of Vijaya Bank, which, pursuant to its merger, became part of respondent No.3–Bank of Baroda.

3. The Indian Banks' Association had formulated a health insurance scheme for retired employees of member banks. Vijaya Bank was a member of the said scheme and, following its merger with Bank of Baroda, the latter also became a member. Vijaya Bank had extended the insurance scheme to its eligible retired officers and employees. Respondent No.1, being an eligible retired officer, paid the

requisite premium and was covered under the scheme for the period from 01.11.2021 to 31.10.2022, with an annual coverage of Rs.9,00,000/.

4. Respondent No.1 was suffering from Stage IV carcinoma of the prostate and had undergone treatment at HCG Hospital, Bengaluru, including chemotherapy. During the course of such treatment, he was advised to continue two post-chemotherapy injections, namely, Zoladex and Xgeva, once every three months.

5. Respondent No.1 was admitted to Indira Hospital, Mangaluru, on 03.11.2021 and discharged on 04.11.2021, incurring expenditure of Rs.71,252/-. He was again admitted on 09.02.2022 and discharged on 10.02.2022, incurring expenditure of Rs.71,382/-. He was thereafter admitted on 25.05.2022 and discharged on 26.05.2022, and was once again admitted on 29.08.2022 and discharged on 30.08.2022, incurring expenditure of Rs.71,428/- on the latter occasion.

6. While several components of his medical expenditure were reimbursed, the amounts incurred towards the injections Zoladex and Xgeva were not reimbursed.

Claiming a total sum of Rs.2,85,470/- towards the unpaid medical expenses, respondent No.1 invoked Section 22-C(1) to (8) of the Legal Services Authorities Act, 1987, by instituting proceedings before the Permanent Lok Adalat at Mangaluru, which was registered as Dispute No.761/2022.

7. The petitioners entered appearance through counsel and filed their counter statement. Their principal contention was that administration of the injections Zoladex and Xgeva did not require hospitalisation and, therefore, the treatment constituted out-patient treatment. According to the petitioners, the insurance policy extended coverage only to treatment involving hospitalisation and did not cover treatment undertaken otherwise than by way of hospitalisation.

8. The matter was initially taken up by the Permanent Lok Adalat for conciliation. Since the parties did not arrive at an amicable settlement, the Permanent Lok Adalat recorded the failure of conciliation and proceeded to the stage of adjudication by recording evidence.

9. Upon completion of the evidence, the Permanent Lok Adalat passed an order dated 20.09.2023, directing

the petitioners and the other respondents therein to pay Rs.2,85,470/-, together with interest at 6% per annum from the date of the petition until realisation. The Permanent Lok Adalat further directed payment of Rs.25,000/- as compensation to respondent No.1 towards the inconvenience allegedly caused to him.

10. Thereafter, Bank of Baroda filed an application under Section 152 of the Code of Civil Procedure, seeking correction/modification of the operative portion of the order on the ground that the liability to satisfy the medical claim was that of the petitioners, being the insurers. The Permanent Lok Adalat allowed the said application and modified the operative portion, directing the petitioners to make payment of the medical claim and costs.

11. Aggrieved by the order dated 20.09.2023 as well as the subsequent order passed on the application under Section 152 of CPC, the petitioners–insurers have approached this Court.

12. Sri Devaiah I.S., learned counsel for the petitioners submits that:

12.1. He relies on Section 22-C of the Legal Services Authority Act, 1987, which is reproduced hereunder for easy reference:

> ***"22-C Cognizance of cases by Permanent Lok Adalat.—***
>
> *(1)Any party to a dispute may, before the dispute is brought before any court, make an application to the Permanent Lok Adalat for the settlement of dispute:*
>
> *Provided that the Permanent Lok Adalat shall not have jurisdiction in respect of any matter relating to an offence not compoundable under any law:*
>
> *Provided further that the Permanent Lok Adalat shall also not have jurisdiction in the matter where the value of the property in dispute exceeds ten lakh rupees:*
>
> *Provided also that the Central Government, may, by notification, increase the limit of ten lakh rupees specified in the second proviso in consultation with the Central Authority.*
>
> *(2)After an application is made under sub-section (1) to the Permanent Lok Adalat, no party to that application shall invoke jurisdiction of any court in the same dispute.*
>
> *(3)Where an application is made to a Permanent Lok Adalat under sub-section (1), it—*
>
> *(a)shall direct each party to the application to file before it a written statement, stating therein the facts and nature of dispute under the application points or issues in such dispute and grounds relied in support of, or in opposition to, such points or issues, as the case may be, and such party may supplement such statement with any document and other evidence which such party deems appropriate in proof of such facts and grounds and shall send a copy of such statement together with a copy of such document and other evidence, if any, to each of the parties to the application;*
>
> *(b)may require any party to the application to file additional statement before it at any stage of the conciliation proceedings;*

(c)shall communicate any document or statement received by it from any party to the application to the other party, to enable such other party to present reply thereto.

(4)When statement, additional statement and reply, if any, have been filed under sub-section (3), to the satisfaction of the Permanent Lok Adalat, it shall conduct conciliation proceedings between the parties to the application in such manner as it thinks appropriate taking into account the circumstances of the dispute.

(5)The Permanent Lok Adalat shall, during conduct of conciliation proceedings under sub-section (4), assist the parties in their attempt to reach an amicable settlement of the dispute in an independent and impartial manner.

(6)It shall be the duty of every party to the application to cooperate in good faith with the Permanent Lok Adalat in conciliation of the dispute relating to the application and to comply with the direction of the Permanent Lok Adalat to produce evidence and other related documents before it.

(7)When a Permanent Lok Adalat, in the aforesaid conciliation proceedings, is of opinion that there exist elements of settlement in such proceedings which may be acceptable to the parties, it may formulate the terms of a possible settlement of the dispute and give to the parties concerned for their observations and in case the parties reach at an agreement on the settlement of the dispute, they shall sign the settlement agreement and the Permanent Lok Adalat shall pass an award in terms thereof and furnish a copy of the same to each of the parties concerned.

(8)Where the parties fail to reach at an agreement under sub-section (7), the Permanent Lok Adalat shall, if the dispute does not relate to any offence, decide the dispute."

12.2. It is contended that the scheme of Section 22-C of the Legal Services Authorities Act, 1987 makes conciliation an essential and mandatory stage in the proceedings before a Permanent

Lok Adalat. Sub-sections (4) and (5) require the Permanent Lok Adalat to conduct conciliation proceedings and assist the parties, in an independent and impartial manner, in their attempt to arrive at an amicable settlement. Correspondingly, sub-section (6) casts a duty upon the parties to cooperate in good faith with the Permanent Lok Adalat in such conciliation proceedings.

12.3. According to learned counsel, in the present case, instead of making any meaningful attempt to facilitate conciliation, the Permanent Lok Adalat, noticing that the parties had not appeared for conciliation, treated the conciliation process as having failed and proceeded to the stage of recording evidence. In doing so, according to him, the Permanent Lok Adalat effectively dispensed with the statutory conciliation mechanism, thereby defeating the legislative scheme underlying Section 22-C.

12.4. Learned counsel submits that, having regard to the statutory scheme, the Permanent Lok Adalat was required to make a genuine and

meaningful effort to facilitate settlement before proceeding to adjudication. The mere absence of an amicable settlement at the initial stage, according to him, could not by itself justify treating the statutory conciliation process as exhausted.

12.5. On this premise, learned counsel submits that the matter ought to be remanded to the Permanent Lok Adalat, so as to enable the parties to participate in conciliation and explore the possibility of an amicable settlement.

12.6. During the course of hearing, this Court enquired whether, having regard to the passage of time, the petitioners were willing to make any offer which could form the basis for a possible settlement.

12.7. On instructions, learned counsel categorically submitted that the petitioners were not willing to make any offer, as according to them there was no liability whatsoever to reimburse the expenditure incurred by respondent No.1 towards the Zoladex and Xgeva injections.

12.8. Learned counsel, however, submits that the impugned award is unsustainable on merits, as the Permanent Lok Adalat has failed to properly consider the specific terms and conditions of the insurance policy and the grounds on which the claim was repudiated.

12.9. It is submitted that the petitioners had issued repudiation letters dated 05.02.2022, 29.03.2022, 14.09.2022 and 17.09.2022, consistently taking the stand that the expenses incurred by respondent No.1 towards Zoladex and Xgeva injections were not covered under the policy.

12.10. Learned counsel places particular reliance upon Clauses 2.10 and 2.19 of the insurance policy, which define "Day Care Treatment" and "Hospitalisation", respectively which are reproduced hereunder for easy reference:

> ***"Clause 2.10: DAY CARE TREATMENT***-
>
> *Day care treatment means the medical treatment and/or surgical procedure which is-i.Undertaken under general or local anaesthesia in a hospital/day care centre in less than 24 hours because of technological advancement and*
>
> *ii. Which would have otherwise required a hospitalisation of more than 24 hours. Treatment normally taken on an*

outpatient basis is not included in the scope of this definition.

Clause 2.19: HOSPITALISATION

Means admission in a Hospital/Nursing Home for a minimum period of 24 in-patient care consecutive hours except for the specified day care procedures/treatment, were such admission could be for a period of less than 24 consecutive hours."

12.11. He submits that Clause 2.10 defines "Day Care Treatment" as medical treatment and/or a surgical procedure undertaken under general or local anaesthesia in a hospital/day care centre for a period of less than 24 hours owing to technological advancement, where such treatment would otherwise have required hospitalisation for more than 24 hours. The definition expressly excludes treatment normally taken on an outpatient basis.

12.12. Learned counsel submits that the administration of Zoladex and Xgeva injections does not satisfy the requirements of the aforesaid definition. Respondent No.1 was not subjected to general or local anaesthesia, nor did the administration of the injections constitute a medical treatment or surgical procedure which, but for technological advancement, would have required

hospitalisation for more than 24 hours. According to the petitioners, the injections were ordinarily administered on an outpatient basis.

12.13. It is, therefore, contended that the expenditure incurred towards the said injections cannot be brought within the expression "Day Care Treatment" under Clause 2.10. The exclusion of treatment normally undertaken on an outpatient basis, according to learned counsel, further fortifies the petitioners' contention.

12.14. Learned counsel next relies upon Clause 2.19, which defines "Hospitalisation" as admission to a hospital/nursing home for a minimum period of 24 consecutive hours of inpatient care, except in respect of specified day-care procedures/treatments where admission may be for a shorter period.

12.15. It is submitted that there is no dispute that the expenses incurred by respondent No.1 in respect of the treatment actually undertaken during his hospitalisation were duly reimbursed by the insurer. The dispute is confined to the expenditure incurred subsequently towards administration of Zoladex and Xgeva injections.

12.16. According to learned counsel, the said injections were not administered during a period of hospitalisation, nor did their administration constitute a specified day-care procedure within the meaning of Clause 2.10. Consequently, the expenditure does not fall within the coverage contemplated under Clause 2.19.

12.17. The submission, therefore, is that the petitioners had rightly repudiated the claim in accordance with the express terms of the insurance policy. The Permanent Lok Adalat, according to learned counsel, has failed to examine the contractual terms governing the insurance coverage and has not properly considered the specific grounds contained in the repudiation letters.

12.18. Learned counsel accordingly submits that, without determining whether the treatment in question fell within the contractual definitions of "hospitalisation" or "day care treatment", the Permanent Lok Adalat could not have directed the petitioners to reimburse the expenditure of

Rs.2,85,470/-, together with interest and compensation.

12.19. It is thus contended that the impugned award suffers from a failure to consider the material terms of the insurance policy and the specific defence of the petitioners, and is consequently liable to be interfered with in exercise of the writ jurisdiction of this Court.

13. Sri Ranjan Shetty, learned counsel for respondent No.1, submits that:

13.1. There is no dispute that respondent No.1 was suffering from Stage IV carcinoma of the prostate and was undergoing treatment for the said serious and advanced malignancy. The expenses incurred towards chemotherapy were admittedly reimbursed by the insurer. The dispute is confined to the expenses incurred towards Zoladex and Xgeva injections, which were prescribed by the treating doctors as part of the continuing treatment following the chemotherapy cycles.

13.2. Learned counsel submits that the fact that the two injections were administered once every

three months and after completion of the chemotherapy cycle does not take them outside the scope of treatment for the underlying disease. The injections were prescribed as a continuation and adjunct to the treatment of prostate cancer and were not medicines administered for any unrelated ailment.

13.3. **Zoladex:** Insofar as Zoladex is concerned, learned counsel submits that it is the trade name for Goserelin Acetate, which is used as hormonal therapy in the treatment of prostate cancer. It functions by suppressing the production of testosterone and thereby depriving hormone-sensitive prostate cancer cells of the androgenic stimulation necessary for their growth and progression.

13.4. It is submitted that, particularly in advanced prostate cancer, hormonal therapy is an established component of treatment and may be administered along with, or subsequent to, other forms of systemic cancer treatment. Thus, merely because Zoladex was administered after the chemotherapy cycle and not simultaneously with the chemotherapy, it

cannot be characterised as treatment unrelated to the cancer for which respondent No.1 was insured.

13.5. Learned counsel submits that, in the case of respondent No.1, Zoladex was prescribed by the treating doctors as part of the continuing management of his Stage IV prostate carcinoma and was therefore directly connected with the insured medical condition.

13.6. **Xgeva:** With regard to Xgeva, learned counsel submits that it is the trade name for Denosumab, a monoclonal antibody used to reduce the risk of skeletal-related complications in patients with certain advanced cancers involving the bone.

13.7. It is submitted that advanced prostate cancer may metastasise to the skeletal system, resulting in serious complications including bone destruction, pathological fractures and spinal complications. Xgeva is administered to inhibit the biological mechanism responsible for bone resorption and thereby protect against such skeletal complications.

13.8. According to learned counsel, Xgeva was therefore not a medicine being administered for some independent or incidental condition. It was prescribed to respondent No.1 in consequence of, and as part of the medical management of, his advanced prostate cancer. The expenditure incurred towards the said injection must consequently be regarded as expenditure towards treatment of the very disease for which respondent No.1 was receiving chemotherapy.

13.9. Absence of hospitalisation cannot defeat the claim. Learned counsel submits that the petitioners' principal objection proceeds on the basis that the injections were administered without hospitalisation and without general or local anaesthesia. It is contended that this approach is unduly technical and contrary to the substance of the treatment actually received.

13.10. It is not disputed that the injections were administered without requiring respondent No.1 to be hospitalised. However, that was precisely because of the nature of the treatment and

advancements in modern medical science. The fact that a treatment can now be safely administered without hospitalisation cannot, by itself, convert the treatment into something other than medical treatment for the underlying disease.

13.11. Learned counsel submits that the distinction sought to be drawn by the insurer between treatment administered during hospitalisation and treatment administered subsequently on an outpatient basis is artificial in the facts of the present case. The injections were prescribed by the treating doctor as a necessary part of the continuing treatment of respondent No.1's advanced cancer.

13.12. It is further submitted that respondent No.1 did not voluntarily choose to undergo the treatment or incur the expenditure. He was medically advised and required to undergo the injections as part of the treatment prescribed for his serious medical condition. Having accepted the premium and provided insurance coverage for the relevant period, the insurer cannot, according to learned counsel, deny

reimbursement by adopting an excessively technical interpretation of the policy.

13.13. Learned counsel submits that respondent No.1 was admittedly an eligible insured person and had paid the requisite premium for the relevant policy period. The underlying treatment for prostate cancer was within the scope of the medical condition for which he was receiving treatment and the insurer had itself reimbursed other expenses relating to his cancer treatment.

13.14. It is therefore contended that the insurer's attempt to deny reimbursement solely because the particular injections were administered without hospitalisation and did not involve general or local anaesthesia amounts to a hyper-technical interpretation of the policy.

13.15. Learned counsel submits that the policy terms must be construed having regard to the object and purpose of health insurance, particularly where the treatment is prescribed by a medical practitioner and is directly connected with the insured disease. The expression relating to day-care treatment, according to him, cannot be

applied in a manner which effectively excludes medically necessary treatment merely because advances in medical technology have eliminated the need for prolonged hospitalisation.

13.16. It is further submitted that the Permanent Lok Adalat, having considered the material placed before it, has rightly rejected the insurer's technical objection and directed reimbursement of the expenditure incurred by respondent No.1.

13.17. Learned counsel accordingly submits that the Permanent Lok Adalat's award does not suffer from any jurisdictional or legal infirmity warranting interference under Article 226/227 of the Constitution of India. Respondent No.1 was duly insured; the injections were prescribed as part of the treatment of his Stage IV prostate cancer; the expenditure was incurred pursuant to such medical advice; and the mere fact that the injections could be administered without hospitalisation cannot disentitle him from reimbursement.

13.18. He therefore submits that the writ petition is devoid of merit and is liable to be dismissed,

leaving intact the award passed by the Permanent Lok Adalat.

14. Sri Kashyap N. Naik, learned counsel appearing for respondent No.2 submits that the insurance scheme having been taken over by the petitioners, it is the petitioners who are liable under the said scheme.

15. Sri.Vignesh Shetty, learned counsel appearing for respondents No.3 and 4 submits that respondents No.3 and 4 are not liable to make payment of any amounts since erstwhile Vijaya Bank which has been taken over by Bank of Baroda had formulated the insurance scheme under which respondent No.1 had made payment of money to respondent No.2 initially and thereafter to the petitioners and as such, the contract of insurance is between the petitioners and respondent No.1.

16. Heard Sri.Devaiah.I.S, learned counsel for the petitioners and Sri.Ranjan Shetty, learned counsel for respondent No.1, Sri.Kashyap N. Naik, learned counsel for respondent No.2 and Sri.Vignesh Shetty, learned counsel for respondents No.3 and 4. Perused papers.

17. The points that would arise for consideration are:

1) **Whether there would be any purpose served by remanding the matter to the permanent Lok-Adalat directing the parties to avail of conciliation procedure as prescribed under Section 22-C of the Legal Services Authority Act, 1987?**

2) **Whether the award passed by the permanent Lok-Adalat suffers from any legal infirmity requiring this Court to intercede?**

3) **What order?**

18. This Court answers the above points as follows.

19. **<u>Answer to point No.1</u>**: **Whether there would be any purpose served by remanding the matter to the permanent Lok-Adalat directing the parties to avail of conciliation procedure as prescribed under Section 22-C of the Legal Services Authority Act, 1987?**

19.1. Sri Devaiah I.S., learned counsel for the petitioners, placing reliance upon Section 22-C of the Legal Services Authorities Act, 1987, contended that the matter ought to be remanded to the Permanent Lok Adalat to enable the parties to avail themselves of the conciliation process contemplated under the said provision. The submission proceeds on the premise that the Permanent Lok Adalat,

noticing that neither party had appeared for conciliation, recorded failure of conciliation and proceeded thereafter to adjudicate the dispute by recording evidence.

19.2. There can be little doubt that conciliation constitutes an important and integral component of the statutory scheme governing the functioning of a Permanent Lok Adalat. Section 22-C(4) requires the Permanent Lok Adalat to conduct conciliation proceedings between the parties, while sub-section (5) casts upon it the duty to assist the parties in their attempt to arrive at an amicable settlement in an independent and impartial manner. The object is plainly to provide the parties with an opportunity to resolve the dispute consensually before the Permanent Lok Adalat proceeds to adjudicate the dispute under sub-section (8).

19.3. The submission of learned counsel for the petitioners, therefore, cannot be said to be without substance insofar as it emphasises the importance of the conciliation process. Ordinarily, the statutory mechanism ought to be followed in its proper sequence, and a

Permanent Lok Adalat should make a meaningful effort to facilitate an amicable settlement before proceeding to adjudication.

19.4. The question, however, is not merely whether conciliation ought to have been attempted, but whether, in the peculiar circumstances of the present case, any useful purpose would now be served by remanding the matter for that purpose.

19.5. During the course of hearing, this Court specifically enquired of learned counsel for the petitioners whether, having regard to the lapse of time and the nature of the dispute, the petitioners were willing to make any proposal which could facilitate an amicable settlement. On instructions, learned counsel made a categorical submission that the petitioners were not willing to make any offer whatsoever, since their consistent stand was that they were under no obligation to reimburse any amount incurred towards the Zoladex and Xgeva injections.

19.6. The significance of this submission cannot be lost sight of. The dispute raised by respondent No.1 is a claim for reimbursement of medical

expenses under the insurance policy. The petitioners' position is not that a lesser amount is payable, or that the claim can be settled on commercial or equitable terms. Their position is that no amount is payable at all.

19.7. Conciliation is a consensual dispute-resolution mechanism. It requires the parties, with the assistance of the Permanent Lok Adalat, to explore the possibility of arriving at a mutually acceptable resolution. The statutory obligation upon the parties to cooperate in good faith under Section 22-C(6) does not, however, empower the Permanent Lok Adalat to compel either party to accept a settlement against its will.

19.8. In the present case, the petitioners, even before this Court, have maintained an unequivocal position that there is no liability on their part under the insurance policy. Respondent No.1, on the other hand, continues to assert his entitlement to reimbursement. Thus, there is no indication of any area of consensual resolution which could presently be explored by remanding the matter.

19.9. It would be incongruous to remit the matter merely to direct the parties to undertake conciliation when one party has categorically stated that it is not willing to make any payment or consider any settlement proposal. Conciliation cannot be converted into a process whereby one party is required to persuade the other to abandon or withdraw a claim which it asserts to be legally sustainable. Nor can a Permanent Lok Adalat compel either party to agree to terms which it does not accept.

19.10. More importantly, the petitioners themselves have invited this Court to examine the merits of their contention that the expenditure incurred towards Zoladex and Xgeva injections is outside the scope of the insurance coverage. Having adopted a categorical position on the substantive liability and having expressly declined any settlement proposal, the petitioners cannot seek a remand merely on the ground that the conciliation process before the Permanent Lok Adalat was not pursued to its logical conclusion.

19.11. The passage of time is also a relevant consideration. The proceedings were instituted before the Permanent Lok Adalat in 2022; the award came to be passed on 20.09.2023; and the present writ proceedings have thereafter remained pending. At this stage, remitting the matter for a conciliation exercise which, on the admitted stand of the petitioners, has no realistic possibility of yielding a settlement would result only in further delay without advancing the object of the legislation.

19.12. The purpose of constituting a Permanent Lok Adalat is undoubtedly to provide an expeditious, inexpensive and efficacious mechanism for resolution of disputes through conciliation and, where conciliation fails, adjudication. The conciliation mechanism cannot, however, be viewed in isolation from the subsequent statutory power of the Permanent Lok Adalat under Section 22-C(8) to decide the dispute where the parties fail to reach an agreement.

19.13. Although the importance of the conciliation process under Section 22-C is recognised,

remand at this stage would serve no meaningful purpose. The petitioners have expressly stated that they do not propose to make any payment or settlement offer and maintain that the claim itself is not maintainable. There is consequently no demonstrated possibility of an amicable settlement which could justify setting aside the proceedings already undertaken and directing a fresh exercise in conciliation.

19.14. This Court, therefore, answers Point No.1 holding that, notwithstanding the importance of the conciliation procedure contemplated under Section 22-C of the Legal Services Authorities Act, merely because the Permanent Lok Adalat did not pursue conciliation further, it would not be appropriate to remand the matter for a conciliation exercise which, in view of the categorical stand of the petitioners, would serve no useful purpose.

20. **<u>Answer to point No.2:</u> Whether the award passed by the Permanent Lok-Adalat suffers from any legal infirmity requiring this Court to intercede?**

20.1. The principal contention urged by Sri Devaiah I.S., learned counsel for the petitioners, is founded upon Clauses 2.10 and 2.19 of the insurance policy. According to the petitioners, Clause 2.19 covers expenses incurred during hospitalisation, whereas the Zoladex and Xgeva injections were administered without hospitalisation. As regards Clause 2.10, it is contended that a treatment would qualify as "Day Care Treatment" only when it is undertaken under general or local anaesthesia in a hospital/day-care centre and would otherwise have required hospitalisation for more than 24 hours. Since the injections in question were administered without general or local anaesthesia and did not require hospitalisation, it is contended that the expenditure incurred thereon falls outside the scope of the policy.

20.2. The contention requires consideration in the context of the nature of the ailment suffered by respondent No.1 and the purpose for which the two injections were prescribed. It is not in dispute that respondent No.1 was suffering from Stage IV carcinoma of the prostate and

that he was undergoing treatment for the said disease. It is also not in dispute that the insurer had reimbursed the expenses incurred towards his hospitalisation and treatment for prostate cancer.

20.3. The material placed before the Permanent Lok Adalat indicates that Zoladex and Xgeva were prescribed as part of the continuing treatment and management of respondent No.1's prostate cancer. Zoladex, containing Goserelin Acetate, is used as hormonal therapy in the management of prostate cancer by suppressing testosterone. Xgeva, containing Denosumab, is used in appropriate cancer patients to reduce skeletal complications associated with the disease, particularly where there is involvement of, or risk to, the skeletal system.

20.4. Thus, these injections cannot be characterised as medicines administered for an ailment unconnected with the disease for which respondent No.1 was undergoing treatment. They constituted medically prescribed treatment forming part of the continuing management of his advanced prostate cancer.

The fact that the injections were administered at intervals of three months and after the chemotherapy cycles does not sever their connection with the underlying disease or convert them into treatment unrelated to the insured condition.

20.5. The question, therefore, is whether the petitioners can deny reimbursement merely because, owing to the nature of the treatment, respondent No.1 did not require hospitalisation for administration of the injections.

20.6. In the considered opinion of this Court, the answer has to be in the negative in the facts and circumstances of the present case. Hospitalisation is not an end in itself; it is a mode in which medical treatment may be administered. Where advances in medical science enable a treatment which would otherwise have required a longer hospital stay to be administered safely and effectively without hospitalisation, the absence of hospitalisation cannot, by itself, be treated as determinative of whether the treatment is connected with the insured disease.

20.7. In the present case, respondent No.1 was already undergoing treatment for advanced prostate cancer. The injections were administered pursuant to medical advice as part of the continuing treatment. There is no suggestion that respondent No.1 avoided hospitalisation in order to defeat the terms of the policy or that he voluntarily chose an outpatient mode of treatment merely to claim reimbursement. On the contrary, the very nature of the injections was such that hospitalisation was not considered medically necessary.

20.8. A contrary interpretation would lead to an anomalous result. If a particular treatment necessarily required hospitalisation, the expenditure would be reimbursable; but if, by reason of medical advancement, the identical therapeutic objective could be achieved through a short outpatient procedure without occupying a hospital bed, the insured would lose coverage. Such an interpretation would make the availability of insurance dependent upon the manner of administration of the treatment

rather than its therapeutic purpose and its connection with the insured disease.

20.9. Clause 2.10 itself recognises the relevance of technological advancement by defining day-care treatment with reference to treatment which, but for such advancement, would otherwise have required hospitalisation of more than 24 hours. The provision, therefore, cannot be read in isolation or in a manner which defeats the very rationale for recognising day-care treatment in the first place.

20.10. The petitioners' contention that the absence of general or local anaesthesia, by itself, takes the treatment outside Clause 2.10 also cannot be accepted without examining the substance and purpose of the treatment. The administration of the injections was not an independent or elective outpatient activity unrelated to the insured disease. It was treatment prescribed by the treating doctor in the course of management of respondent No.1's advanced cancer.

20.11. It is also significant that the petitioners have not disputed the underlying medical condition,

the prescription of the injections, or the fact that the expenditure was actually incurred. The objection is essentially that the treatment was administered without hospitalisation and, therefore, falls outside the contractual definition relied upon by the petitioners.

20.12. The construction suggested by the petitioners would, in the peculiar circumstances of this case, result in coverage being denied not because the treatment was unrelated to the insured disease, but because modern medical practice made hospitalisation unnecessary. Such an interpretation cannot readily be accepted where the treatment is demonstrably part of the continuing management of the very disease for which the insured had obtained coverage.

20.13. It is true that an insurance contract is ordinarily required to be construed according to its terms and that the Court cannot rewrite the contract between the parties. At the same time, contractual provisions, particularly exclusionary provisions in a health insurance policy, have to be construed in the context of the policy as a

whole and the purpose for which the coverage was extended. The insurer cannot rely upon an isolated expression in a definition clause to defeat coverage in respect of treatment which, in substance, forms part of the insured's treatment for the covered disease, unless the exclusion is clearly attracted.

20.14. In the present case, the petitioners' interpretation would effectively require respondent No.1, a patient suffering from Stage IV prostate cancer, to undergo hospitalisation for the limited purpose of satisfying a contractual condition even though such hospitalisation was medically unnecessary. Neither the patient nor the hospital can reasonably be expected to undertake an unnecessary hospital admission merely to bring the treatment within the insurer's preferred interpretation of the policy.

20.15. The Permanent Lok Adalat, having considered the nature of the treatment and the circumstances in which the injections were administered, has directed reimbursement of the expenditure incurred by respondent No.1.

This Court, exercising jurisdiction over the award, does not find the conclusion reached by the Permanent Lok Adalat to be so unreasonable, perverse or contrary to the terms of the policy as to warrant interference.

20.16. The conduct of the petitioners also requires consideration while examining the consequential relief. Respondent No.1 had obtained coverage under the scheme after payment of the requisite premium. During the currency of the policy, he was undergoing treatment for a serious and advanced disease. The insurer reimbursed the expenses incurred during his hospitalisation but declined the expenditure towards the two injections which were prescribed as part of the continuing treatment of the same disease.

20.17. The Court is conscious that the mere fact that an insured person is suffering from a serious ailment cannot, by itself, enlarge the contractual liability of an insurer. Compassion cannot substitute the terms of a contract. However, where the claim falls within a reasonable construction of the policy and the

treatment is admittedly connected with the insured disease, the insurer cannot adopt an unduly restrictive interpretation merely because the treatment was capable of being administered without hospitalisation.

20.18. In the present case, the petitioners have persisted in their objection notwithstanding the finding of the Permanent Lok Adalat. The filing of a writ petition, by itself, cannot be characterised as an abuse of process merely because the insurer has challenged an adverse award. A party is entitled to invoke the jurisdiction of this Court where it genuinely disputes its legal liability. However, once the challenge is examined and found to rest on an unduly restrictive interpretation of the policy, the Court is entitled to consider whether the continuation of such litigation warrants any consequential order as to costs.

20.19. Having regard to the nature of the claim, the amount involved, the fact that the expenditure arose from medically prescribed treatment for the very disease for which respondent No.1 was insured, and the circumstances in which the

claim came to be denied, this Court is of the view that the petitioners' challenge does not warrant interference with the award.

20.20. Accordingly, this Court holds that the Permanent Lok Adalat has not committed any error of law or jurisdiction, nor has it adopted a view which warrants interference in exercise of the writ jurisdiction of this Court. The award directing reimbursement of the medical expenses incurred by respondent No.1 towards Zoladex and Xgeva injections is consequently liable to be sustained.

20.21. In view of the above, Point No.2 is answered in the negative, holding that the award passed by the Permanent Lok Adalat does not suffer from any legal infirmity warranting interference by this Court.

21. **Answer to point No.3: What Order?**

21.1. In view of the answers to points No.1 and 2 and for all the reasons aforestated, this Court passes the following:

ORDER

i) The writ petition is **dismissed** by imposing nominal cost of Rs.50,000/- payable by the petitioners-Insurer to respondent No.1 within a period of 30 days from the date of receipt of a copy of this order.

ii) The petitioners are also directed to make payment of the amounts as directed by the Permanent Lok-Adalat to respondent No.1 within 30 days from the date of receipt of this order with up-to-date interest.

Sd/-
(SURAJ GOVINDARAJ)
JUDGE

KTY
List No.: 2 Sl No.: 1