

## News

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**The Madras High Court has ordered FIRs in 467 complaints related to the fake insurance claim fraud, and the SIT will investigate.**



An SIT was established by the Court in 2021 to investigate 120 of these cases that an insurance company had discovered. More of these cases were reported and moved to the SIT over time.

**[Cholamandalam Ms General Insurance Company v. Director General Of Police and ors and linked issue]** The Madras High Court recently ordered the registration of first information reports (FIRs) in 467 complaints involving allegations of fraudulent insurance claims totaling more than ₹105 crores.

A Special Investigation Team (SIT), established in 2021 in response to court orders to look into similar crimes, will look into these concerns, Justice N Anand Venkatesh stated.

"The respondents are responsible for making sure that the 467 complaints that were filed at the appropriate police stations are recorded, that FIRs are filed, and that all of the FIRs are forwarded to the SIT." Within four weeks of receiving a copy of the order, this procedure must be finished," the order dated September 12 stated.

An SIT was established by the court in 2021 to investigate 120 cases reportedly involving claims of ₹15.63 crores, which were identified by **Cholamandalam** General Insurance, an insurance business.

More of these false allegations were brought to the Court's attention over time.

The Court was notified in April 2022 that seven additional insurance companies had located several cases of this nature filed throughout Tamil Nadu.

All of these matters were subsequently transferred to the SIT by the Court. In these cases, there were claims that fraudulent insurance claims in accident cases were made using fictitious or exaggerated medical bills.

Notably, in 2018, in response to a prior request by the **Cholamandalam** insurance business, another lone judge, Justice PN Prakash (since retired), also addressed identical problems.

When it came to vehicle accident cases, Justice Prakash in particular had objected to "turf wars" amongst counsel. An expert committee led by Justice (retired) K Chandru was also established by Justice Prakash to recommend reforms for the vehicle accident claims industry.

After the Court approved the expert committee's report and instructed the State to take further measures, this 2018 case was ultimately ended. According to reports, the committee's investigation identified about 280 suspected examples of fraudulent auto insurance.

But in 2021, **Cholamandalam** petitioned the High Court once more, raising issues with fabricated and falsified insurance claims, especially those made online.

In response, in February 2021, Justice Anand Venkatesh issued an order directing the creation of a Special Investigation Team (SIT) led by an Additional Director General of Police-

level officer to handle the investigation of false claims in motor vehicle accident cases in Tamil Nadu.

The Court also raised concerns during later sessions in the case over the removal of more than 82 automobile accident cases from motor accident claims tribunals in 2019 following reports that claimed fraud was involved.

In a ruling dated January 24, 2022, the Court stated that **"this is not merely coincidental and it is more of a knee-jerk reaction after complaints were made."**

In order to ascertain whether the claimants in these cases were aware that their claims had been dropped, the Court issued instructions for their examination.

The Court was informed in April of that year that the claimants in 39 cases were not even aware that their insurance claims had been dismissed as **"not pressed."**

The State Bar Council was ordered by the Court to launch an investigation into four attorneys who were accused of being the **"brain behind these fake claims."** But in May 2022, the Supreme Court halted this order.

The High Court, meantime, noted claims that records related to these 82 instances had vanished and were untraceable.

In a ruling dated April 18, 2022, Justice Venkatesh stated,

"In all cases where documents are missing, the concerned Court shall immediately start an enquiry and ensure that the documents that were filed along with the MCOP is kept intact."

The High Court stated in its most recent order dated September 12 that this issue has not been included in the trial courts' reports. As a result, Justice Venkatesh directed the Additional District Judge and Principal Sub Judge in Hosur to provide reports on the matter.

The High Court further stated that a criminal complaint must be filed if the files could not be located.

**"A criminal complaint must be filed if, in the end, the documents cannot be located because the Court's property has vanished and needs to be investigated and brought to its logical conclusion. The order stated, "This Court shall be informed of the actions taken or to be taken in this regard."**

The next hearing on the case is scheduled for October 17.

For the petitioners, advocates **N Vjayaraghavan** and **NP Vijay Kumar** made their appearance.

**E Rajthilak**, an additional public prosecutor, represented the State.

For the Tamil Nadu State Legal Services Authority, attorney CK Chandrasekaran made an appearance.

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