



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 30-06-2026

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THE HON'BLE MR JUSTICE N. ANAND VENKATESH

**CMA Nos. 374 and 359 of 2024
CMP NOS. 4077 and 3942 OF 2024**

CMA No.374 of 2024

M/s.New India Insurance Co. Ltd
Rep. by its Divisional Manager,
Having Office at Vellore.

..Appellant(s)

Vs

1. S.Uma
2. S.Srinivasan.
3. P.Shanmugam

..Respondent(s)

CMA No. 359 of 2024

M/s.New India Insurance Co. Ltd
Rep. by its Divisional Manager, Having Office at
Vellore.

..Appellant(s)

Vs

1. Rani



2. Duraisamy

3. P.Shanmugam

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CMA Nos. 374 and 359 of 2



..Respondent(s)

CMA No. 374 of 2024

To set aside the decree and judgment dt. 10.10.2022 made in MCOP No.141/2016, on the file of Motor Accident Claims Tribunal (In the Court of the Subordinate Judge, Gudiyattam), Vellore District

CMA No. 359 of 2024

To set aside the Decree and Judgement dated 10.10.2022 made in MCOP.No. 142 of 2016 on the file of the Motor Accident Claims Tribunal (In the Court of the Subordinate Judge, Gudiyattam), Vellore District.

For Appellant(s): Mr.Vinod K

in both CMAs

For Respondent(s): Ms.Swetha J for Mr.K. Govi Ganesan

For Rr1 And 2 Caveators

in both CMAs

S.Sriram

M.Vishali

P.Santhosh

C.Vigneshwaran

Judgment

Since the issue involved in both the appeals are common, they are taken up together, heard and disposed of by this common judgement.

2. The respondents 1 and 2 in these appeals are the parents of the deceased Manikandan and Surya, respectively. They are the claimants, who

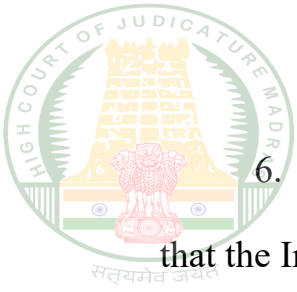


filed the claim petitions on the ground that, on 29.04.2016, when both the deceased were travelling on a two wheeler on the K.V.Kuppm to Katpadi Road at about 1.45 p.m, the offending vehicle viz., lorry was driven in a rash and negligent manner and it dashed against the two wheeler. As a result of which, both the rider and the pillion rider died on the spot. An FIR came to be registered against the driver of the lorry in Crime No.197 of 2016. It is under these circumstances the claim petitions came to be filed before the Tribunal.

3. The Tribunal on considering the facts and circumstances of the case and on appreciation of oral and documentary evidence came to a conclusion that the accident had taken place only due to the rash and negligent driving on the part of the driver of the offending vehicle.

4. Having rendered such a finding, the Tribunal proceeded to fix the total compensation at Rs.7,70,000/- in both the MCOPs and directed the same to be paid with interest at the rate of 7.5% per annum.

5. The Insurance company was directed to pay the compensation and recover the same from the owner of the vehicle, who is the 3rd respondent in both these appeals.



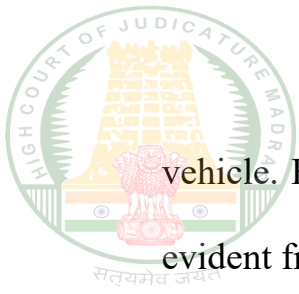
6. The Insurance company has filed the above appeals on the ground that the Insurance policy was cancelled much before the date of accident and the intimation regarding such cancellation was sent to the owner of the vehicle, which was returned with an endorsement “left”. Hence, as on the date of the accident, there was no valid insurance policy in existence and therefore, the Tribunal ought not to have ordered for pay and recover. It is further submitted that the Tribunal has made certain adverse comments in Paragraph 16 of the award without properly understanding the purport of documents marked as Ex.R7 and R8.

7. Heard Mr.K.Vinod, learned counsel for appellant and Ms.Swetha, learned counsel for respondents 1 and 2.

8. This Court has carefully considered the submissions made on either side and the materials available on record.

9. This Court also carefully went through the award passed by the Tribunal.

10. It is an admitted position that the cheque was dishonoured and the policy was cancelled and the intimation letter was also sent to the owner of the

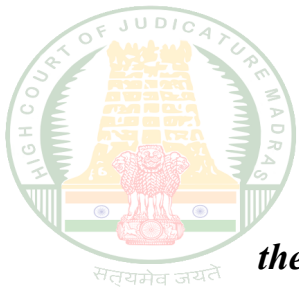


vehicle. But however, it was returned with an endorsement “left”. The same is evident from R7 and R8 that was marked on the side of the insurance company.

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11. The law on the issue is no longer *res integra* and useful reference can be made to the judgement of the Honble Apex Court in *[United India Insurance Co. Limited Vs. Laxmamma and others]* reported in 2012 ACJ 1307 and the relevant portions are extracted hereunder:-

2. The above question arises in this way. M. Nagaraj (husband of Respondent 1 and father of Respondents 2 and 3) was travelling in a bus bearing Registration No. KA 01 8116 on 11-5-2004. At about 8.50 a.m. on that day due to negligent application of brakes by the bus driver, the back door of the bus suddenly opened and M. Nagaraj standing near the door fell down. He sustained grievous injuries and subsequently died. Respondents 1 to 3 (to be referred to as “the claimants”), filed a claim petition before the Motor Accidents Claims Tribunal, Bangalore (for short “the Tribunal”) seeking compensation of Rs 15 lakhs. The present appellant, insurer was impleaded as Respondent 2 while the owner of the bus was impleaded as Respondent 1.



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19. The widow and children of the owner filed a claim for the loss of the vehicle with the insurance company. When the claim was repudiated, they moved the State Consumer Protection Commission (for short “the Commission”). The Commission rejected the claim of the claimants and held that the insurer was justified in repudiating the contract as soon as the cheque got bounced. The claimants moved the Jammu and Kashmir High Court. The High Court reversed the order of the Commission and held that the insurance company chose to cancel the insurance policy from the date of issuance of communication and not from the date the cheque was issued which got bounced.

12. It is clear from the above judgement that where a policy of insurance is issued by an authorised insurer on receipt of the cheque and the cheque gets dishonoured, subsequently, the liability of the authorised insurer to indemnify 3rd parties in respect of the liability which that policy covers, has to be satisfied unless the policy of the insurance is cancelled by the authorised insurer and the intimation of such cancellation has reached the insured before the occurrence of the accident.

13. In the case in hand, the insurance company has cancelled the policy. But, however, the intimation of such cancellation has not actually

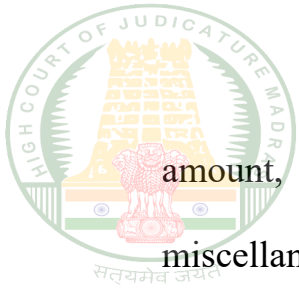


reached the insured before the accident. Admittedly, the notice was returned with an endorsement “left”. In such a scenario, the insurance company has to necessarily satisfy the award of compensation in favour of the 3rd parties by virtue of Sections 147(5) and 149(1) of the Motor Vehicles Act.

14. Insofar as the adverse finding at Paragraph 16 of the award, those findings were not necessary considering the fact that the issue involved is squarely covered by the judgement of the Apex Court. Hence, those findings can be disregarded.

15. In the light of the above discussion, this Court finds that the Tribunal invoking the principle of “pay and recover” is perfectly in order and it does not require the interference of this Court and accordingly, these Civil Miscellaneous Appeal stands dismissed.

16. The Insurance company has already deposited 50% of the compensation amount together with accrued interest, pursuant to the interim orders passed by this Court. The balance 50% of the compensation amount shall also be deposited along with accrued interest, within a period of four weeks from the date of receipt of a copy of this order. On such deposit, the claimants shall be entitled to withdraw the same along with interest, after adjusting the



amount, if any already withdrawn. No costs. Consequently, the connected miscellaneous petitions are closed.

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Index: Yes/No

Speaking/Non-speaking order

Neutral Citation: Yes/No

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To

The Motor Accident Claims Tribunal (In the Court of the Subordinate Judge,
Gudiyattam), Vellore District



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CMA Nos. 374 and 359 of 2



N.ANAND VENKATESH J.

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