



C.M.A.Nos.1031 & 1032 of 2020

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 27.07.2026

CORAM:

THE HON'BLE MR. JUSTICE N. ANAND VENKATESH

C.M.A.Nos.1031 & 1032 of 2020
and C.M.P.Nos.6530 & 6531 of 2020

C.M.A.No.1031 of 2020

The Manager,
M/s.IFFCO Tokio General Insurance Co. Ltd.,
New No.28, 2nd Floor,
North Usman Road, T.Nagar,
Chennai – 17.

... Appellant

Vs.

1. Malarvizhi
2. Anand

... Respondents

C.M.A.No.1032 of 2020

The Manager,
M/s.IFFCO Tokio General Insurance Co. Ltd.,
New No.28, 2nd Floor,
North Usman Road, T.Nagar,
Chennai – 17.

... Appellant

Vs.

1. Radhakrishnan
2. Anand

...Respondents

Common Prayer: Civil Miscellaneous Appeals are filed under Section 173 of the Motor Vehicles Act, 1988, against the award and decree dated



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12.06.2018 made in MCOP Nos.326 & 327 of 2014, on the file of the Motor Accidents Claims Tribunal, Principal Sub Court, Tindivanam.

In both Appeals,

For Appellant : Mr.S.Arunkumar

For Respondents : Ms.K.Vasanthamala for R1

COMMON JUDGMENT

These civil miscellaneous appeals have been filed by the Insurance Company against the common award passed by the learned Principal Subordinate Judge, Motor Accidents Claims Tribunal, Tindivanam, in MCOP Nos.326 & 327 of 2014 dated 12.06.2018.

2. The first respondent in both the appeals are the claimants before the Tribunal. The case of the claimants is that on 11.04.2014, the claimants were travelling on a two wheeler on the Cuddalore-Thiruvanthipuram Road and at about, 8.00 a.m., when they were near Sangaran Naidu Street, the offending vehicle, which was a car coming in the opposite direction and driven in a rash and negligent manner, dashed against the claimants' two wheeler. As a result, the claimants were thrown off the vehicle and they sustained grievous injuries. Consequently, a First Information Report came to be registered in Crime No.197 of 2014. It is



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under these circumstances, the claim petition came to be filed before the

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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 the above finding, the Tribunal proceeded to fix the total compensation in MCOP No.326 of 2014 at Rs.25,000/- and in MCOP No.327 of 2014 at Rs.1,16,000/-. The said compensation amount was directed to be paid by the appellant/Insurance Company together with interest at the rate of 7.5% per annum. Aggrieved by the same, the present appeals have been filed by the Insurance Company, questioning the liability on the ground that there was no subsisting policy as on the date of the accident.

5. The second respondent has been served with notice and his name has also been printed in the cause list, however, there is no appearance either in person or through counsel.



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6. The main ground urged on the side of the appellant/Insurance Company is that the cheque was issued by the owner of the offending vehicle towards the policy premium on 08.02.2014 and the same was dishonoured and returned on 24.02.2014. Hence, the cancellation of the policy was issued on 25.02.2014, whereas the accident took place thereafter on 11.04.2014, on which date there was no subsisting policy.

7. In the case in hand, the third parties are the claimants and therefore, this Court must see if the cancellation of policy was actually intimated to the owner of the offending vehicle. At this juncture, this Court has taken into consideration the judgment of the Hon'ble Apex Court in *United India Insurance Co., Ltd., Vs. Laxmamma & Others* reported in 2012 (5) SCC 234 and the relevant paragraph is extracted hereunder:

“19. In our view, the legal position is this: where the policy of insurance is issued by an authorized insurer on receipt of cheque towards payment of premium and such cheque is returned dishonoured, the liability of authorized insurer to indemnify third parties in respect of the liability which that policy covered subsists and it has to satisfy award of compensation by reason of the provisions of Sections 147(5) and 149(1) of the M.V. Act unless the policy of insurance is cancelled by the authorized insurer and intimation of such cancellation has reached the insured before the accident. In other words,



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where the policy of insurance is issued by an authorized insurer to cover a vehicle on receipt of the cheque paid towards premium and the cheque gets dishonored and before the accident of the vehicle occurs, such insurance company cancels the policy of insurance and sends intimation thereof to the owner, the insurance company's liability to indemnify the third parties which that policy covered ceases and the insurance company is not liable to satisfy awards of compensation in respect thereof."

8. The Hon'ble Apex Court, in the above judgment, has held that the insurance company cannot escape from its liability unless the policy of insurance is cancelled and intimation of such cancellation has reached the insured before the accident.

9. Ex.R1 was the cheque that was issued by the owner of the offending vehicle. Ex.R2 was the return memo issued by the bank for the cheque dishonoured and Ex.R3 is the letter intimating the cancellation of the policy. There is no material available on the side of the insurance company to establish that the cancellation letter was in fact sent to the owner of the offending vehicle and whether it was received by the owner or if the cover was returned for any reason.



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10. In the absence of the same, this Court cannot presume that the cancellation of the policy was intimated to the owner of the offending vehicle.

11. In the light of the above, the insurance company cannot escape from its liability to pay the compensation to the claimants. However, the insurance company will be entitled to invoke the principle of 'pay and recover'.

12. In view of the above, there shall be a direction to the appellant/Insurance Company to deposit the entire compensation amount, less the amount already deposited, together with accrued interest within a period of four (4) weeks from the date of receipt of this judgment. On such deposit, the claimants will be entitled to withdraw the compensation amount, on due application. The other directions issued by the Tribunal with regard to the mode of payment of compensation remain unaltered.

13. The appellant/Insurance Company will be entitled to recover the compensation amount from the owner of the offending vehicle.



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14. In the result, these Civil Miscellaneous Appeal stand disposed

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of. No costs. Consequently, connected miscellaneous petitions are closed.

27.07.2026

Neutral Citation: Yes/No
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To

1. The Principal Subordinate Judge,
Motor Accidents Claims Tribunal,
Tindivanam.
2. The Section Officer,
VR Section,
High Court of Madras.



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N. ANAND VENKATESH, J.

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