



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 14.07.2026

CORAM

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THE HON'BLE MR JUSTICE N. ANAND VENKATESH

Civil Miscellaneous Appeal Nos.1995, 1996 & 1997 of 2026

and

C.M.P.Nos.15594, 15596 & 15600 of 2026

The Oriental Insurance Co. Ltd.,
No.3-L, Siddhaveerappa Chetty Street,
Dharmapuri Town, Dharmapuri Taluk,
Dharmapuri District - 636 701.

..Appellant in all appeals

Vs

1.C.Duraisamy

S/o.Chenni

...R1 in C.M.A.No.1995/2026

1.P.Lakshmanan

S/o.Palani

...R1 in C.M.A.No.1996/2026

1.M.Madeshwaran

S/o.Maran

...R1 in C.M.A.No.1997/2026

2. P.Ramasamy

S/o.Perumal

3.M.Periyannan

S/o.Madhu

4.A.Murugesan

S/o.Allimuthu

5.P.Vinothkumar

S/o.Palanisamy

6.The New India Assurance Co. Ltd.,

Having its Divisional Office III,

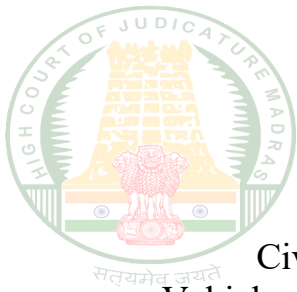
at No.11-19, 20 II Floor,

Peoples Park Building,

Government Arts College Road,

Coimbatore - 641 018. (TN 76 S 3183)

...Respondents 2 to 6 in all
appeals



N.ANAND VENKATESH, J.

Civil Miscellaneous Appeals filed under Section 173 of the Motor Vehicles Act, 1988, against the award passed in MCOP.Nos.742, 741 & 740 of 2019 on the file of the Motor Accidents Claims Tribunal, Special Subordinate Judge at Erode dated 17.04.2023.

For Appellant : Mr.M.Krishnamoorthy
[in all appeals]
For Respondents : Mr.S.P.Yuvaraj [R1]
[in all appeals] Mr.C.Ramesh Babu [R6]

COMMON JUDGMENT

Today, these appeals are listed under the caption 'for being mentioned'.

2. Heard both sides.

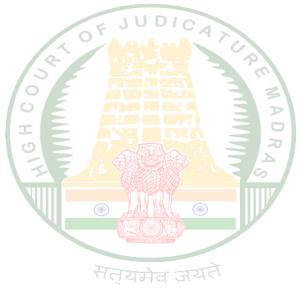
Considering the submissions made, this Court directs the Registry to add the following sentence in the last paragraph of the order dated 02.07.2026 and issue fresh order copy:

“It goes without saying that the insurance company on payment of the compensation is entitled to recover the same from the owner of the vehicle.”

14.07.2026

gm

**Civil Miscellaneous Appeal Nos.1995,
1996 & 1997 of 2026**



IN THE HIGH COURT OF JUDICATURE AT MADRAS

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Civil Miscellaneous Appeals filed under Section 173 of the Motor Vehicles Act, 1988, against the award passed in MCOP.Nos.742, 741 & 740 of 2019 on the file of the Motor Accidents Claims Tribunal, Special Subordinate Judge at Erode dated 17.04.2023.

For Appellant : Mr.M.Krishnamoorthy
[in all appeals]

For Respondents : Mr.S.P.Yuvaraj [R1]
[in all appeals] Mr.C.Ramesh Babu [R6]

COMMON JUDGMENT

The issue involved in all the appeals is common and hence, they are taken up together, heard and disposed of through this common order.

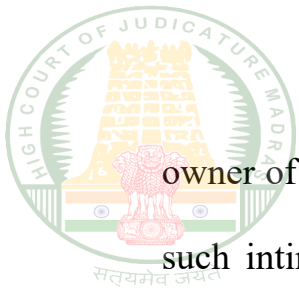
2. The first respondent in each appeal is the claimant before the Tribunal. The case of the claimants is that they were travelling in a Eicher goods vehicle on 13.11.2019 at Sennapuram to Thingalur road and at about 05.30 a.m., the offending vehicle, a lorry, was driven in a rash and negligent manner and dashed the Eicher goods vehicle from behind, as a result of which the claimants were thrown out of the vehicle and have sustained grievous injuries. It is under these circumstances, three claim petitions were filed in M.C.O.P.Nos.740, 741 and 742 of 2019.



3. The appellant insurance company took a stand that the negligence was on the part of the driver of the Eicher goods vehicle since the vehicle was abruptly stopped and the insured vehicle, lorry, was coming from behind and there was no time for the driver of the lorry to bring the lorry to a grinding halt. A further stand was taken to the effect that there was no live policy as on the date of accident. The insurance policy was issued for the period from 29.03.2019 to 28.03.2020 and a cheque was issued by the owner of the lorry, which when presented was dishonoured on 05.04.2019 which was intimated to the insurance company on 11.04.2019. Thereafter, a notice dated 16.04.2019 was issued cancelling the policy to the owner of the lorry. A further notice was also issued to the RTO on 16.05.2019 regarding cancellation of the policy. In view of the same, the appellant insurance company denied their liability to pay compensation and sought for dismissal of the three claim petitions.

4. The Tribunal, considering the facts and circumstances of the case and on appreciation of 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.

5. Insofar as the liability of the appellant insurance company is concerned, the Tribunal rendered a finding to the effect that there was absolutely no proof for service of notice intimating cancellation of policy to the



owner of the lorry and there was no acknowledgment available to conclude that such intimation was actually given to the owner of the lorry. In view of the same, the Tribunal, by relying upon the earlier judgments, concluded that the insurance company cannot escape from paying compensation to third parties and later, recover the same from the owner of the vehicle.

6. Having rendered the above finding, the Tribunal fixed total compensation at Rs.88,000/- [MCOP No.740/2019], Rs.3,00,500/- [MCOP No.741/2019] and Rs.2,73,500/- [MCOP No.742/2019] under various heads as follows:

<i>Sl. No.</i>	<i>Compensation awarded under the head</i>	<i>Amount (in Rs.)</i>		
		M.C.O.P.No. 740/2019	M.C.O.P.No. 741/2019	M.C.O.P.No. 742/2019
1.	Medical expenses	38,000/-	77,500/-	80,500/-
2.	Pain & sufferings	50,000/-	50,000/-	50,000/-
3.	Loss of earnings	-	30,000/-	40,000/-
4.	Permanent disability & loss of earning power	-	85,000/-	75,000/-
5.	Extra nourishment	-	10,000/-	10,000/-
6.	Attender charges	-	10,000/-	10,000/-
7.	Future medical expenses	-	30,000/-	-
8.	Damages for clothes & articles	-	3,000/-	3,000/-
9.	Transport to Hospital	-	5,000/-	5,000/-
	Total	88,000/-	3,00,500/-	2,73,500/-



The above compensation was directed to be paid along with interest at 7.5% p.a.

Aggrieved by the same, these appeals have been filed by the insurance company.

7. Heard learned counsel for appellant insurance company, learned counsel for first respondent and learned counsel for sixth respondent.

8. The main contention raised on behalf of the appellant insurance company is that the cheque issued towards the policy was dishonoured and it was intimated to the owner of the vehicle through registered post and therefore, there is a presumption of due service of the registered letter under Section 27 of the General Clauses Act. It is, therefore, contended that the appellant insurance company cannot be mulcted with the liability and if at all, the compensation has to be paid, it should be directed to be paid only by the owner of the offending vehicle. A further stand has been taken to the effect that the driver of the Eicher goods vehicle had parked the vehicle in the middle of the road without any parking light or indicator and the same resulted in the accident and therefore, there is an element of contributory negligence on the part of the driver of the Eicher goods vehicle. Learned counsel also relied upon the rough sketch [Ex.P3] in order to substantiate this submission.



9. *Per contra*, learned counsel for claimants submitted that there was absolutely no proof filed before the Tribunal for sending the notice intimating cancellation of policy. Therefore, learned counsel relying upon the judgment of the Apex Court in ***United India Insurance Co. Ltd. v. Laxmamma and others*** [2012 ACJ 1307], more particularly paragraph No.19, submitted that unless and otherwise there is proof of intimation of cancellation of policy, the insurance company cannot escape from their liability. Learned counsel further submitted that the Tribunal appreciated the evidence and concluded that the negligence was only on the part of the driver of the lorry and there is no ground to interfere with the same.

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

11. Insofar as the issue of negligence is concerned, the Tribunal has taken into consideration the evidence of PW-1 to PW-4 and also the First Information Report [Ex.P1], observation mahazar [Ex.P2], rough sketch [Ex.P3] and the report of the Motor Vehicle Inspector [Exs.P4 and P5]. The Tribunal also took into consideration the final report [Ex.P7]. The Tribunal took specific note of the fact that the insurance company did not come up with any contra evidence to disbelieve the eye witness. In view of the same, the Tribunal came to a conclusion that the negligence is entirely attributable to the driver of the lorry.



This finding rendered by the Tribunal does not suffer from any perversity warranting interference of this Court.

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12. The next main issue urged is regarding cancellation of policy before the accident. It is contended that the cheque issued by the owner of the offending vehicle towards premium was dishonoured on 05.04.2019 and it was informed to the insurance company on 11.04.2019 and based on the same, a notice dated 16.04.2019 was issued to the owner of the lorry, third respondent herein. A further notice was also issued to the RTO by RPAD on 16.05.2019. Therefore, it is contended that the intimation regarding cancellation of the policy was made much before the accident that took place on 13.11.2019.

13. At this juncture, this Court has to take note of the judgment of the Apex Court in ***United India Insurance Co. Ltd. v. Laxmamma and others*** [2012 ACJ 1307] relied upon by learned counsel for claimants. Paragraph No.19 of the said judgment is extracted hereunder:

“19. In our view, the legal position is this: where the policy of insurance is issued by an authorised insurer on receipt of cheque towards payment of premium and such cheque is returned dishonoured, the liability of authorised 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 authorised insurer and intimation of such cancellation has reached the insured before the accident. In other words, where the policy of insurance is issued by an authorised insurer to cover a vehicle on receipt of the cheque paid for premium and the cheque gets dishonoured 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."

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14. It is clear from the above judgment that the cancellation of the policy has to be intimated to the insured failing which the insurance company cannot escape from the liability with respect to payment of compensation to the third party and ultimately, the insurance company can recover the same from the owner of the vehicle. In the case in hand, except for a letter along with the receipt for sending it by registered post, there is absolutely no acknowledgement or return cover available to substantiate that either the intimation letter has been served on the owner or the cover has been returned with some endorsement. In the absence of the same, Section 27 of the General Clauses Act will not come to the aid of the insurance company. The test applied by the Apex Court in the above judgment has not been fulfilled by the appellant insurance company.

15. In the light of the above discussion, the finding rendered by the Tribunal is perfectly in order and it does not warrant the interference of this Court. The compensation fixed by the Tribunal is found to be reasonable, just and proper and it does not require the interference of this Court.

Accordingly, these Civil Miscellaneous Appeals are dismissed. The appellant insurance company is directed to deposit the compensation awarded



by the Tribunal in each case, less the amount already deposited, together with interest at 7.5% p.a. from the date of claim petition till the date of deposit within a period of four (4) weeks from the date of receipt of this judgment. On such deposit, the claimants are entitled to withdraw the same on due application. The directions issued by the Tribunal with regard to the mode of payment of compensation remains unaltered. No costs. Consequently, connected miscellaneous petitions are closed.

02-07-2026

Index: Yes
Speaking order
Neutral Citation: Yes
gm

To

The Motor Accidents Claims Tribunal,
Special Subordinate Judge,
Erode.



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CMA Nos.1995,1996 & 1997 of 2



N.ANAND VENKATESH, J.

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