



C.M.A.No.1951 of 2026

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 16.07.2026

CORAM:

THE HON'BLE MR. JUSTICE N. ANAND VENKATESH

C.M.A.No.1951 of 2026
and C.M.P.No.15260 of 2026

The Divisional Manager,
M/s.United India Insurance Company Limited,
No.13-A, Nethaji Road, Manjakuppam,
Cuddalore – 607 001.

... Appellant

Vs.

1. R.Punniyavathi
2. R.Duraisami
3. R.Parimala
4. G.Nirmala
5. T.Suresh

... Respondents

PRAYER: Civil Miscellaneous Appeal is filed under Section 173 of the Motor Vehicles Act, 1988, against the judgment and decree made in MCOP No.2185 of 2019 dated 02.04.2024, on the file of the Motor Accidents Claims Tribunal, Special District Court No.I, Cuddalore.

For Appellant : Ms.C.Harini
for M.B.Goplan Associates

For Respondents : Mr.A.G.F.Terry Chella Raja for R1 to R4



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JUDGMENT

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This civil miscellaneous appeal has been filed by the Insurance Company against the award passed by the Motor Accidents Claims Tribunal, Special District Court No.I, Cuddalore, in MCOP No.2185 of 2019 dated 02.04.2024.

2. The first claimant is the wife and claimants 2 to 4 are the children of the deceased, Ramasami. The case of the claimants is that on 11.08.2019, the deceased was waiting on the left side corner of the road and at about 07.15 a.m., the offending vehicle belonging to the fifth respondent herein was driven in a rash and negligent manner and dashed against the deceased. As a result, the deceased sustained fatal injuries and succumbed to them on 13.08.2019. A First Information Report came to be registered in Crime No.268 of 2019 against the driver of the offending vehicle. It is under these circumstances, the claim petition came to be filed before the Tribunal.

3. The appellant/Insurance Company filed a counter and took a stand that as on the date of the accident, viz., on 11.08.2019, there was no subsisting policy. It was contended that the policy was issued on 15.03.2019 and the cheque that was issued by the owner of the offending vehicle was dishonoured on 20.03.2019. Notice of cancellation of the policy was issued

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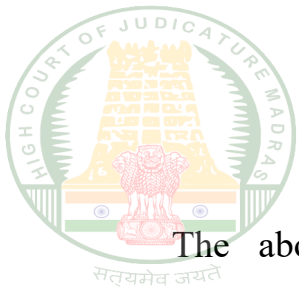
on 27.03.2019 both to the owner of the offending vehicle and to the RTO concerned. Notice to the RTO was served, however, notice sent to the owner of the offending vehicle was returned with an endorsement 'unclaimed'. In view of the same, the insurance company denied its liability.

4. The fifth respondent herein, who was the first respondent in the claim petition and the owner of the offending vehicle, remained ex parte and did not contest the case.

5. 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.

6. Having rendered the above finding, the Tribunal proceeded to fix the total compensation at Rs.13,81,000/- under various heads as follows:

<i>S.No.</i>	<i>Heads</i>	<i>Compensation awarded by the Tribunal (in Rs.)</i>
1.	Loss of Dependency	10,89,000
2.	Loss of Consortium	44,000
3.	Loss of Love and Affection	2,00,000
4.	Funeral Expenses	16,500
5.	Transportation Charges	15,000
6.	Loss of Estate	16,500
Total		13,81,000



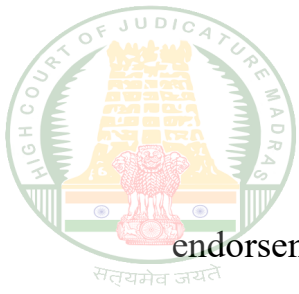
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The above compensation amount was directed to be paid by the appellant/Insurance Company together with interest at the rate of 7.5% per annum. Aggrieved by the same, the present appeal has been filed by the Insurance Company.

7. Insofar as liability is concerned, the Tribunal invoked the principle of 'pay and recover', directing the appellant/Insurance Company to pay the compensation and recover the same from the owner of the offending vehicle. Aggrieved by the same, the insurance company has filed the present appeal before this Court.

8. Heard Ms.C.Harini, learned counsel for the appellant/Insurance Company and Mr.A.G.F.Terry Chella Raja, learned counsel for respondents 1 to 4.

9. In the case in hand, the cheque was issued towards the policy premium on 15.03.2019. The cheque came to be dishonoured and hence, the notice cancelling the policy was issued on 27.03.2019. The notice sent to the RTO was received and acknowledged, which was marked as Ex.R5. The notice sent to the owner of the offending vehicle was returned with an



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endorsement 'unclaimed' and the returned cover was marked as Ex.R4. The accident took place on 11.08.2019. Curiously, a legal notice was sent by the appellant/Insurance Company to the owner of the offending vehicle after the accident had taken place, asking him to incur the liability. This subsequent notice, sent to the very same address, was received and acknowledged by the owner of the offending vehicle, which was marked as Ex.R7.

10. The short question for consideration is whether there was a valid cancellation of the policy by intimating the same to the owner of the offending vehicle. This issue is no longer *res integra*, this Court had an occasion to deal with the same issue *in extenso* in C.M.A.529 of 2023 dated 14.07.2026 and the relevant portions are extracted hereunder:

“7.The crux of the issue that is involved in the present appeals is as to whether the policy has been properly cancelled and intimated to the owner of the vehicle by the Insurance Company in order to escape from the liability.

*8.Before deciding the above issue, it will be appropriate to take note of the judgment of the Apex Court in **United India Insurance Co., Ltd., Vs. Laxamma & Others** reported in 2012 1 TANMAC 481 and the relevant portion 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, 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.”

9.It is clear from the above judgment that the liability of an authorised insurer to indemnify third parties cannot be avoided in the light of Sections 147(5) and 149(1) of the Motor Vehicles Act, unless the cancellation of the policy by the authorised insurer is intimated to the insured before the accident.

10.In the case in hand, Ex.R-1 was marked, which is the policy that was issued in the name of the 1st respondent, who is the owner of the offending vehicle. Ex.R.2 is the cheque that was issued in the name of the Cholomandalam General Insurance Company Limited by one S.Dayanidi. The cheque was



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dishonoured with an endorsement “funds insufficient” and it was returned on 07.05.2018. Thereafter, by intimation dated 09.05.2018, the Insurance Company sent a communication to both the 1st respondent and the concerned RTO informing them about the cancellation of the policy. Insofar as the notice sent to the 1st respondent is concerned, it was returned with an endorsement ‘unclaimed’ and returned to the sender. The same is evident from Ex.R-6. The notice sent to the RTO, however, was duly received. Thereafter, a legal notice was issued by the Insurance Company to the 1st respondent on 09.05.2022 calling upon him to indemnify the liability. Even this legal notice came to be returned with an endorsement ‘no such person’.

11.The learned counsel for the appellants submitted that in the first place Ex.R.2 shows that the cheque was not issued by the 1st respondent and it was issued by some third party which does not pertain to the policy in question.

12.The above submission of the learned counsel for the appellants is not sustainable. It is now too well settled that anyone can issue a cheque to discharge the liability of another person and there is no bar under the Negotiable Instruments Act for one person to discharge the debt or liability of another person.

13.The learned counsel further submitted that Ex.R-6, which was relied upon by the Insurance Company, shows that the so called communication dated 09.05.2018 was not immediately



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sent to the 1st respondent and that there was an inordinate delay, which remains unexplained.

14. In the considered view of this Court, Ex.R.6 shows that the notice has been sent by the Insurance Company through registered post to the correct address of the 1st respondent, as could be ascertained from the policy marked as Ex.R-1. Once the notice is issued to the correct address and is returned with an endorsement 'unclaimed, Section 27 of the General Clauses Act, 1897 comes into play. There is a presumption of service of notice that is sent under registered cover to the known address of the addressee. In the case in hand, the registered letter has been returned with an endorsement 'unclaimed'. This only indicates that an attempt was made to serve the notice on the 1st respondent who is the owner of the vehicle, but for some reason he did not claim the notice. Hence, there is a legal presumption that the termination notice has been duly served on the 1st respondent and this clearly satisfies the legal requirement which has been explained by the Apex Court in the judgment in Lakshmammas case referred supra."

11. It is clear from the above that this Court had invoked Section 27 of the General Clauses Act and held that once a registered notice is sent to the known address and returned unclaimed, it is a deemed notice and has to be taken as proper service of notice on the owner of the offending vehicle. In the case in hand, the legal notice which was sent subsequently to



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the owner of the offending vehicle to the same address has been received and acknowledged. This only fortifies the fact that the owner of the offending vehicle was aware of the dishonour of the cheque and the cancellation of his insurance policy.

12. In light of the above discussion, the Insurance Company cannot be saddled with liability and it is only the owner of the offending vehicle against whom the entire liability has to be placed.

13. The finding of the Tribunal invoking the principle of 'pay and recover' is unsustainable and the same is hereby set aside. This Court holds that the appellant/Insurance Company will not be liable to pay the compensation amount to the claimants and the owner of the offending vehicle, the fifth respondent herein, has to pay the compensation amount along with interest.

14. In the result, the Civil Miscellaneous Appeal is allowed. The fifth respondent is directed to deposit the entire compensation amount along with interest within a period of eight weeks from the date of receipt of a copy of this judgment. On such deposit, the claimants are entitled to



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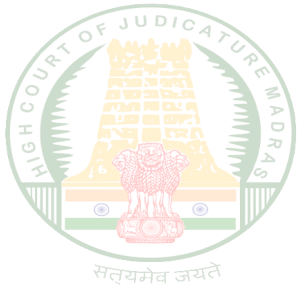
withdraw the compensation amount along with interest, in the proportion fixed by the Tribunal, on due application. No costs. Consequently, the connected miscellaneous petition is closed.

16.07.2026

Neutral Citation: Yes/No
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To

1. The Special District Judge No.I,
Special District Court No.I,
Motor Accidents Claims Tribunal,
Cuddalore.
2. The Section Officer,
VR Section,
High Court of Madras.



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N. ANAND VENKATESH, J.

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and C.M.P.No.15260 of 2026***

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