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CMA No. 1145 of 2024



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 01-07-2026

CORAM

THE HON'BLE MR JUSTICE N. ANAND VENKATESH

CMA No. 1145 of 2024

AND

CMP NO. 10364 OF 2024

The Branch Manager
National Insurance Company Ltd., New No.114,
Old No.42, Arya Gowda Road, West Mambalam,
Chennai-600033

..Appellant(s)/2nd
respondent

Vs

1. Veerappan
S/o.Viswanathan, No.198, Keezhaththeru,
Valarakkukuruchi Village, Senthurai Taluk,
Ariyalur District, Post Box No.621804
2. M.P. Perumal
S/o.Ponnuswamy, No.27/521, Anna Nagar,
3rd Main Road, NSK Nagar, Arumbakkam,
Chennai-600106

..Respondent(s)

CMA No. 1145 of 2024

To set aside the decree and judgement passed in MACT OP No.63
of 2020 dated 28.06.2023 on the file of the Motor Vehicle Accidents Claims
Tribunal, Chief Judicial Magistrate, Ariyalur.

For Appellant(s): M/s.N.B.Sureka
M.B. Chaithanya

For Respondent(s): M/s. K.Gandhi Kumar-ms/793/1996
D.Shobana-ms/2516/2015
A. Nethra



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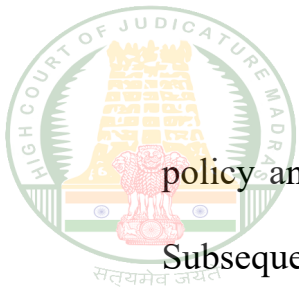
K.Shalini
S.Viswesh
For R1
R-2 Served – No appearance

Judgment

This Civil Miscellaneous Appeal has been filed by the Insurance company against the award passed by the Motor Vehicle Accidents Claims Tribunal, Chief Judicial Magistrate, Ariyalur dated 28.06.2023 in MACT O.P.No.63 of 2020.

2. The 1st respondent is the claimant. The claim petition was filed on the ground that the 1st respondent was riding a two wheeler on 30.06.2019 from Ariyalur to Perambalur and when the two wheeler was going near Railway bridge, the offending vehicle which came in the opposite direction was driven in a rash and negligent manner and it dashed on the two wheeler. As a result of which, the claimant sustained grievous injuries. It is under these circumstances, the claim petition came to be filed before the Tribunal.

3. The Appellant insurance company took a stand that there was no valid policy at the time of the accident and therefore, the insurance company is not liable to pay any compensation. According to the appellant, the cheque that was issued by the owner of the vehicle was dishonoured and a notice dated 14.05.2019 was issued by the appellant insurance company by cancelling the



policy and this notice was sent both to the owner as well as the RTO office.

Subsequently, the owner of the vehicle took another insurance policy on 02.07.2019 and by then, the accident had taken place on 30.06.2019. Hence, the insurance company denied their liability.

4. 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.

5. Having rendered such a finding, the Tribunal proceeded to fix the total compensation at Rs.1,94,470/- under the following heads :-

<i>Sl.No.</i>	<i>Compensation awarded under the head</i>	<i>Amount (in Rs.)</i>
1.	Disability	Rs.45,000/-
2.	Transportation charges	Rs. 5,000/-
3.	Pain and sufferings	Rs. 20,000/-
4.	Nutrition expenses	Rs.10,000/-
5.	Loss of Income during treatment period	Rs. 16,000/-
6.	Medical expenses	Rs.98,470/-
	<i>Total</i>	<i>Rs.1,94,470/-</i>

5. The above compensation was directed to be paid with interest at the rate of 7.5% per annum.



6. The Tribunal applied the principle of pay and recover on the ground that the cancellation of the policy was not communicated to the owner of the vehicle and therefore, the insurance company cannot deny their liability to the 3rd parties.

7. Aggrieved by the above, the Insurance company has filed this Appeal.

8. Heard Mr.N.B.Sureka, learned counsel for appellant and Mr.K.Gandhi Kumar, learned counsel for 1st respondent.

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

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

9. In the case in hand, the appellant insurance company took a stand that the cheque that was issued by the owner of the vehicle was dishonoured and the cancellation of the policy was communicated through notice dated 14.05.2019 and subsequently, the accident had taken place on 30.06.2019, when there was no subsisting insurance policy.

10. The Insurance company was not able to substantiate before the Tribunal that the cancellation notice was infact served on the owner of the



offending vehicle. In such a scenario, the insurance company cannot deny their liability. Useful reference can be made to the judgement of the Apex Court in

[United India Insurance Co. Ltd. Versus Laxmamma & Others reported in CDJ 2012 SC 280] and the relevant portion is extracted hereunder:-

19. Under Section 25 of the Contract Act an agreement made without consideration is void. Section 65 of the Contract Act says that when a contract becomes void any person who has received any advantage under such contract is bound to restore it to the person from whom he received it. So, even if the insurer has disbursed the amount covered by the policy to the insured before the cheque was returned dishonored, the insurer is entitled to get the money back.

11. The learned counsel for the Appellant submitted that the knowledge of the owner of the offending vehicle can be inferred from the fact that the owner of the vehicle took another insurance policy on 02.07.2019. Such an inference cannot be a ground to get over the judgement of the Apex Court, since the Apex Court categorically held that the cancellation of the policy must be intimated to the owner and the proof must be placed before the Court. The same has not been done in the present case and there was no acknowledgment available to substantiate that the cancellation notice was sent to the owner of the offending vehicle.



12. Insofar as the compensation that was fixed by the Tribunal is concerned, the same is just and proper and it does not require the interference of this Court.

13. In the light of the above discussion, this Court is not inclined to interfere with the award passed by the Tribunal and accordingly, this Civil Miscellaneous appeal stands dismissed.

14. Pursuant to the interim order passed by this Court, 50% of the award amount has already been deposited along with accrued interest and the balance 50% of the award amount along with accrued interest shall be deposited within a period of six weeks from the date of receipt of a copy of this order. On such deposit, the claimant is entitled to withdraw the compensation amount along with accrued interest. It goes without saying that the pay and recover ordered by the Tribunal is sustained. No costs. Consequently, the connected miscellaneous petition is closed.

01-07-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No

RKA

To

The Motor Vehicle Accidents Claims Tribunal,

Chief Judicial Magistrate, Ariyalur



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N.ANAND VENKATESH J.

RKA

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