



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 07-08-2026

CORAM

THE HONOURABLE MR JUSTICE N. ANAND VENKATESH

**CMA No. 2337 of 2026
and CMP No. 17919 of 2026**

The Branch Manager
M/s The Oriental Insurance Co.Ltd.,
UIL, Building, 4 Floor, NO 4,
Esplanade, Chennai- 600108

Appellant(s)

Vs

1. Rajeshwari

2.Chitra

3.Kamaraji

4.Kalaiarasu

5.The Managing Director
Cheltinadu Builders Pvt Ltd.,
Raniseethai Hall, 5th Floor,
603, Anna salai, Chennai - 600 002

6.The Managing Director
Kallakuruchi Main Road,
Vengur Village, Thirukoviloor,
Vilupuram D.T

Respondent(s)

PRAYER Civil Miscellaneous Appeal filed under Section 173 of the Motor Vehicles Act, against the Final Award dated 19.03.2025 passed by the learned Commissioner for Employees Compensation, Joint Commissioner of Labour Vellore, in E.C.No.92 of 2018 and thus render justice.



For Appellant(s): M/s.K Swaminathan

For Respondent(s): Mr.S.Mageshkumar
for R1 to R4

ORDER

This appeal has been filed by the Oriental Insurance Co. Ltd., against the Order passed by the Commissioner for Employees Compensation, Joint Commissioner of Labour Vellore, made in E.C.No.92 of 2018, dated 19.03.2025, questioning the order insofar as the fixing 12% interest towards the compensation and directing the appellant Insurance Company to pay the said interest to respondents 1 to 4.

2.The respondents 1 to 4 are the wife and children of the deceased Selvaraj. The deceased Selvaraj was working as a Building Contractor under the 5th respondent and in turn his services were utilized by the 6th respondent. On 07.06.2012, at about 8 a.m, the deceased was involved in work at the site and all of a sudden, he slipped and fell into the ash fire nearby the site and sustained grievous burn injuries. Even though, he was taken to the hospital and given treatment, he succumbed to the injuries on 21.06.2012. It is under these circumstances, the respondents 1 to 4 filed the petition seeking compensation under the Employees' Compensation Act, 1923.



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3.The 5th and 6th respondents herein remained ex-parte throughout. The appellant Insurance Company apart from other grounds, also took a ground that, as per the policy condition, the insurer will not take over the liability towards payment of interest or penalty and that liability has to be incurred only by the employer who has taken insurance in this case.

4.The Joint Commissioner of Labour, on considering the facts and circumstances of the case and on appreciation of evidence, came to a conclusion that there was an employer-employee relationship between the deceased and the 5th respondent. The authority also came to a conclusion that the accident had taken place in the course of employment. Accordingly, the authority had fixed the total compensation at Rs.4,69,640/-. The authority imposed the statutory interest of 12%. But however, instead of directing the employer to pay the interest on the compensation, directed the appellant Insurance Company to pay the interest along with the compensation amount. Aggrieved by this portion of the order, the present appeal has been filed before this Court.

5.Heard the learned counsel for the appellant and the learned counsel appearing on behalf of respondents 1 to 4.

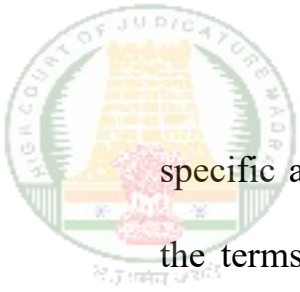
6.The substantial question of law that arises for consideration in the present case is whether the Joint Commissioner of Labour, Vellore, was right in



directing the appellant to pay interest at the rate of 12% per annum on the final award contrary to the scope of contractual coverage, which excludes interest liability and makes it clear that the interest component is payable only by the employer?

7. In the considered view of this Court, the evidence of RW1, considered along with Ex.R2, which is the Insurance Policy, clearly shows that under the clause “Endorsement”, the interest is excluded from the purview of the Insurance Company and it is payable only by the employer. In fact, such a ground was specifically taken by the appellant before the Joint Commissioner of Labour. However, the Joint Commissioner of Labour completely overlooked the contractual insurance and directed the appellant to pay interest at the rate of 12% per annum. Such a direction issued by the Joint Commissioner of Labour runs contrary to the specific contract between the appellant and the 5th respondent.

8. The Joint Commissioner of Labour failed to see that, unlike the Motor Vehicles Act, 1988, the Employees’ Compensation Act, 1923, does not provide for a compulsory statutory policy of insurance to cover the liability in the entirety. Hence, the concept of pay and recover will not come into play in a case decided under Employees’ Compensation Act. Strictly speaking, it is only the employer who has to pay the compensation. If the employer has taken insurance policy, the Insurance Company will be liable to the extent to which there is a



specific agreement between the employer and the insurance company. Beyond the terms of contract between the parties, the Joint Commissioner of Labour does not have the jurisdiction to impose additional liability upon the Insurance Company.

9. In the light of the above discussion, this Court holds that the Joint Commissioner of Labour was not right in directing the appellant Insurance Company to pay interest at the rate of 12% on the final award and accordingly, the substantial question of law is answered in favour of the appellant.

10. The upshot of the above discussion is that the appellant Insurance Company will be liable to pay the compensation amount of Rs.3,52,230/- to the respondents 1 to 4. The 5th and 6th respondents each will be liable to pay a sum of Rs.58,705/- as fixed by the Joint Commissioner of Labour. Apart from that the 5th respondent shall also be liable to pay the interest at the rate of 12% per annum towards the entire compensation of Rs.4,69,640/- fixed by the Joint Commissioner of Labour. Consequently, from the amount that has already been deposited by the appellant Insurance Company, respondents 1 to 4 will be entitled to withdraw a sum of Rs.3,52,230/-. There shall be a direction to the 5th respondent to deposit a sum of Rs.58,705/- and also 12% interest component for the entire compensation amount of Rs.4,69,640/-, within a period of four weeks from the date of receipt of copy of this order. There shall be a further direction to the 6th respondent to deposit a sum of Rs.58,705/-, within a period of four



weeks from the date of receipt of copy of this order. On such deposit made by the 5th and 6th respondents, the respondents 1 to 4 will be entitled to withdraw the amount. Whatever balance amount remains from the deposit made by the appellant Insurance Company shall be permitted to be withdrawn by the appellant Insurance Company.

11. In the result, this Civil Miscellaneous Appeal is allowed in the above terms. No Costs. Consequently, connected miscellaneous petition is closed.

07-08-2026

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



**The Commissioner for Employees
Compensation, Joint Commissioner of
Labour Vellore**



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N.ANAND VENKATESH J.

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