

**IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH**

**FAO No. 460 of 2015 (O&M)
Date of Decision:- 27.04.2018**

United India Insurance Co. Ltd.

....Appellant

Versus

Smt. Paramjit Kaur & Ors.

...Respondents

CORAM: HON'BLE MR.JUSTICE AVNEESH JHINGAN

Present: Mr. Sanjiv Pabbi, Advocate, for the appellant.

Mr. R.P.S. Cheema, Advocate, for respondent Nos. 1 and 2.

AVNEESH JHINGAN, J. (Oral)

The present appeal arises from award dated 03.09.2014 passed by Motor Accident Claims Tribunal, Fatehgarh Sahib (for short, 'the Tribunal').

2. The appeal involves following question of law :-

Whether borrower of a vehicle can claim compensation under Section 163-A of the Motor Vehicles Act, 1988 (for short, 'the Act')?

3. For deciding the appeal, it would be appropriate to consider the question :-

Whether the Personal Accident Cover (for short, 'PAC') issued on payment of additional premium will cover the owner of the vehicle who is driving the vehicle or other person including the borrower of the vehicle?

4. Bare facts necessary for adjudication of the appeal are that on 28/29.10.2013 Gurdeep Singh along with Ramakant was returning from

Jodhpur by car bearing registration No. PB-23K-6932 (for short, 'the Car'). Gurdeep Singh was driving the Car. On reaching near turning of Petrol Pump, Bassi Pathana the car turned turtle as a result of which Gurdeep Singh died at the spot and Ramakant suffered injuries. DDR No. 14 dated 29.10.2013 was lodged at Police Station Bassi Pathana.

5. A claim petition by legal heirs of the deceased was filed under Section 163-A of the Motor Vehicles Act, 1988 (for short, 'the Act'). In the claim petition, it was claimed that the deceased was working as a driver of Avtar Singh the owner of the Car. The claimants failed to prove that Avtar Singh had employed the deceased as a driver. The Tribunal assessed the earning of the deceased as Rs.3300/- per month and awarded a sum of Rs.3,58,400/- as compensation along with interest @7% per annum.

6. The insurer has filed this appeal being aggrieved of the impugned award submitting that borrower of the vehicle would not be entitled to any compensation either under Section 163(A) of the Act or under PAC.

7. The issue that the borrower of a vehicle would not be entitled to compensation under Section 163-A of the Act is no longer *res integra*. Supreme Court in ***Ningamma & Anr. Vs. United India Insurance Co. Ltd., 2009(13) SCC 710*** held that borrower of Vehicle will not be entitled to claim compensation under Section 163-A.

Supreme Court held:-

“13. In the light of the aforesaid submissions, the question that falls for our consideration is whether the legal representatives of a person, who was driving a motor

vehicle, after borrowing it from the real owner meets with an accident without involving any other vehicle, would be entitled to compensation under Section 163-A of MVA or under any other provision(s) of law and also whether the insurer who issued the insurance policy would be bound to indemnify the deceased or his legal representatives?”

The issue was decided and it was held as under :-

“19. We have already extracted Section 163-A of the MVA hereinbefore. A bare perusal of the said provision would make it explicitly clear that persons like the deceased in the present case would step into the shoes of the owner of the vehicle. In a case wherein the victim died or where he was permanently disabled due to an accident arising out of the aforesaid motor vehicle in that event the liability to make payment of the compensation is on the insurance company or the owner, as the case may be as provided under Section 163-A. But if it is proved that the driver is the owner of the motor vehicle, in that case the owner could not himself be a recipient of compensation as the liability to pay the same is on him. This proposition is absolutely clear on a reading of Section 163-A of the MVA. Accordingly, the legal representatives of the deceased who have stepped into the shoes of the owner of the motor vehicle could not have claimed compensation under Section 163-A of the MVA.”

8. It would be appropriate at this stage to quote Sections 140 and 163-A of the Act and GR-36.

“140. Liability to pay compensation in certain cases on the principle of no fault –

(1) Where death or permanent disablement of any person

has resulted from an accident arising out of the use of a motor vehicle or motor vehicles, the owner of the vehicles shall, or, as the case may be, the owners of the vehicles shall, jointly and severally, be liable to pay compensation in respect of such death or disablement in accordance with the provisions of this section.

- (2) The amount of compensation which shall be payable under sub-section (1) in respect of the death of any person shall be a fixed sum of fifty thousand rupees and the amount of compensation payable under that sub-section in respect of the permanent disablement of any person shall be a fixed sum of twenty – five thousand rupees.*
- (3) In any claim for compensation under sub-section (1), the claimant shall not be required to plead and establish that the death or permanent disablement in respect of which the claim has been made was due to any wrongful act, neglect or default of the owner or owners of the vehicle or vehicles concerned or of any other person.*
- (4) A claim for compensation under sub- section (1) shall not be defeated by reason of any wrongful act, neglect or default of the person in respect of whose death or permanent disablement the claim has been made nor shall the quantum of compensation recoverable in respect of such death or permanent disablement be reduced on the basis of the share of such person in the responsibility for such death or permanent disablement.*
- (5) Notwithstanding anything contained in sub-section (2) regarding death or bodily injury to any person,*

for which the owner of the vehicle is liable to give compensation for relief, he is also liable to pay compensation under any other law for the time being in force :

Provided that the amount of such compensation to be given under any other law shall be reduced from the amount of compensation payable under this section or under section 163 – A.

163 – A. Special provisions as to payment of compensation on structured formula basis –

- (1) *Notwithstanding anything contained in this Act or in any other law for the time being in force or instrument having the force of law, the owner of the motor vehicle of the authorised insurer shall be liable to pay in the case of death or permanent disablement due to accident arising out of the use of motor vehicle compensation, as indicated in the Second Schedule, to the legal heirs or the victim, as the case may be.*

Explanation. – For the purposes of this sub-section, “permanent disability” shall have the same meaning and extent as in the Workmen’s Compensation Act, 1923.

- (2) *In any claim for compensation under sub-section (1), the claimant shall not be required to plead or establish that the death or permanent disablement in respect of which the claim has been made was due to any wrongful act or neglect or default of the owner of the vehicle or vehicles concerned or of any other person.*
- (3) *The Central Government may, keeping in view the cost of living by notification in the Official*

Gazette, from time to time amend the Second Schedule.

GR 36. *Personal Accident (PA) Cover under Motor Policy (not applicable to vehicles covered under Section E, F and G of Tariff for Commercial Vehicles)*

A. Compulsory Personal Accident Cover for Owner-Driver-

Compulsory Personal Accident Cover shall be applicable under both Liability Only and Package policies. The owner of insured vehicle holding an 'effective' driving license is termed as Owner- Driver for the purposes of this section.

Cover is provided to the Owner-Driver whilst driving the vehicle including mounting into/dismounting from or traveling in the insured vehicle as a co-driver.

NB. *This provision deals with Personal Accident cover and only the registered owner in person is entitled to the compulsory cover where he/she holds an effective driving license. Hence compulsory PA cover cannot be granted where a vehicle is owned by a company, a partnership firm or a similar body corporate or where the owner- driver does not hold an effective driving license. In all such cases, where compulsory PA cover cannot be granted, the additional premium for the compulsory P.A. cover for the owner – driver should not be charged and the compulsory P. A. cover provision in the policy should also be deleted. Where the owner-driver owns more than one vehicle, compulsory PA cover can be granted for only one vehicle as opted by him/her.*

9. Relying upon decision of the Supreme Court in *Ningamma & Anr. Vs. United India Insurance Co. Ltd., 2009(13) SCC 710* an issue is raised that if borrower steps into shoe of the owner then borrower should be covered under Personal Accident Cover.

10. Learned counsel for respondents No.1 & 2 – claimants argued that once it has been held by Supreme Court that the borrower of the vehicle stepped into the shoes of the owner, the insurance company cannot be permitted to take a contradictory stand, to say that borrower of vehicle is not covered under PAC.

11. The contention raised by learned counsel for respondents has a fallacy. It is not disputed that in the present case, ₹ 50/- extra premium was paid for PAC for owner-driver. The term 'owner-driver' has been defined under GR-36. It states “Compulsory Personal Accident Cover shall be applicable under both Liability Only and Package policies. The owner of insured vehicle holding an 'effective' driving license is termed as owner-driver for the purposes of this section. The definition clearly restricts the meaning of 'owner-driver'. It only covers owner of the insured vehicle. There is a further rider that for claiming compensation for PAC owner should be holding an 'effective' driving license.

12. Note in GR-36 states that only the registered owner in person is entitled for Personal Accident Cover if he holds an effective driving license. The said Cover is not to be granted where the vehicle is owned by a company, a partnership firm or a similar body corporate. This further clarifies that representative of the owner will not fall within the ambit of

PAC.

13. The term '*owner-driver*' has been defined, hence, no word can be added or deleted from the definition to extend the benefit to claimant so that the term '*owner-driver*' can be stretched to mean owner or driver.

14. The award passed by the Tribunal is set aside. However, invoking the provisions of 140 of the Act, the claimants would be entitled to Rs.50,000/- for 'no fault liability' as provided in the statute. In case the appellant has already not paid Rs.50,000/- the same would be paid to the claimants within eight weeks from today.

15. The appeal is disposed of in the aforesaid terms.

April 27, 2018
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(AVNEESH JHINGAN)
JUDGE

Whether speaking/reasoned : Yes/No
Whether Reportable : Yes/No