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

**FAO-73-2017 (O&M)
Reserved on : 03.09.2025
Date of Pronouncement : 22.09.2025**

United India Insurance Company Limited ......Appellant

Vs.

Gulistan Begum and others ......Respondents

**CORAM: HON'BLE MRS. JUSTICE SUDEEPTI SHARMA**

Present : Mr. Neeraj Khanna, Advocate for
Mr. Ravinder Arora, Advocate,
for the appellant.

Mr. Armaan Gagneja, Advocate,
for respondents No.1 to 5.

None for respondents No.6 to 9, despite service.

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**SUDEEPTI SHARMA J. (ORAL)**

1. The present appeal has been preferred against the award dated 15.10.2016 passed in the claim petition filed under Section 166 read with Section 140 of the Motor Vehicles Act, 1988 by the learned Motor Accident Claims Tribunal, Sri Muktsar Sahib (for short, 'the Tribunal'), wherein the appellant-Insurance company was held liable to pay the compensation to the claimants/respondents No.1 to 5 to the tune of Rs.15,42,000/- along with interest @ 7% per annum.

**BRIEF FACTS OF THE CASE**

2. The brief facts of the case are that on 14.08.2014, deceased Mohammad Khan and Akbar Khan were travelling in a Verna Car bearing

registration No. 4658-17-CH, owned by respondent No.3 and insured with respondent No. 2, from Jammu towards Srinagar. At about 6:00 a.m., when the car reached near Shabanbass, Banihal, the driver lost control of the car due to rash and negligent driving at a high speed and the car rolled down about 200-250 feet from the National Highway. As a result, Mohammad Khan succumbed to the injuries while Akbar Khan sustained multiple grievous injuries in the said accident. In this regard, FIR No.102 dated 14.08.2014 under Sections 279, 337 and 304-A of the Indian Penal Code, 1860, was registered at Police Station Banihal.

3. Upon notice of the claim petition, respondents No.1 and 3 did not appear despite service and they were proceeded against ex parte, whereas, respondents No.2 and 5 appeared and contested the claim petition by filing their separate written replies and denied the factum of the accident/compensation.

4. From the pleadings of the parties, learned Tribunal framed the following issues:-

> *"1. Whether Mohammad Khan son of Ahmad Ali died in motor vehicle accident, which took place on 14.08.2014 in the area of Nakvoi, 2 kilometer from Police Station Banihal at about 6.00 AM on account of rash and negligent driving of the driver of the offending vehicle (to be disclosed by the State of J& K, i.e. respondent No. 1)? OP Claimant.*
>
> *2. Whether claimants are entitled to compensation being legal representatives of Mohammad Khan deceased, if so, how much and from whom? OP Claimant.*

*2a. Whether Akbar Khan claimant No. 5 received injuries on 14.08.2014 in motor vehicle accident which took place due to rash and negligent driving of driver of Verna car bearing No. 4658-17-CH? OP Claimant No.5.*

*2b. Whether claimant No.5 Akbar Khan is entitled to compensation, if so, how much and from whom? OP Claimant No.5.*

*3. Whether the driver of the offending vehicle was not holding the valid and effective driving license at the time of accident? OPR*

*4. Whether the offending vehicle was not having a valid route permit at the time of accident, if so, its effect? OPR*

*5. Relief"*

5. In support of their pleadings, both the parties led their respective evidence.

6. After taking into consideration the pleadings and the evidence on record, the learned Tribunal awarded compensation to the claimants/respondents No.1 to 5 to the tune of Rs.13,92,000/- along with interest @ 7% per annum and the appellant-Insurance Company was held liable to pay compensation at the first instance, however, liberty was granted to it to recover the same from respondent No.9-M/s Arise Automotive Pvt. Ltd. Hence, the present appeal.

**SUBMISSIONS OF THE LEARNED COUNSELS FOR THE PARTIES**

7. Learned counsel for the appellant-Insurance Company, *inter alia*, contends that learned Tribunal erred in fastening liability upon the appellant-Insurance Company to satisfy the award with a right of recovery against the owner of the offending vehicle. It is urged that under the terms

of the policy, the risk was covered only if the accident occurred within a radius of 200 kilometers from the address of insured, as mentioned in the policy, whereas, it is an admitted position that the accident in question took place beyond the said radius. On this ground, it is prayed that the present appeal be allowed.

8. *Per contra*, learned counsel for respondents No.1 to 5 submits that learned Tribunal has rightly held appellant-Insurance Company liable to pay the compensation to claimants/respondents No.1 to 5. He, therefore, prays that the present appeal be dismissed.

9. I have heard learned counsel for the parties and carefully perused the record of this Court with their able assistance.

10. Before proceeding further, it is relevant to reproduce the pertinent portion of the award dated 15.10.2016 passed by learned Tribunal:-

> *"**Issues No.2, 3 and 4***
>
> ***12.*** *XXX XXX XXX*
>
> *Ld. Counsel for respondent No. 2 has argued that respondent No. 2 is not liable for compensation as risk covered under Insurance policy was only within radius of 200 km from the premises of insured and in the present case, accident took place at the distance of about 400 kg from the premises of insured.*
>
> *Whereas, counsel for respondent No.5 and counsel for claimants argued that vehicle was insured upto 4.4.2015 and the accident took place within the currency*

*of Insurance policy. As such, insurance company is liable to compensate the claimants.*

*Ex RX/3 is policy issued by Insurance Company and it is road rick package policy. As per that policy, there is condition that insurance policy is applicable within Geographical Area a) Under Section II-I (i) India b) Under all other Sections---India, but subject to a radius of 200 kms from the Insured's address mentioned on the policy.*

*The liability of third parties is covered by Section II Sub Section 1 of the policy which is reproduced as under:-*

> ***SECTION-II: LIABILITY TO THIRD PARTIES***
>
> *Subject to the limits of liability as laid down in the Schedule hereto the company will indemnify the insured in the event of an accident caused by or arising out of the use of the vehicle against all sums including claimant's costs and expenses which the insured shall become legally liable to pay in respect of:*
>
> *(i) Death of or bodily injury to any person caused by or arising out of the use (including the loading and / or unloading) of the vehicle.*
>
> *(ii) Damage to the property caused by the use (including the loading and/or unloading) of the vehicle.*

*So, as per Section 2(1)(i) the liability of Insurance company extends to whole of India. In the present case, accident of the insured vehicle took place resulting into* *death of Mohammad Khan. Though the death took place at the distance of about 400 km from the insured premises but liability of insurance company extends to whole of India. Even the general exception does not exclude the liability of Insurance company as the accident resulting into death of Mohammad Khan has taken within India. So, the liability is not excluded, even if the same took place outside the radius of 200 kms.*

***13.*** *Ld. Counsel for the Insurance Company has further argued that Insurance Company is not liable as ownership of the car has passed over to M/s Arise Automotive Pvt Ltd and M/s Arise Automotive Pvt Ltd has not get the insurance transferred in its name nor has informed the insurance company about transfer of ownership of car.*

*I find no force in the contention of ld. Counsel for Insurance Company as vehicle was sold to M/s Arise Automotive Pvt Ltd on 13.08.2014 vide Invoice Ex R3 and when the same was taken to the premises of M/s Arise Automotive Pvt Ltd, the same met with an accident on the way. So, there was no occasion with the firm M/s Arise Automotive Pvt Ltd or M/s Cosmos Automobiles to inform the insurance company about the sale of motor vehicle covered by the policy of Insurance Company.*

***14.*** *Ld. Counsel for the Insurance company has further argued that liability of Insurance company comes to an end as per the conditions of insurance policy when the vehicle was transferred as in insurance policy Ex RX/3, motor vehicle has been defined as under:-*

*Any Motor Vehicle the property of the insured or in his custody or control whilst bearing Trade Certificate Nos as mentioned above. All steam driven vehicles are excluded.*

*Ld. Counsel for the Insurance company argued that when the vehicle was transferred to M/s Arise Automotive Pvt Ltd, the same does not fall within the definition of motor vehicle and insurance company is not liable.*

*No doubt, by sale of motor vehicle, the property has passed over to M/s Arise Automotive Pvt Ltd and Insurance company has right to recover the amount of compensation from M/s Arise Automotive Pvt Ltd. As such, only United India Insurance Company and M/s Arise Automotive Pvt Ltd are liable to compensate the claimants. Their liability is joint and several. However, United India Insurance Company has right to recover the compensation from M/s Arise Automotive Pvt Ltd.*

***15.*** *Ld. Counsel for the Insurance company has further argued that driver of the vehicle was not holding valid driving license.*

*I find no force in the contention of Ld. Counsel for the Insurance company as onus to prove this fact was on the insurance company and insurance company has lead no evidence to prove that driver of the vehicle was not holding valid driving license at the time of accident. As such issues No. 3 and 4 are decided against the respondents and in favour of claimants and issue No. 2 is decided in favour of claimants and against the respondents No. 2 and 5."*

11. A bare reading of the award reveals that the learned Tribunal has dealt with the rival contentions in detail. The policy issued was a "Road Risk Package Policy." As rightly noticed, Section II, Sub-section (1) of the policy unequivocally extends the liability of insurer to third-party claims throughout the territory of India. The limitation of 200 kilometers, as incorporated under "other sections" of the policy, does not and cannot curtail the liability of the insurer towards third parties, which is both statutory and contractual in nature.

12. The contention of the appellant that its liability ceases once the accident occurs beyond 200 kilometers from the premises of insured is misconceived. Third-party liability under Section II of the policy, read in consonance with the mandate of the Motor Vehicles Act, 1988, is not subject to such territorial restrictions. The Act is a beneficial and social welfare legislation, intended to safeguard the rights of victims of motor accidents, and its provisions must be construed liberally to effectuate that object.

13. In the present case, it is undisputed that the accident occurred within India and during the subsistence of a valid insurance policy. Hence, the insurer cannot escape its statutory obligation to indemnify the claimants. The Tribunal was therefore correct in directing the insurance company to satisfy the award at the first instance.

14. On careful consideration, I find no infirmity, perversity, or illegality in the findings recorded by the learned Tribunal warranting interference by this Court. The award is well-reasoned and based on a correct appreciation of law and facts.

15. Accordingly, this Court finds no merit in the appeal, and the same is **dismissed**. Thus, the award dated 15.10.2016 passed by the learned Tribunal is hereby upheld.

16. The statutory amount of Rs.25,000/- deposited by the appellant at the time of admission of the appeal, is ordered to be refunded to it.

17. Pending application(s), if any, also stand disposed of.

**(SUDEEPTI SHARMA)**
**JUDGE**

**22.09.2025**
Virender

Whether speaking/non-speaking : Speaking
Whether reportable : Yes/No