IN THE HIGH COURT OF JHARKHAND AT RANCHI

M.A. No. 311 of 2017

The Branch Manager, New India Assurance Company Limited, Korba, Sada Complex, Transport Nagar, Korba, P.O., P.S. & District- Korba (Chattsigarh) through its Local Branch at Dharmshala Road, Daltonganj, P.O. Daltonganj, P.S. Sadar, District- Palamau represented through its Divisional Office No. 1, P.P. Compound, P.O. Ranchi, P.S. Chutia, District- Ranchi. (Insurer of the offending Vehicle No. CG-14G-0184) … Opposite Party No.2/Appellant

Versus

1. Baby Devi, Wife of Late Ram Pravesh Ram, Aged about 25 years.
2. Dibyanshu Kumar, Son of Late Ram Pravesh Ram, Aged about 3 years.
3. Sudhanshu Kumar, Son of Late Ram Pravesh Ram, Aged about 1 year.
4. Mahendra Ram, Son of not known to the appellant, Father of Late Ram Pravesh Ram, aged about 55 years.
5. Sushila Devi, Wife of Sri Mahendra Ram, Aged about 50 years.

   Respondent 2 & 3 being minor are represented through their mother and natural Guardian, Baby Devi, Respondent No. 1, All resident of Village- Basna, P.O. Basna, P.S. Bishrampur, District- Palamau.

   ….. Applicants/Respondents

6. Md. Baidul, Son of Abdul Rashid, C/O Rajhans Travels, Purani Toli, Jashpur, P.O. P.S. & District- Jashpur (Chattisgarh) at present resident of 357, Bank of India Colony, Colony, Indrapuri, P.O. B.V. College, P.S. Shastri Nagar, District- Patna (Bihar) (Owner of the offending Vehicle No. CG-14G-0184).
7. Suresh Ram, Son of Narayan Ram, Resident of Village-Kanchanpur, P.O. & P.S. Ranka, District- Garhwa (Driver of the offending Vehicle No. CG-14G-0184).

   …… Opp. Parties/Respondents

CORAM: HON'BLE THE CHIEF JUSTICE

For the Appellant: Mr Manish Kumar, Advocate
For Resp. Nos.1-5: Mr Arvind Kumar Lall, Advocate
For Resp. No.7: Mr Munna Lal Yadav, Advocate

09/Dated: 18.09.2026

1. Heard Mr Manish Kumar for the appellant, Mr Arvind Kumar Lall for respondent nos. 1 to 5 (claimants), and Mr Munna Lal Yadav for respondent no. 7.

2. The 6th respondent has been served, but neither present nor represented.

3. This appeal challenges the judgment and award dated 6th of March 2017 in M.V. Claim Case No. 38 of 2015 passed by the Motor Accident Claims Tribunal, Palamu at Daltonganj.

4. Mr Manish Kumar, the learned counsel for the appellant-Insurance Company, submitted that the insured vehicle initially had a permit and an authorisation, but on the date of the accident, i.e. 09.05.2015, the authorisation had expired. Accordingly, he submitted that this constituted a fundamental breach of the terms of the insurance policy, entitling the appellant-Insurance Company to be absolved of the liability to indemnify the owner, or, in any event, that an order for pay and recover should have been made.

5. Learned counsel for the respondents disputed the above position and defended the impugned award based on the reasoning reflected therein.

6. Learned counsel for the claimants submitted that the compensation awarded is not in accordance with the law laid down in **Sarla Verma v. DTC,** (2009) 6 SCC 121, **National Insurance Co. Ltd. v. Pranay Sethi,** (2017) 16 SCC 680, and **Magma General Insurance Co. Ltd. v. Nanu Ram,** (2018) 18 SCC 130. He therefore submitted that this amount should be enhanced given the

law laid down in **Nagappa v. Gurudayal Singh,** (2003) 2 SCC 274, and **Surekha v. Santosh,** (2021) 16 SCC 467.

7. Regarding Mr Manish Kumar's contention based on the route permit and authorisation, the Tribunal has concluded that there was no breach of any of the terms and conditions of the insurance policy.

8. Furthermore, on perusing the written statement filed on behalf of the appellant-Insurance Company, it is apparent that the defence that the authorisation had allegedly expired on the date of the accident was never raised. There is no cogent evidence in this regard. In any event, evidence not supported by the pleadings in the written statement cannot be considered.

9. Further, the burden of proving fundamental breach of the terms of the insurance policy squarely lies upon the insurance company which raises such a plea. In this case, the burden has not been discharged. Therefore, applying the law laid down in **Narcinva V. Kamat and Another Versus Alfredo Antonio Doe Martins and Others,** 1985 ACJ 397 (SC) and **National Insurance Company Limited versus Swarn Singh**, (2004) 3 SCC 297, this ground raised on behalf of the appellant-Insurance Company cannot be upheld.

10. In the cases of **Nagappa** (supra) and **Surekha** (supra), even though the claimants have not filed any cross-objections or cross-appeal, this Court is duty-bound to consider whether just compensation has been awarded and, if not, to award it.

11. Accordingly, the learned counsel for the parties were heard on the issue of 'just compensation'. The record shows that the deceased was aged 31 years old at the time of his demise in the accident. His yearly income was Rs. 84,000/-. Considering his age and the law laid down in **Sarla Verma** (supra), an addition of 40% was necessary towards future prospects. This means that the deceased's yearly income was Rs. 1,17,600/-.

12. Since the deceased left behind five claimants, deduction of 1/4th towards the personal expenses of the deceased is warranted, again, in terms of the law laid down in **Sarla Verma** (supra) and **Pranay Sethi** (supra). This means that the deceased's yearly income would have to be taken at Rs. 88,200/-.

13. The Tribunal applied a multiplier of 17, when, under the law laid down in **Sarla Verma** (supra), it should have been 16. Thus, the compensation towards dependency would come to Rs. 14,11,200/-.

14. To the above amount, a consortium of Rs. 40,000/- will have to be paid to each of the claimants, totally amounting to Rs.2,00,000/- in terms of the law laid down in **Magma** (supra). Besides, an addition of Rs. 15,000/- will have to be made towards loss of estate and another Rs. 15,000/- towards funeral expenses.

15. Total compensation amount for it to be qualified as 'just compensation' is therefore determined at Rs. 16,41,200/-. The interest of 6% per annum awarded by the Tribunal warrants no interference.

16. Accordingly, this appeal is disposed of by not accepting the contention of the appellant-Insurance Company of absolving it

from the liability to indemnify the owner but accepting its contention on the multiplier adopted by the Tribunal and by enhancing the compensation amount from Rs. 9,61,500/- to Rs.16,41,200/- with interest as awarded by the Tribunal.

17. The appellant-Insurance Company must now deposit the enhanced compensation amount together with interest after deducting the payments already made and a statutory amount already deposited, within eight weeks from today after due intimation to the learned counsel for the claimants.

18. Once the amount is deposited, the Registry is directed to permit the claimants to withdraw it by transferring it into their bank accounts. Under no circumstances should the transfers be otherwise than through regular banking channels.

19. The learned counsel for the claimants has agreed to provide their identity and bank details so that the transfer of the compensation can be effected at the earliest.

20. The appeal is disposed of in the above terms, without any order for costs.

(M. S. Sonak, C.J.)

September 18, 2026

N.A.F.R.

Manoj/Shahid/Cp.2

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