



C.M.A.No.3671 of 2025

IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on : 05.02.2026

Pronounced on : 16.03.2026

CORAM

THE HONOURABLE MRS.JUSTICE K.GOVINDARAJAN THILAKAVADI

C.M.A.No.3671 of 2025 and C.M.P. No.30575 of 2025

The Branch Manager,
Royal Sundaram Insurance
No.127, 2nd Floor, 100 Feet Road,
Puducherry

...Appellant

Vs.

1.Pradeep
2.Selvarani

... Respondents

Prayer: This Civil Miscellaneous Appeal is filed under Section 173 of Motor Vehicles Act,1988, against the Award dated 19.08.2025 made in M.C.O.P No.366 of 2023 on the file of the Motor Accident Claims Tribunal, Principal Subordinate Judge, Puducherry.

For Appellant : Mr. S. Srinivasan

For Respondents : No appearance



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JUDGMENT

This Appeal is directed against the Award dated 19.08.2025 made in M.C.O.P No.366 of 2023 on the file of the Motor Accident Claims Tribunal, Principal Subordinate Judge, Puducherry.

2. Shortly stated, on 03.12.2022 at about 03.00 p.m., when the 1st respondent / petitioner was riding his Bajaj Discover motorcycle bearing Registration No.PY-01-BZ-0371 from Sedarapet to Villianur, opposite to Kamalambal Marriage Hall, a TVS Star City two wheeler bearing Registration No,PY-01-CH-3115, belongs to the 2nd respondent herein, ridden by its rider in a rash and negligent manner dashed behind the petitioner's vehicle, due to which, the petitioner sustained injuries all over his body and was immediately taken to Venkateswara Medical College and Hospital, Ariyur, Puducherry.

3. The 1st respondent / petitioner filed the above MCOP claiming compensation of Rs.50,00,000/- for the injuries sustained by him in the said accident.



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4. The claim was opposed by the Insurance Company by stating that the rider of the offending motorcycle did not possess valid driving license on the date of accident, which is clear violation of the Motor Vehicles Act and policy terms and conditions and that the FIR was filed nearly after 12 days of the said accident. Hence, prayed for dismissal of the claim petition.

5. The Claims Tribunal framed necessary issues and came to the conclusion that the accident took place due to the rash and negligent riding of the rider of the offending vehicle and awarded a compensation of Rs.2,03,000/-. The Tribunal directed the appellant/Insurance Company to pay the said compensation together with interest at the rate of 7.5% per annum from the date of claim petition till the date of realization, at the first instance, and then recover the same from the owner of the offending vehicle, since there is violation of policy conditions.

6. Aggrieved by this, the Insurance Company is on appeal. According to the learned counsel for the Insurance Company, the Tribunal having concluded that the rider of the insured vehicle did not hold valid driving licence at the



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time of accident, ought to have exonerated the appellant/Insurance Company, in as much as the subject Insurance Policy was issued after the Motor Vehicles Amendment Act, 1988, which came into force with effect from 01.04.2022. He would further submit that, the compensation granted under the other heads are also without any basis and are exorbitant. Hence, prayed for setting aside the order of the Tribunal passed in the above MCOP.

7. Despite notice, there is no representation on the side of the respondents.

8. The points for consideration are:-

(i) Whether the Tribunal empowered to order pay and recovery against insurer in case of violation of policy conditions after deletion of proviso to old Section 149 (4) and 149 (5) [now renumbered as Section 150] of Motor Vehicles Act, 1988, by Motor Vehicles Amendment Act (Central Act 32 of 2019), with effect from 01.04.2022?

(ii) Whether the Tribunal erred in mulcting liability and adopting the doctrine of pay and recovery, in spite of producing the evidence to show that the two wheeler rider had no valid driving license to drive the two wheeler at



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that time?

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9. The issue raised in this appeal with regard to pay and recovery has already been considered in a batch of cases by a Learned Judge of this Court in C.M.A.No.554 of 2025 and batch reported in 2025/MHC/991, wherein it has been held that notwithstanding the deletion of proviso to old Section 149(4) of MV Act (New Section 150), the Motor Accident Claims Tribunal can order pay and recovery. The relevant observation of this Court in the above said case reads as follows:-

*“28. The very same title or caption is retained in New Section 150 of Motor Vehicles Act. Further, defences enumerated under Section 150(2) are result of breach/omission by insured over which innocent third parties have no control. Hence, it is highly inequitable to interpret the section against its own title and object of main enactment. In this regard, it would be appropriate to refer to observation of Apex Court in **British India General Insurance Co. Ltd., vs. Captain Itbar Singh and others** reported in 1959 SCC OnLine SC 32, which reads thus:-*



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“17. ...It was said that the assured might be a man of straw and the insurer might not be able to recover anything from him. But the answer to that is that it is the insurer's bad luck. In such circumstances the injured person also would not have been able to recover the damages suffered by him from the assured, the person causing the injuries. The loss had to fall on some one and the statute has thought fit that it shall be borne by the insurer. That also seems to us to be equitable for the loss falls on the insurer in the course of his carrying on his business, a business out of which he makes profit, and he could so arrange his business that in the net result he would never suffer a loss. On the other hand, if the loss fell on the injured person, it would be due to no fault of his; it would have been a loss suffered by him arising out of an incident in the happening of which he had no hand at all.”

The Apex Court in the above mentioned case law in a beautiful language emphasised the plight of third party victims and ability of insurer to cope up with liability created by law under Section 149(1)



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[New Section 150(1)]. Therefore, this Court holds that Section 149(1)

[now Section 150 (1)] imposes a duty on insurer to satisfy award passed against insured in respect of third party claims and that duty is not affected by deletion of proviso to Section 149 (4).

29. Section 149(5) mandates that any amount paid by the insurer to the third party over and above the amount payable by insurer to the insured under the policy, shall be recovered by the insurer from the insured. Now, by virtue of new Section 147(2), the Central Government is empowered to prescribe a base premium and liability of the insurer in respect of such premium for the insurance policy. Since the liability of the insurer in respect of third party insurance is sought to be limited, by virtue of notification by Government in consultation with Insurance Regulatory and Development Authority, Sub-Section 5 of old Section 149 is deleted to remove doubt. The deletion of Sub-Section 5 of old Section 149 is in tune with the amendment introduced under Section 147(2).

30. In view of the discussions made earlier, this Court holds that notwithstanding deletion of proviso to Sub-Section (4) of Old Section 149 and Sub-Section (5) of very same Section which is renumbered as



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Section 150, the insurer's liability to honour the award passed against the insured in respect of third party claims continues and in the event of insurer's success in raising a defence under Sub-Section (2) of New Section 150, the Tribunal can very well order pay and recovery."

10. The above decision is squarely applicable to the case on hand. From the reading of the above said judgment, it is clear that the learned Single Judge has also followed the similar view taken by the Allahabad High Court in ***ICICI Lombard General Insurance Co Ltd Vs. Arti Devi and others dated 31.01.2025*** with regard to pay and recovery.

11. Though it is contended that against the above referred judgment of the Allahabad High Court, the Insurance Company preferred SLP and stay was also granted on 20.05.2025, mere pendency of the appeal before the Hon'ble Supreme Court does not erase effect of the pronouncement made in C.M.A. (MD)No.554 of 2025 and batch. Therefore, this Court has no other option but to follow the learned Single Judge's view taken in C.M.A.No.554 of 2025 and batch.



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12. With regard to quantum, the Tribunal has awarded just compensation, warrants any interference.

13. In the result, the Civil Miscellaneous Appeal stands dismissed. No costs. Consequently connected miscellaneous petition is closed. The award dated 19.08.2025 made in M.C.O.P No.366 of 2023 on the file of the Motor Accident Claims Tribunal, Principal Subordinate Judge, Puducherry, is confirmed.

16.03.2026

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Internet: Yes/No

Index: Yes/No

Speaking/Non-speaking order

To

1. The Principal Subordinate Judge,
Motor Accident Claims Tribunal, Puducherry
2. The Section Officer, VR Section, High Court, Madras.



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K.GOVINDARAJAN THILAKAVADI, J.

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**Pre delivery judgment in
C.M.A.No.3671 of 2025 and
C.M.P. No.30575 of 2025**

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