IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 25.03.2026

CORAM

THE HON'BLE MR. JUSTICE C.V.KARTHIKEYAN
AND
THE HON'BLE MR. JUSTICE K. RAJASEKAR

Civil Miscellaneous Appeal No.3882 of 2025
and
Civil Miscellaneous Petition No.32704 of 2025

M/s. The New India Assurance Company Limited,
"Claims Hub", 'Obli Towers',
No.594, D.B.Road, R.S.Puram.
Coimbatore – 641 002. ... Appellant

Vs.

1.M.Chelliah

2.C.Nirmala Kumari

3.C.Suresh Kumar
4. Insurance Company Regulatory Authority
Survey No.115/1, Financial District,
Nanakranguda, Hyderabad-500 032. ... Respondents
[R4 impleaded as Suo motu vide order of Court
dated 04/03/2026 made in CMA No.3882/25]

PRAYER: Civil Miscellaneous Appeal filed under Section 173 of the Motor Vehicles Act, 1988 against the Final Award dated 29th July, 2025, passed in M..C.O.P.No.5 of 2022, by the Motor Accident Claims Tribunal, (V Additional District Court), at Coimbatore.

For Appellant : Mr.J.Michael Visuvasam

For R1 & R2	:	Mr.Sarath Chandar For Mr.A.G.F.Terry Chella Raja and M/s.D.Prasanna
For R3	:	No appearance
For R4	:	Mr.M.B.Raghavan For M/s.M.B.Gopalan Associates

JUDGMENT

(Judgment of the Court was made by C.V.KARTHIKEYAN, J.)

The second respondent in M.C.O.P.No.5 of 2022, aggrieved by the Judgment dated 29.07.2025, by the V Additional District Court/MACTOP Special Tribunal at Coimbatore is the appellant herein.

2. M.C.O.P.No.5 of 2022 had been filed by the first and second respondents herein, seeking compensation for the death of their son Srinath, who died in a motor vehicle accident, which had taken place on 06.02.2021 at about 8.20 a.m. It was stated that the deceased Srinath was a pillion rider on a Bajaj Pulsar motor vehicle bearing registration No.TN43-K-8041 driven by the first respondent in the claim petition/third respondent herein, C.Suresh Kumar, on the Coonoor to Ooty Main Road. It was contended that the vehicle was driven in a rash and negligent manner and, when it reached Iyyappan Kovil at Wellington at Coonor to Ooty Main Road, he dashed against an Activa scooter, bearing registration No.TN 43 J 0362, which was also travelling from Coonor to

Ooty Main Road. Owing to the nature of injuries which Srinath suffered, he died on the spot. He was taken to the Wellington Cantonment General Hospital, but the doctors pronounced that he was brought dead. It is under these circumstances that the claim petition was filed, seeking compensation of a total sum of Rs.30/- lakhs for the death of their son.

3. A counter affidavit has been filed by the appellant herein, the second respondent before the Tribunal/The New India Assurance Company Limited, questioning, the manner in which the accident occurred, denying the allegation that the Bajaj Motor Vehicle was driven in a rash and negligent manner and contesting the liability to pay compensation. It was contended that the policy, which had been issued, though termed as a Bundled Motor Policy for a two-wheeler, provided restricted Own Damage Coverage for a period of one year from 23.01.2020 to 22.01.2021 and, included Third Party Coverage for a period of five years from 23.01.2020 to 22.01.2025. It is to be noted that the accident occurred on 06.02.2021, after the expiry of the Own Damage Coverage but during the subsistence of the period of the Third Party Coverage. The Third Party premium had also been paid at the time when the policy was issued.

4. Mr.J.Michael Visuvasam, the learned counsel for the appellant placed reliance on the Judgment of a Division Bench of this Court in ***C.M.A.No.2093 of***

2023 (Neutral Citation: 2025/MHC/2024), [Pula Shanmugam and another vs. Yugender Ravellah and two others], wherein the Division Bench, while examining a similar case involving a Bundled Policy Coverage (Own Damage Coverage for one year and Third Party Coverage extended for five years), held that since the deceased was a pillion rider has to be categorized as a third party and the insurance coverage did not extend to grant of compensation for injuries suffered to such third party who could also be termed as occupant of the vehicle, and therefore refused to grant compensation. The Civil Miscellaneous Appeal preferred by the claimant was dismissed in that particular case.

5. In order to determine the nature of a Bundled Policy and to identify the distinguishing factors from other policies issued by Insurance Companies, we thought it appropriate to implead the Insurance Regulatory Development Authority of India (IRDAI) as a further respondent in the Civil Miscellaneous Appeal and by order dated 04.03.2026 impleaded IRDAI as the fourth respondent.

6. Notice had been directed, and we are grateful for the presence of M/s.M.B.Gopalan and Associates, more particularly Mr.M.B.Raghavan, who graciously consented to assist this Court on the issue. On the side of the claimants/respondents, Mr.Sarath Chandar, learned counsel, appeared and

provided valuable assistance. As always, learned counsel Mr.Michael Visuvasam was very fair in his submissions regarding the manner in which the policy should be interpreted/taken into consideration.

7. Mr.M.B.Gopalan, took the Court through three different policies issued by Insurance Companies. The first one could be termed as a Liability Only Policy. The second one is a Two-wheeler Package Policy. The third one is a Two-wheeler Bundled Policy. All three policies are distinct and operate in different circumstances.

8. The policy in the instant case is a Two-wheeler Bundled Policy. It was also brought to our knowledge that such policies do not contain terms and conditions which are ordinarily found in standalone policies. The terms and conditions are very rarely brought to the notice of the Tribunals and quite often Tribunals are denied the opportunity of examining whether the policy covers payment of compensation be it for injury or for death, and the circumstances under which the insurance company would be liable.

9. The two-wheeler Bundled Policy as a concept was introduced in the year 2018 by Insurance Companies. This type of policy was introduced owing to a proactive steps taken by the judiciary, particularly this Court, which noticed that insurance policies were often not renewed in time and thereby the Insurance Companies are given a small leverage and a small window to escape liability,

owing to which, injured or legal representatives of the deceased, suffer due to the lack of immediate payment of compensation by the Insurance Companies.

10. In a Liability Only Policy, as distinct from Two-wheeler Bundled Policy, the insurer was legally liable in respect of the following cases.

"LIABILITY TO THIRD PARTIES

1.Subject to the Limit of liability as laid down in the schedule hereto, the Company will indemnify the insured in the event of accident caused by or arising out of the use of the Motor Vehicle anywhere in India 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 so far as it is necessary to meet the requirements of the Motor Vehicles Act.

ii.damage to property other than property belonging to the insured or held in trust or in the custody or control of the insured up to the limit specified in the schedule."

11. In a Two-wheeler Package Policy, the liability extended to third parties under Section II and was as follows:

"SECTION II-LIABILITY TO THIRD PARTIES

1.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 insured vehicle against all sums which the insured shall become *legally liable to pay in respect of:-*

(i)death of or bodily injury to any person including occupants carried in the vehicle (provided such occupants are not carried for hire or reward) but except so far as it is necessary to meet the requirements of Motor Vehicles Act, the Company shall not be liable where such death or injury arises out of and in the course of the employment of such person by the insured.

(ii)damage to property other than property belonging to the insured or held in trust or in the custody or control of the insured.

Provided always that the Company shall not be liable in respect of death, injury or damage caused or arising, beyond the limits of any carriageway or thoroughfare in connection with the bringing of the load to the vehicle for loading thereon or the taking away of the load from the vehicle after unloading therefrom."

12. In a Two-wheeler Bundled Policy, Liability to third parties is covered again under Section II and the Provision was as follows:

"SECTION II-LIABILITY TO THIRD PARTIES

1.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 insured vehicle against all sums which the insured shall become legally liable to pay in respect of:-

(i)death of or bodily injury to any person including

occupants carried in the insured vehicle (provided such occupants are not carried for hire or reward) but except so far as it is necessary to meet the requirements of Motor Vehicles Act, the Company shall not be liable where such death or injury arises out of and in the course of the employment of such person by the insured."

13. The salient feature in a Two-wheeler Bundled Policy is that, in cases of death or bodily injury to any persons including occupants travelling in the insured vehicle, compensation for their injuries or death would be borne by the insurance companies, subject to the limits of liability and in accordance with the policy terms prevailing at the time of the accident. This distinction has to be kept in mind while deciding whether, under a particular policy, the Insurance Company would be liable to pay compensation.

14. In the instant case, as we had noted earlier, the policy was for Own Damage Coverage, for one year but for five years for Third Party Liability Coverage. The premium had also been paid for that particular period. Naturally, since the accident occurred within the Third Party Coverage period and since it was a Two-wheeler Bundled Policy, the insurance company is liable to pay the compensation. A Two-wheeler Bundled Policy also covers payment of compensation to occupants of the vehicle, including, in this case, the pillion rider of a two-wheeler. The insurance company cannot escape their liability by contending that the Own Damage coverage was only for one year, and that the

accident occurred after the expiry of that particular one year. The third party liability extends for a period of five years. The accident occurred within that particular period. The premium had also been paid. We hold that since it is a Two-wheeler Bundled Policy, the Insurance Company is liable to pay the compensation.

15. Unfortunately, the Division Bench of this Court in ***Pula Shanmugam and another vs. Yugender Ravellah and two others, (referred supra)*** had failed to note this distinction in a Two-wheeler Bundled Policy. In the instant case, we would rely only on the policy which had been issued, on the terms and conditions of the said policy, and the liability of the insurer under the said policy. We therefore hold that the appellant herein is liable to pay the compensation determined by the Tribunal.

16. It is also brought to our notice of an order of a learned single Judge reported in ***2024 (2) TNMAC 549 [Managing Director, United India Insurance Co., Ltd., vs. A.Siva and 4 others]*** wherein under similar circumstances the learned single Judge had expressed the following views:

> *"16. This Court considers that part of the problem is created by the insurance company. It has developed a Standard Form of contract without adequate clarity. Indeed, during the*

course of argument, the counsel for the appellant- insurance company himself has circulated copies of the forms adopted by other insurance companies viz., M/s.Iffco-Tokio General Insurance Co. Ltd., M/s.Go Digit General Insurance Co. Ltd., M/s.HDFC Ergo General Insurance Co. Ltd., as directed by this Court. In each of the standard forms of contract which the private insurance companies have developed, they categorically clarify what would fall under the third party liability, and what would fall under the heads of comprehensive liability. Likewise, period of coverage is assured for each category. This Court was given to understand that nationalised insurance companies have not included any such clarification in their standard forms of contract and it appears that these companies are over concerned as to if any such attempt to insert a clarification in their standard forms would unwittingly breach any of the IRDAI directives. Indeed, it is to clarify this specific aspect, IRDAI itself has been suo motu impleaded in this case, and its counsel was heard.

17. The extent of authority which the IRDAI as a regulatory authority wields does not extend to the extent of interfering as to how a contract should be drafted. Its concern is limited to ensure that any contract which the insurance company makes is in conformity with its regulatory directives. It is not worried about the language of a standard form of contract, nor can it worry about it, as it is only concerned with whether the contract, in whatever style or language, conforms to what its directives require. Therefore, as long as there are no standard forms of contract which are statutorily prescribed for mandatory *compliance, every insurance company can give effect to the statutory mandate plus the IRDAI directives alongside any special terms of contract in whatever language it deems it appropriate to convey the intent which the insurance companies intend to convey to the insured. After all, no statutory agency (IRDAI for instance) has hauled up any of the private insurance companies for inserting a clarificatory term in their standard forms of contract. Hence, the third party liability described under Sec.II(i) in the bundle policy has to be properly construed to ascertain the nature and period of cover."*

16. We would reiterate the views expressed and would once again call upon the IRDAI (impleaded as the fourth respondent in this appeal) to ensure that a standardized form is used by Insurance Companies whether they are Nationalized Insurance Companies or Private Insurance Companies.

17. Arguments were not advanced on the quantum of compensation granted by the Tribunal. We are not inclined to interfere with the quantum of compensation granted. The compensation granted by the Tribunal is hereby confirmed.

18. The direction given by the Tribunal that the insurance company should pay and recover it from the tortfeasor is set aside. We direct the appellant to pay

the compensation amount as determined by the Tribunal, less the amount if any already deposited.

19. In the result, the Civil Miscellaneous Appeal is partly allowed. The Award and Decree dated 29th July, 2025, passed in M..C.O.P.No.5 of 2022, by the Motor Accident Claims Tribunal, (V Additional District Court), at Coimbatore that the insurance company should pay and recover it from the tortfeasor is hereby set aside. The appellant/Insurance Company is directed to deposit the amount as awarded by the Tribunal along with interest and costs, less the amount already deposited, if any, within a period of six weeks from the date of receipt of a copy of this judgment to the credit of M.C.O.P.No.5 of 2022 on the file of the Motor Accident Claims Tribunal, (V Additional District Court), at Coimbatore. On such deposit, the claimants are permitted to withdraw the award amount as awarded by the Tribunal along with interest and costs, less the amount if any, already withdrawn, as per the apportionment fixed by the Tribunal. The Tribunal shall disburse the award amount by crediting in to the Savings Bank Account of the claimants. There shall be no order as to costs in the present appeal. Consequently, the connected miscellaneous petition is closed.

(C.V.K., J.) **(K.R.S., J.)**

25.03.2026

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Index: Yes/No
Internet: Yes
Neutral Citation Case: Yes/No

To

1.The V Additional District Judge,
Motor Accident Claims Tribunal, Coimbatore.

2.The Section Officer,
V.R.Section, High Court of Madras.

C.V.KARTHIKEYAN, J.

AND

K. RAJASEKAR, J.

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C.M.A.No.3882 of 2025

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