



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

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Date of decision : 11.03.2026

1. FAO-2532-2009 (O&M)

Oriental Insurance Company Ltd.

..... Appellant

versus

Manohar Lal and others

..... Respondents

2. FAO-4300-2009 (O&M)

Manohar Lal (since deceased) through his LRs

..... Appellant

versus

Ashok Kumar and others

..... Respondents

CORAM : HON'BLE MR. JUSTICE PANKAJ JAIN

Present: Mr. Ashwani Talwar, Senior Advocate with
Mr. Satpal Dhamija, Ms. Pratiksha Sharma,
Mr. Siddeshwar Hansa, Mr. Deepak Goyal, Advocates
for the appellants in FAO-2532-2009 and
for respondent No.6 in FAO-4300-2009

Mr. Gulshan Nandwani, Advocate
for the LRs of appellant in FAO-4300-2009 and
for the LRs respondent No.1 in FAO-2532-2009.

Ms. Jyotsna Saini, Advocate
for respondents No.2 to 6 in FAO-2532-2009 and
for respondents No.1 to 5 in FAO-4300-2009.

PANKAJ JAIN, J. (Oral)

1. Insurance company is in appeal, aggrieved of award passed
by MACT, Rewari dated 16.01.2009, whereby the Tribunal has awarded
compensation of Rs.1 lakh along with interest @ 9% per annum. Cross
appeal is at the instance of claimants seeking enhancement of



compensation.

2. Mr. Talwar, Senior counsel *inter alia* submits that the insured vehicle is a tractor trolley which could be used only for agricultural purposes. In the present case, the same was being used to transport gratuitous passengers for a social function. The vehicle thus was being used in breach of insurance policy which is a Farmer's Package Policy. Accordingly, the insurance company is entitled for recovery rights against the owner and driver.

3. Mr. Talwar, senior counsel has drawn attention of this Court to the insurance cover note to submit that the seating capacity of the tractor was one person. Thus, the passenger travelling in the trailer cannot be held to be insured. The only exception is where the passenger in the trailer is travelling for agricultural operations. He has further drawn attention to the general conditions of Farmer's Package Policy to contend that as per the same, third party including passengers' liability can be enforced qua insurer only when the number of passengers falls within the seating capacity. He has further drawn attention to the general exceptions, as per which any loss, damage or liability caused by or through or in connection with any animal and/or vehicle while such animal and/or vehicle is being used otherwise than for the purpose of the business specified in the schedule or for social domestic or pleasure purposes is not covered in the policy. He further contends that even as per special exceptions to the policy, accidental loss/damage while the tractor is being used otherwise than in accordance with the limitation as to use, cannot be fastened upon the insurer.



4. During the course of arguments, Mr. Talwar was asked whether the document relied upon by him, i.e. conditions of the Farmer's Package Policy was part of the insurance cover note issued to the insured, Mr. Talwar very candidly admits that there is no such evidence to prove that the conditions were made part of the contract or were handed over to the insured so has been held by the Tribunal. The precise issue with respect to liability of the insurer arose before this Court in **"Laxmi Narain and another vs. Bhagu Ram and others"** reported as **2025 NCPHHC 145507**, wherein this Court observed as under:-

"16. In order to escape the liability, the insurer is required to prove that the case falls within the exclusion clause of the policy. Nothing has been shown from the record that can lead to the inference that the farm labourer travelling on the tractor is excluded from the ambit of the policy in the present case."

5. In view of the fact that the contract of insurance is a bilateral contract and is strictly governed by the contractual relationship apart from provisions of 1988 Act for third party, this Court finds that the insurance company cannot be allowed to evade liability relying upon the terms and conditions which were not even put to insured at the time of entering into contract of insurance. There is nothing in the cover note, as per which it can be held that the case of the claimants falls within the exclusionary clause of the policy, this Court finds it hard to accept the plea raised by Mr. Talwar. The same is hereby rejected.

6. Accordingly, the appeal preferred by the insurance company, i.e. FAO-2532-2009 is order to be dismissed.



7. The claim petition has been preferred under Section 163-A of Motor Vehicles Act. It is a death case. Accordingly, the compensation is enhanced to Rs.5 lakhs as provided in the schedule alongwith interest @ 7% per annum from the date of filing of the claim petition till the date of actual realization.
8. Appeal, i.e. FAO-4300-2009 is accordingly disposed off.
9. Since the main cases have been decided, pending miscellaneous applications, if any, shall also stand disposed off.
10. A photocopy of this order be placed on the file of other connected case.

**(PANKAJ JAIN)
JUDGE**

11.03.2026
Dinesh

Whether speaking/reasoned :	Yes
Whether Reportable :	No