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

218

FAO-1865-2010 (O&M)
Reserved on : 03.02.2026
Pronounced on : 01.05.2026
Uploaded on : 01.05.2026

Whether only operative part of the judgment is pronounced? *No*
Whether full judgment is pronounced? *Yes*

United India Insurance Co. Ltd. ...... Appellant

versus

Gurdeep Singh and others ...... Respondents

CORAM : HON'BLE MR. JUSTICE PANKAJ JAIN

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Present: Mr. Sanjiv Pabbi, Advocate
for the appellant.

None for the respondents.

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PANKAJ JAIN, J.

1. In the present appeal, the insurance company has raised issue regarding the effect of non-impleadment of the registered owner in the petition under Section 166 of the Motor Vehicles Act, 1988.

2. The claimant is an injured victim of a motor vehicular accident dated 20.02.2008 involving insured vehicle bearing registration No.HR-58/9235. As per the facts pleaded, the insured claimant was a pillion rider on a motor cycle being driven by one Subhash Chander son of Ram Chander. The motor cycle was hit by insured vehicle, i.e. tralla bearing registration No.HR-58/9235.

3. The registered owner namely Sukhchain Singh was originally impleaded as a party. Later on, his name was deleted and transferee namely, Palwinder Singh respondent No.2 was arraigned as a party. The Tribunal awarded compensation of Rs.5,06,368/- to the claimant and held insurance company liable on the basis of insurance policy Ex.R-3 as per which the vehicle was insured.

4. Learned counsel for the appellant submits that there being no privity of contract between Palwinder Singh and the insurer, insurance company cannot be held liable to pay compensation. He relies upon ***Amarjit Singh vs. Amar Singh*** reported as ***1995(2) PLR 710***.

5. The issue raised by the appellant stands answered by the bare provision contained under Section 157 of the 1988 Act in Chapter XI. The Chapter deals with insurance of motor vehicles against third party risks. As per Section 146 of the Act, no person is allowed to use, except as a passenger, a motor vehicle in public place unless there is policy of insurance complying with the requirements of Chapter XI in relation to use of the vehicle by that person. Section 156 deals with the effect of certificate of insurance. Section 157 deals with the transfer of certificate of insurance.

6. As per the mandate of Section 157(1), where a person in whose favour the certificate of insurance has been issued in accordance with the provisions of Chapter XI, transfers ownership of motor vehicle to another person, the certificate of insurance and the policy described in the certificate shall be deemed to have been transferred in favour of the person to whom the motor vehicle is transferred with effect from date of its transfer.

7. The provision was interpreted by 03 Judges Bench in the case of ***Complete Insulations (P.) Ltd. vs. New India Assurance Co. Ltd. Reported as (1996) 1 SCC 221*** observing as under:-

> "xx xx xx
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> 10. There can be no doubt that the said chapter provides for compulsory insurance of vehicles to cover third party risks. Section 146 forbids the use of a vehicle in a public place unless there is in force in relation to the use of that vehicle a policy of insurance complying with the requirements of that chapter. Any breach of this provision may attract penal action. In the case of property, the coverage extends to property of a third party i.e. a person other than the insured. This is clear from Section 147(1)(b) (i) which clearly refers to 'damage to any property of a third party' and not damage to the property of the 'insured' himself. And the limit of liability fixed for damage to property of a third party is rupees six thousand only as pointed out earlier. That is why even the claims Tribunal constituted under Section 165 is invested with jurisdiction to adjudicate upon claims for compensation in respect of accidents involving death of or bodily injury to persons arising out of the use of motor vehicles, or damage to any property of a third party so arising, or both. Here also it is restricted to damage to third party property and not the property of the insured. Thus, the entire chapter XI of the New Act concerns third party risks only. It is, therefore, obvious that insurance is compulsory only in respect of third party risks since Section 146 prohibits the use of a motor vehicle in a public place unless there is in relation thereto a policy of insurance complying with the requirements of Chapter XI. Thus, the requirements of that chapter are in relation to third party risks only and hence the fiction of Section 157 of the New Act must be limited thereto. The certificate of insurance to be issued in the prescribed form (See Form 51 prescribed under Rule 141 of the Central Motor Vehicles Rules, 1989) must, therefore, relate to third party risks."

8. Same view was taken by Supreme Court in ***Uttar Pradesh State Road Transport Corporation vs. Kulsum and others*** reported as

2011(8) SCC 142 observing as under:-

> "xx xx xx
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> 37. The liability to pay compensation is based on a statutory provision. Compulsory Insurance of the vehicle is meant for the benefit of the Third Parties. The liability of the owner to have compulsory insurance is only in regard to Third Party and not to the property. Once the vehicle is insured, the owner as well as any other person can use the vehicle with the consent of the owner. Section 146 of the Act does not provide that any person who uses the vehicle independently, a separate Insurance Policy should be taken. The purpose of compulsory insurance in the Act has been enacted with an object to advance social justice."

9. The precise situation involved in the present appeal was canvassed by Supreme Court in case of ***Mallamma (Dead) By LRs. vs. National Insurance Co. Ltd. and others*** reported as ***2014(14) SCC 137*** observing as under:-

> "xx xx xx
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> 13. The counsel for the Insurance Company of course contended that as per their records, on the date of accident, the vehicle was registered in the name of Gangadhara. Hence in the absence of a valid proof that the ownership of the vehicle has been transferred in the name of Jeeva Ratna Setty, the benefits of insurance policy cannot be given to Jeeva Ratna Setty. However, the said contention is contrary to record. A specific finding by the Commissioner to this effect in his order dated 28th February, 2003 reads thus:
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> > "The 4th respondent had stated that on the date of the accident, this vehicle was in the name of Sh. Gangadhara. But the applicants have proved the said statement as false through documents and on the date of the accident, the vehicle was in the name of the Respondent No.1."
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> 14. In view of the above finding, it can be discerned that on the date of accident, the ownership of the tractor stood transferred from Gangadhara to Jeeva Ratna Setty. In addition to that, a perusal of the 'Schedule of Premium' extracted

above shows that an amount of Rs.15-00 has been paid as premium "for L.L. to persons employed in connection with the operation and/or loading of vehicle (IMT 19)".

15. In view of the above discussion we are of the considered view that as on the date of accident, the deceased workman was in the course of employment of Jeeva Rathna Setty in whose name the ownership of the vehicle stood transferred and the said vehicle was covered under a valid insurance policy, the High Court ought not have simply brushed aside the decision of the Commissioner fastening joint liability on the Insurance Company in the light of the deeming provision contained in Section 157(1) of the M.V. Act."

10. In view of above, this Court finds that the claimant being a third party qua the insured vehicle, insurance company cannot be absolved of its liability for want of privity of contract between transferee of vehicle and the insurer. The insurance company could be absolved of its liability only if there is any violation of the conditions of insurance policy. Neither there is any pleading to the said effect nor is there any evidence.

9. In view thereof, this Court finds that the issue raised in the present appeal needs to be answered against the appellant.

10. Accordingly, the appeal is ordered to be dismissed.

11. Since the main case has been decided, pending miscellaneous application, if any, shall also stand disposed off.

(PANKAJ JAIN)
JUDGE

01.05.2026
Dinesh

Whether speaking/reasoned : Yes

Whether Reportable : Yes