

**IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH****FAO-4706-2023****Bajrang Singh and Another****. . . . Appellants****Vs.****Bijender and Another****. . . . Respondents*************Reserved on: 02.04.2026****Pronounced on: 06.04.2026****Pronounced fully/operative part: Fully*************CORAM: HON'BLE MR JUSTICE DEEPAK GUPTA**

Argued by:- Mr. Dharmender Kumar Sihag, Advocate
for the appellants.

Ms. Vandana Malhotra, Advocate
(*through Video Conferencing*) for respondent
No.2- Insurance Company.

***********DEEPAK GUPTA, J.**

The present appeal has been preferred by the claimants against the Award dated 19.05.2023 passed by the learned Motor Accident Claims Tribunal, Gurugram, whereby the claim petition filed under Section 163-A of the Motor Vehicles Act, 1988 has been partly allowed and compensation to the extent of ₹1,00,000/- has been awarded on account of personal accident cover, while declining the claim under the statutory provisions of the Act.

2. The case of the claimants, in brief, is that their son Amit died in a motor vehicular accident, which took place on 10.06.2020, while he was riding motorcycle bearing registration No. HR-14Q-2322, which he had borrowed from respondent No.1. The accident allegedly occurred due to collision with an unknown vehicle. FIR No.343 dated 11.06.2020 was registered in that regard. The claimants, being parents of the deceased, filed a petition under Section 163-A of the Act claiming compensation on structured formula basis.



3. Upon consideration of the evidence, the Tribunal recorded a finding that the deceased was himself riding the motorcycle, which had been borrowed from its owner and, therefore, he stepped into the shoes of the owner. Relying upon the settled legal position, the Tribunal held that the claim under Section 163-A was not maintainable, as the deceased could not be treated as a third party. However, since the insurance policy included personal accident cover for the owner-driver, compensation of ₹1,00,000/- was awarded to the claimants.

4. Assailing the said findings, learned counsel for the appellants has contended that the Tribunal failed to appreciate the effect of the Motor Vehicles (Amendment) Act, 2019, whereby Section 164 has been introduced providing for fixed compensation of ₹5,00,000/- in case of death. It is argued that the said provision being beneficial in nature ought to have been applied and the claimants should have been awarded the statutory amount irrespective of fault.

5. Per contra, learned counsel appearing for the Insurance Company has supported the Award and submitted that the deceased, having borrowed the vehicle, cannot be treated as a third party and, therefore, the claim is not maintainable under Section 163-A or even under the scheme of the Act. It is further submitted that the liability of the insurer is strictly governed by the contract of insurance and, in the absence of any additional coverage, compensation has rightly been restricted to ₹1,00,000/- under the personal accident cover.

6. I have heard learned counsel for the parties and perused the record.

7. The primary question, which arises for consideration is whether the legal representatives of a person, who was driving a borrowed vehicle, can maintain a claim under Section 163-A of the Motor Vehicles Act.

8. The issue is no longer res integra. The Hon'ble Supreme Court in ***Ningamma v. United India Insurance Co. Ltd. (2009) 13 SCC 710*** has categorically held that a person, who borrows a vehicle from its owner and drives it,



steps into the shoes of the owner and, therefore, cannot be treated as a third party. It was further held that since the liability under Section 163-A is fastened upon the owner, such a person cannot be both claimant and recipient of compensation.

9. The aforesaid principle has been reiterated in ***Oriental Insurance Co. Ltd. v. Rajni Devi (2008) 5 SCC 736*** and then in ***Ramkhiladi v. United India Insurance Co. Ltd. (2020) 2 SCC 550***, wherein it has been clearly held that the legal heirs of a borrower-driver are not entitled to claim compensation under Section 163-A from the insurer of the same vehicle.

10. Applying the above settled position of law to the facts of the present case, it is evident that the deceased Amit had borrowed the motorcycle from respondent No.1 and was himself driving the same at the time of accident. In such circumstances, he stepped into the shoes of the owner and cannot be regarded as a third party. Consequently, the claim petition under Section 163-A was not maintainable and has rightly been rejected by the Tribunal.

11. The contention raised on behalf of the appellants regarding applicability of Section 164 of the amended Act also does not merit any acceptance.

12. Section 164, as introduced by Amendment Act, 2019 reads as under :

“164. (1) Notwithstanding anything contained in this Act or in any other law for the time being in force or instrument having the force of law, the owner of the motor vehicle or the authorised insurer shall be liable to pay in the case of death or grievous hurt due to any accident arising out of the use of motor vehicle, a compensation, of a sum of five lakh rupees in case of death or of two and a half lakh rupees in case of grievous hurt to the legal heirs or the victim, as the case may be.

(2) In any claim for compensation under sub-section (1), the claimant shall not be required to plead or establish that the death or grievous hurt in respect of which the claim has been made was due to any wrongful act or neglect or default of the owner of the vehicle or of the vehicle concerned or of any other



person.

(3) Where, in respect of death or grievous hurt due to an accident arising out of the use of motor vehicle, compensation has been paid under any other law for the time being in force, such amount of compensation.”

13. Perusal of above provisions of Section 164 would reveal that though it provides for fixed compensation on a no-fault basis, but does not dilute the fundamental scheme of the Act insofar as it relates to coverage of third-party risk. The statutory liability of the insurer under Section 147 continues to be confined to third-party risk only, and the said provision cannot be invoked to fasten liability upon the insurer in respect of the owner or a person stepping into the shoes of the owner, or the authorised insurer.

14. Insofar as the liability under the insurance policy is concerned, it is well settled that the insurer’s liability towards the owner or driver is purely contractual.

15. In the present case, the policy (Ex. R1) provides personal accident cover for the owner-driver to the extent of ₹1,00,000/-. The Tribunal has rightly held that in the absence of any breach of policy conditions, the claimants are entitled to the said amount and no more.

16. Thus, no illegality or perversity can be found in the Award passed by the Tribunal warranting interference by this Court.

17. Accordingly, the present appeal is dismissed. The Award dated 19.05.2023 passed by the learned Motor Accident Claims Tribunal, Gurugram is affirmed. No order as to costs.

(DEEPAK GUPTA)
JUDGE

06.04.2026
Neetika Tuteja

Whether speaking/reasoned?	Yes
Whether reportable?	No

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