



FAO-7672-2015 (O&M)

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

**FAO-7672-2015 (O&M)
Decided on : 25.03.2026**

SBI General Insurance Company LimitedAppellant

Versus

Rakesh Kumar & ors.Respondents

CORAM: HON'BLE MR. JUSTICE PANKAJ JAIN

Present :- Mr. Tajender Joshi, Advocate and
Mr. Rampal Kohli, Advocate for the appellant.

Ms. Babita Gupta, Advocate for respondent No.1.

PANKAJ JAIN, J. (ORAL)

1 Insurance company is an appeal aggrieved of the award passed by the Motor Accidents Claims Tribunal, Chandigarh dated 01.08.2015 in a petition filed under Section 166 of the Motor Vehicles Act, 1988 (for short, 'the 1988 Act').

2 Claim petition was filed seeking compensation on account of death of Hukam Chand in motor vehicular accident dated 25.10.2013. Hukam Chand died a bachelor. Claim petition was filed by his brother namely Dalip Chand and nephew Rakesh Kumar son of Dalip Chand. During the pendency of the petition before Tribunal Dalip Chand died.

3 Tribunal awarded compensation of Rs.8,35,000/-. The only issue raised by the counsel for the insurance company is that neither nephew-Rakesh Kumar nor brother Dalip Chand was dependent upon deceased-



FAO-7672-2015 (O&M)

Hukam Chand and thus no compensation ought to have been awarded in favour of the claimants.

4 In order to support his contentions counsel for the appellant relies upon *The New India Assurance Company Limited Vs. Anand Pal and others, passed in Civil Appeal No.7920 of 2023 ,(Arising out of SLP (Civil) No.7805 of 2022) decided on 04.12.2023* and *N.Jayasree and others Vs. Cholamandalam MS General Insurance Company Limited (2022) 14 Supreme Court Cases 712.*

5 Having heard counsel for the parties and after carefully perusing the records of the case, this Court finds that the plea raised by counsel for the appellant cannot be accepted. Section 166 of the 1988 Act provides for filing of petition for compensation. The same reads as under :-

“166. Application for compensation.—(1) An application for compensation arising out of an accident of the nature specified in sub-section (1) of section 165 may be made—

(a) by the person who has sustained the injury; or

(b) by the owner of the property; or

(c) where death has resulted from the accident, by all or any of the legal representatives of the deceased; or

(d) by any agent duly authorised by the person injured or all or any of the legal representatives of the deceased, as the case may be:

Provided that where all the legal representatives of the deceased have not joined in any such application for compensation, the application shall be made on behalf of or for the benefit of all the legal representatives of the deceased and the legal representatives who have not so joined, shall be impleaded as respondents to the application.

(2) Every application under sub-section (1) shall be made, at the option of the claimant, either to the Claims Tribunal having jurisdiction over the area in which the accident occurred or to the



FAO-7672-2015 (O&M)

Claims Tribunal within the local limits of whose jurisdiction the claimant resides or carries on business or within the local limits of whose jurisdiction the defendant resides, and shall be in such form and contain such particulars as may be prescribed:

Provided that where no claim for compensation under section 140 is made in such application, the application shall contain a separate statement to that effect immediately before the signature of the applicant.]

2 * * * * *

(4) The Claims Tribunal shall treat any report of accidents forwarded to it under sub-section (6) of section 158 as an application for compensation under this Act."

6 As per settled proposition of law, a legal representative, for the purpose of maintaining a petition under Section 166 of the 1988 Act, need not be dependent upon the deceased. The issue with respect to the assessment of loss of dependency, in the absence of dependence of the appellant upon deceased cannot be accepted, as the same would amount to defeating the statutory mandate. Needless to mention that deduction on account of dependency is only a mode to calculate compensation while applying multiplier method. Thus, loss of dependency may affect the multiplier method which is one of the modes of computing compensation, but the same neither dents the maintainability of the petition nor can be entertained as a ground to deny compensation.

7 Supreme Court in the case of ***General Manager, Kerala State Road Transport Corporation Vs. Susamma Thomas, 1994 (2) SCC 176*** while deliberating upon the methods to compute compensation observed as under :-

"In fatal accident action, the measure of damage is the pecuniary loss suffered and is likely to be suffered by each dependant as a result of



the death. The assessment of damages to compensate the dependants is beset with difficulties because from the nature of things, it has to take into account many imponderables, e.g., the life expectancy of the deceased and the dependants, the amount that the deceased would have earned during the remainder of his life, the amount that he would have contributed to the dependants during that period, the chances that the deceased may not have lived or the dependants may not live up to the estimated remaining period of their life expectancy, the chances that the deceased might have got better employment or income or might have lost his employment or income altogether."

"The matter of arriving at the damages is to ascertain the net income of the deceased available for the support of himself and his dependants, and to deduct therefrom such part of his income as the deceased was accustomed to spend upon himself, as regards both self-maintenance and pleasure, and to ascertain what part of his net income the deceased was accustomed to spend for the benefit of the dependants. Then that should be capitalized by multiplying it by a figure representing the proper number of year's purchase."

"The multiplier method involves the ascertainment of the loss of dependency or the multiplicand having regard to the circumstances of the case and capitalizing the multiplicand by an appropriate multiplier. The choice of the multiplier is determined by the age of the deceased (or that of the claimants whichever is higher) and by the calculation as to what capital sum, if invested at a rate of interest appropriate to a stable economy, would yield the multiplicand by way of annual interest. In ascertaining this, regard should also be had to the fact that ultimately the capital sum should also be consumed-up over the period for which the dependency is expected to last."

It is necessary to reiterate that the multiplier method is logically sound and legally well-established. There are some cases which have proceeded to determine the compensation on the basis of aggregating the entire future earnings for over the period the life expectancy was



FAO-7672-2015 (O&M)

lost, deducted a percentage therefrom towards uncertainties of future life and award the resulting sum as compensation. This is clearly unscientific. For instance, if the deceased was, say 25 year of age at the time of death and the life expectancy is 70 years, this method would multiply the loss of dependency for 45 years - virtually adopting a multiplier of 45 - and even if one-third or one-fourth is deducted therefrom towards the uncertainties of future life and for immediate lump sum payment, the effective multiplier would be between 30 and 34. This is wholly impermissible."

8 In view of above, this Court finds that even if the absence of dependency ousts the application of multiplier method, the same cannot be a ground to deny compensation to the legal representatives.

9 In the present case, deceased died in a motor vehicular accident at the age of 38 years. The Tribunal has awarded compensation of Rs.8,35,000/- to his legal representatives. Even if it is held that the multiplier method is not applicable in the present case, the amount of compensation awarded by the Tribunal cannot be held to be unjustified or exorbitant.

10 Finding no merits in the present appeal the same is ordered to be dismissed.

11 Pending miscellaneous application, if any, also stands disposed off.

(PANKAJ JAIN)
JUDGE

25.03.2026

Pooja Sharma-I

Whether speaking/reasoned:

Yes/No

Whether reportable:

Yes/No