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

**FAO-8686-2015 (O&M)
Date of decision: 23.01.2026**

UNITED INDIA INSURANCE CO LTD ..Petitioner

Versus

SATNAM SINGH & ORS ..Respondent

CORAM: HON'BLE MRS. JUSTICE SUDEEPTI SHARMA

Present: Mr. D.R. Bansal, Advocate
for the appellant.

None for respondent Nos.1 and 2.

Mr. Rajesh Bhatheja, Advocate
for respondent Nos.4, 6 and 7.

SUDEEPTI SHARMA, J. (Oral)

1. No one is putting appearance on behalf of respondent Nos.1 and 2.

2. On 29.08.2025, registry was directed to issue notice to respondent Nos.1 and 2.

3. On 16.09.2025, as per report of the registry notice issued to respondent Nos.1 and 2 received back unserved with the report that they are not residing at the given address now. And the appellant was directed to provide the correct address to the registry and the registry was further directed to issue fresh notice to respondent Nos.1 and 2 at the fresh address given by the appellant.

4. Learned counsel for the appellant contends that despite best efforts, correct address of respondent Nos.1 and 2 could not be located.

5. Since order dated 18.05.2016 passed by this Court shows that service of respondent Nos.1 and 2 is complete, but none had put in appearance on their behalf, therefore, respondent Nos.1 and 2 are proceeded against *ex parte.*

6. Learned counsel for the appellant submits that while adjudicating Issue No. 4 “Whether respondent No. 1 was not holding a legal, valid and effective driving licence at the time of the accident, and whether the offending Truck-Trolla was being plied without a valid route permit and fitness certificate, in violation of the terms and conditions of the insurance policy, and if so, its effect?” the learned Tribunal has recorded a categorical finding that respondent No. 1 failed to prove that either he or the owner of the offending vehicle possessed a valid route permit and fitness certificate on the date of the alleged accident.

7. It is contended that despite returning such a clear finding of breach of the policy conditions, the learned Tribunal, while awarding compensation, has inadvertently failed to grant recovery rights in favour of the appellant–Insurance Company.

8. It is, therefore, prayed that the present appeal be allowed and the impugned award be modified by granting recovery rights to the appellant–Insurance Company.

9. I have heard learned counsel for the parties and perused the record with their able assistance. Before proceeding further, it is apposite to reproduce the relevant portion of the award:

> *“12. The respondent no.1 has produced on record copy of his driving licence which appears to be valid on the date of accident in question. The counsel for respondent no.3 failed to prove that the aforesaid driving licence was forged and fabricated and it was invalid on the date of accident. However, the contesting respondent*

no.1 failed to prove that he and his owner were having valid route permit and fitness certificate to ply the offending Truck-Trolla on the day of alleged accident. Therefore, I partly decide this issue in favour of respondent no.3 and against respondents no.1 and 2 with the findings that respondents no.1 and 2 were not having valid and effective route permit and fitness certificate to ply the offending vehicle on the road on the day of alleged accident.

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14. In view of my findings on the aforesaid issues, the claim petition is accepted, with costs, and an award of Rs. 15,02,000/- is passed in favour of claimants, which all the respondents are liable to pay jointly and severally, but the first liability to the pay the compensation amount is of the insurance company. In addition to it, the claimants are also entitled for interest @ 6% per annum from the date of filing of claim petition till actual realization. Out of this award amount, claimants Lal Chand and Rani (parents) will be entitled to Rs.2,02,000/- i.e. Rs.1,01,000/- each, claimant Ragini (widow) will be entitled to Rs.6,00,000/- and claimants Sunny and Krishna (minor sons) will be entitled to Rs.7,00,000/- i.e. Rs.3,50,000/- each. The share of minor claimants Sunny and Krishna will be deposited in some Nationalized bank in the shape of FDR, which they will be entitled to withdraw on attaining the age of majority. Counsel fee is assessed as Rs.3,000/-. Memos of costs be prepared. File be consigned to record room."

10. It is evident from the record that the learned Tribunal has returned a categorical finding that, on the date of the accident, the offending vehicle was being plied without a valid route permit and fitness certificate. Such finding has attained finality and has not been displaced by any material on record.

11. It is well settled that plying a vehicle without a valid route permit and fitness certificate constitutes a material breach of the terms and conditions of the

insurance policy. In such circumstances, though the insurer may be directed to satisfy the award in the first instance in order to protect the rights of third-party claimants, it is entitled to recovery rights against the owner of the offending vehicle.

12. Reference in this regard may be made to the judgment of the Hon'ble Supreme Court in ***Branch Manager, NICL v. Avipra Pathak, 2025 (3) TAC 42***, wherein it has been held that in cases of breach relating to route permit and fitness certificate, the principle of "pay and recover" is applicable.

13. The relevant extract of same is reproduced as under:-

> *"5.We are of the considered view that appeals need to be allowed to the extent of findings returned by the High Court, holding the Insurer alone, liable to pay the amount, to be, in our view erroneous, for, as has emerged from the record, the respondent-owner did not have a valid route permit to ply the vehicle at the time of occurrence of the accident. This was a material breach of the Insurance Policy.*
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> *12. Such a finding, we find to be erroneous and not borne out from the record. The vehicle in question did not have a valid route permit as on the date of occurrence of the accident, which was on 22.10.2018. Mere submission of application to obtain a route permit prior to the occurrence of the accident, ipso facto, would not make the vehicle worthy of being plied, as a stage carriage, on the road. The route permit for plying such a vehicle is a condition precedent under the provisions of the Motor Vehicles Act, 1988. Hence, the aforesaid findings need to be reversed to this effect. As such, we hold that even though the appellant (Insurer) would pay the amount to the claimants but would be entitled to recover the same, both from the owner and the driver of the vehicle in question."*

14. In view of the settled legal position, this Court finds merit in the contention advanced on behalf of the appellant–Insurance Company.

15. Accordingly, the present appeal is allowed and the impugned award dated 14.07.2015 passed by the learned Tribunal is modified to the extent that while the appellant–Insurance Company shall pay the awarded compensation in the first instance, it shall be entitled to recover the same from the respondent–owner of the offending vehicle in accordance with law.

16. All the pending miscellaneous applications, if any, are also disposed of.

January 23rd, 2026 **(SUDEEPTI SHARMA)**
Ayub/Saahil **JUDGE**

Whether speaking/reasoned : Yes/No
Whether reportable : Yes/No