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* IN THE HIGH COURT OF DELHI AT NEW DELHI

Date of decision: 09th March 2026+ MAC.APP. 264/2014

UNITED INDIA INSURANCE CO LTDAppellant

Through: Ms. Shikha Sapra, Adv.

versus

SHAKIL AHMED & ORSRespondents

Through: Mr. Manish Maini, Adv. for R-1.

CORAM:**HON'BLE MR. JUSTICE ANISH DAYAL****JUDGMENT****ANISH DAYAL, J: (ORAL)**

1. This appeal has been preferred assailing the impugned award passed by Motor Accidents Claims Tribunal [*'MACT'*], East District, Karkardooma Courts, Delhi in Petition No. 611/2010 on 28th September 2013 awarding compensation to the tune of Rs. 46,211/-, alongwith interest at the rate of 7.5% from the date of filing of petition to respondent no.1/claimant for injuries sustained by him.

2. The accident took place on 5th August 2010 at about 06:00 p.m when respondent no.1/claimant was going towards *Dhobhi Ghat Vivek Vihar* on his bicycle. When he reached near *Kasturba Nagar Chowk Vivek Vihar, Delhi* a Maruti car bearing no. DL-7CB-0560 (hereinafter, '*offending vehicle*'), which was being driven by respondent no.2/driver in a rash and negligent manner hit respondent no.1/claimant, as a result of which he fell down on the road and sustained serious injuries. Thereafter, he was immediately taken to

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Dr. Hedgewar Hospital.

3. *Ms. Shikha Sapra*, Counsel for appellant/Insurance Company submits that the only issue which needs determination is, whether, the insurance policy which commenced from 6th August 2010 at 00:00 hours would cover the accident which took place on 5th August 2010 at 06:00 p.m.

4. In this regard, MACT held that since the insurance premium was paid at 02:51 p.m. on 05th August 2010, the insurance policy would have been in operation at the time of accident.

5. To support her contention, *Ms. Sapra* relies upon decision of the Supreme Court in ***National Insurance Company Ltd. v. Maya Devi & Ors.*** 2024 SCC OnLine SC 4086 where this issue has been considered in paragraphs 11 and 12. While dealing with this point of law, the Supreme Court, reiterated the view in ***National Insurance Co. Ltd. v. Sobina Lakai*** (2007) 7 SCC 786, stating that “*the effectiveness of the insurance policy would start from the time and date specifically incorporated in the policy and not from an earlier point of time*”.

6. Examining the decision in ***Sobina Lakai*** (*supra*), it is noticed that in the facts of that case, the insurance policy in question had expired on 29th June 1994 and after 21 days of its expiry, the vehicle met with an accident on 20th July 1994 at 9:15 a.m. which resulted in two deaths. Insurance policy was renewed on 20th July 1994 at 2:00 p.m., while the accident had taken place on 20th July 1994 at 9:15 a.m. itself.

7. On this basis the Supreme Court considered earlier decision in ***New India Insurance Co. Ltd. v. Ram Dayal*** (1990) 2 SCC 680 where the Supreme Court had held that that in absence of any specific time mentioned in the policy, the contract would be operative from the midnight of the day by operation of the provisions of General Clauses Act, 1897. But in view of a



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special contract, mentioned in the insurance policy, the effectiveness of policy would start from time and date indicated in the policy.

8. The Court also relied upon decision of a three-Judge Bench of the Supreme Court in *National Insurance Co. Ltd. v. Jikubhai Nathuji Dabhi* (1997) 1 SCC 66; *Oriental Insurance Co. Ltd. v. Sunita Rathi* (1998) 1 SCC 365, *New India Assurance Co. v. Bhagwati Devi* (1998) 6 SCC 534 and *J. Kalaivani v. K Sivashankar & Ors.* (2007) 7 SCC 792. The Supreme Court in *J. Kalaivani* (*supra*) observed that there is an obligation on the Court to look into the contract of insurance to discern whether any particular time has been specified for commencement and expiry of the policy, since a large number of cases had come to notice where insurance policies were taken immediately after the accidents to get compensation.

9. *Sobina Iakai* (*supra*) was noticed by the Supreme Court in the recent decision of *Maya Devi* (*supra*). In *Maya Devi* (*supra*), the accident occurred on 11th April 2017 at about 1415 hours, whereas the insurance policy disclosed that insurance was obtained at 1554 hours on the same day. MACT, however found that insurance premium was paid prior to the accident and due to an internal procedure, insurance policy was issued the next day and coverage under insurance policy would begin from the day the payment *i.e.* the premium was received by insurance company.

10. Supreme Court noted the previous decision in *Oriental Insurance Co. Ltd. v. Dharam Chand* (2010) 15 SCC 141 where the Supreme Court recorded a concession by the counsel for insurance company that it had received the premium cheque on 7th May 1998 at 4.00 pm and therefore, insurance coverage ought to have commenced from that time and the accident which occurred four hours later, would be deemed to be covered.

11. On the facts of case in *Maya Devi* (*supra*) the Supreme Court



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categorically stated that, since the date of commencement of risk was noted as 11th April 2017, they had no hesitation to hold that the vehicle was insured when the accident took place. The Court reiterated the view taken in ***Sobina Iakai (supra)***. However, they noted that the insurance company had not been able to prove that it had not received the money/premium prior to the accident and the only stand taken was that insurance had been obtained fraudulently. In this regard, the Court stated that if such a plea is raised by the insurance company, onus to prove the same would lie on the insurance company itself.

12. It may be noted that the judgment in ***Maya Devi (supra)*** deliberates upon the issue of fraud since the Supreme Court had dealt with cases where insurance was obtained *after* the accident had occurred.

13. In the opinion of this Court, if, however, the insurance premium was paid *prior* to the accident, it would not be a question of fraud being perpetuated on the insurance company, considering that the offer of obtaining insurance, which was ultimately accepted, would fructify the intent of the insured to procure an insurance policy for the vehicle.

14. Due to an internal procedure, as noted by the Supreme Court in ***Maya Devi (supra)***, if the insurance policy document is issued subsequently, and unfortunately during that period of time an accident takes place, it cannot be said that the insured had staged the accident in order to receive the insurance amount. That reasoning would be stretching the concept of claim of fraudulent claim too far and much beyond any reasonable conception.

15. A Coordinate Bench of this Court in ***Nanhe Lal v. Satender Giri***, 2024 SCC OnLine Del 9261 was hearing an appeal filed by the owner of offending vehicle, where the Insurance Company had been exonerated from paying the compensation awarded by the Tribunal, on the basis that there was no valid insurance policy at the time of accident. The accident took place on



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02.06.2013 at about 12:00 noon, the previous Insurance Policy had expired on 30.05.2013 which was renewed before the accident, by paying the premium on 31.05.2013. Though the Policy was issued on 31.05.2013, it was made effective from 02.06.2013 with effect from 02:32 a.m. Allowing the appeal filed by the owner, the Court observed as under:

“17. It is pertinent to note that admittedly the premium for renewal of Insurance Policy had been received on 31.05.2013 i.e. almost two days prior to the date of the accident which occurred on 02.06.2013 at about 12 noon. The appellant-owner had taken the requisite steps and even paid the premium in cash, which was admittedly received by the Insurance Company.

18. Since there was admittedly a valid insurance Cover Note/Insurance Policy issued in the name of the Appellant two days prior to the accident, the Insurance Company could not have avoided to pay the compensation when it has not been able to show that there was any fraud or manipulation on the part of the owner or that the accident had been faked only for the purpose of claiming insurance. Its own Circular provides that genuine Claims must be considered.”

(emphasis added)

16. Examining the principles of offer and acceptance in contract law may be paramount in order to appreciate when the contract of insurance commences.

17. **Black’s Law Dictionary 1189 (9th ed. 2009)** defines offer in contract law as “a promise to do or refrain from doing some specified thing in the future, conditioned on an act, forbearance, or return promise being given in exchange for the promise or its performance; a display of willingness to enter into a contract on specified terms, made in a way that would lead a reasonable person to understand that an acceptance, having been sought, will result in a binding contract.” On the other hand, acceptance has been defined by **Black’s**



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Law Dictionary 13 (9th ed. 2009) as, “an offeree's assent, either by express act or by implication from conduct, to the terms of an offer in a manner authorized or requested by the offeror, so that a binding contract is formed.”

18. Reckoning these definitions in the context of insurance law, reliance may be placed on the decision of Supreme Court in **LIC v. Raja Vasireddy Komalavalli Kamba**, (1984) 2 SCC 719 where the Court observed as under:

“15. Though in certain human relationships silence to a proposal might convey acceptance but in the case of insurance proposal, silence does not denote consent and no binding contract arises until the person to whom an offer is made says or does something to signify his acceptance. Mere delay in giving an answer cannot be construed as an acceptance, as, prima facie, acceptance must be communicated to the offerer. The general rule is that the contract of insurance will be concluded only when the party to whom an offer has been made accepts it unconditionally and communicates his acceptance to the person making the offer. Whether the final acceptance is that of the assured or insurers, however, depends simply on the way in which negotiations for an insurance have progressed. See in this connection statement of law in MacGillivray & Parkington on Insurance Law, 7th Edn., p. 94, para 215.”

(emphasis added)

19. This concept has been clarified by the Supreme Court in **Bhumikaben N. Modi v. LIC**, (2024) 6 SCC 385 which was an appeal filed against the decision of National Consumer Disputes Redressal Commission (‘**NCDRC**’) wherein it was held that a valid contract of insurance did not exist at the time of accident. In the facts of the case, Life Insurance Corporation (‘**LIC**’) denied the life insurance claim to the legal heirs of deceased *Shri Narender Kumar Kantilal Modi*, on account that the insurance proposal was not accepted before the policyholder's death, thereby rendering the insurance contract as void. While the claim filed by legal heirs was allowed by District Commission and



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State Commission, same was set aside by the NCDRC by placing reliance on ***Raja Vasireddy (supra)***. The Supreme Court, on appeal, set aside the decision of NCDRC and while distinguishing with ***Raja Vasireddy (supra)*** on facts, the Supreme Court observed as under:

“21. In the decision in D. Srinivas case [D. Srinivas v. SBI Life Insurance Co. Ltd., (2018) 3 SCC 653 : (2018) 2 SCC (Civ) 604] , this Court held thus : (D. Srinivas case [D. Srinivas v. SBI Life Insurance Co. Ltd., (2018) 3 SCC 653 : (2018) 2 SCC (Civ) 604] , SCC p. 657, para 12)

“12. Although we do not have any quarrel with the proposition laid therein, it should be noted that aforesaid judgments only laid down a flexible formula for the Court to see as to whether there was clear indication of acceptance of the insurance. It is to be noted that the impugned majority order merely cites the aforesaid judgment, without appreciating the circumstances which give rise to a very clear presumption of acceptance of the policy by the insurer in this case at hand. The insurance contract being a contract of utmost good faith, is a two-way door. The standards of conduct as expected under the utmost good faith obligation should be met by either party to such contract.”

22. Para 11 of the decision in D. Srinivas case [D. Srinivas v. SBI Life Insurance Co. Ltd., (2018) 3 SCC 653 : (2018) 2 SCC (Civ) 604] would reveal that the aforesaid recital was made thereunder after considering the decision in Vasireddy Komalavalli Kamba case [LIC v. Vasireddy Komalavalli Kamba, (1984) 2 SCC 719]. In short, the decision in D. Srinivas case [D. Srinivas v. SBI Life Insurance Co. Ltd., (2018) 3 SCC 653 : (2018) 2 SCC (Civ) 604] would obligate us to consider whether the circumstances obtained in this case give rise to a very clear presumption of acceptance of the policy by the insurer instead of merely giving imprimatur to the impugned order [LIC v. Bhoomikaben M. Modi, 2010 SCC OnLine NCDRC 318] of Ncdrc on the ground that it was rendered relying on the decision in Vasireddy Komalavalli Kamba



case [LIC v. Vasireddy Komalavalli Kamba, (1984) 2 SCC 719]. In this context, it is only apposite to note that though the orders were passed by the District Forum which was confirmed by the State Commission would reveal that the analysis and the consequential conclusion arrived at thereunder lie in conformity with the exercise expected to be undertaken based on the aforementioned exposition of law in D. Srinivas case [D. Srinivas v. SBI Life Insurance Co. Ltd., (2018) 3 SCC 653 : (2018) 2 SCC (Civ) 604] .

...
27. The photocopy of the acceptance-cum-first premium receipt is produced by the respondent along with its written submission as Annexure B. In fact, Annexure B would reveal the accuracy and correctness of what is stated at page 'E' of the synopsis of the captioned appeal. A perusal of the same would make it clear that the acceptance of the payment would place the Corporation to assume the risk with effect from the date of the acceptance-cum-first premium receipt. True that in Annexure B, it is stated that it would be subject to the realisation of the amount in cash and the terms and conditions of acceptance printed overleaf. Though this Court called upon the respondent to produce the original, the same was not produced and what was produced was only a photocopy as Annexure B."

(emphasis added)

20. The Supreme Court arrived at the conclusion that the acceptance of insurance coverage took place prior to the death of deceased and held as under:

"36. There is no case for the respondent that Annexure B viz. the first premium receipt carrying the assurance, as mentioned earlier, was not issued. Annexure B would justify drawing of presumption of acceptance of the policy and not otherwise. We have also found that no material irregularity or illegality could be found in the conclusions drawn with regard to the acceptance of proposal by the District Forum which was confirmed by the State Commission with reasons. We are fortified in our view by the following further



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reasons/circumstances.”

(emphasis added)

21. Therefore, to substantiate, an *offer* emanates from the insured who promises to pay premium, which, if accepted/received by the insurer would bind the Insurance Company as per the terms of contract and would therefore, account as *acceptance* on the part of Insurance Company. While the conclusion of the contract and the date of commencement of the same has been the bone of contention, in the opinion of this Court, an Insurance Company would be obliged to pay the insured for any risk covered from the date premium has been deposited by the insured, unless it has chosen to reject the offer of payment of premium.

22. Moreover, in the present matter as per testimony of **R3W1**, an officer from Insurance Company, which is on record, it was noted in his cross examination that, “*it is correct that premium was paid on 05/8/2010 in cash and insurance policy was also issued on the same day. The cash was received at Shahdara Branch at about 2.51 p.m on 05.08.2010, as mentioned in receipt Ex. R3W1/X.*”

23. Accordingly, in view of the above, the appeal of Insurance Company is not sustainable.

24. Appeal is accordingly, dismissed.

25. This Court *vide* order dated 25th March, 2014 granted a stay on the execution of the impugned award and no directions were given for deposit of the awarded amount.

26. Considering that the MACT award stands confirmed, appellant/Insurance Company shall deposit the entire compensation with up-to-date interest, if not already deposited, before the MACT within a period of four weeks from today and the same shall be released to respondent



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no.1/claimant thereafter, within three weeks.

27. Pending applications, if any, shall be rendered as infructuous.
28. Statutory deposit shall be refunded to appellant/Insurance Company.
29. Judgement be uploaded on the website of this Court.

ANISH DAYAL, J

MARCH 9, 2026/sm/sp