

**STATE CONSUMER DISPUTES REDRESSAL COMMISSION,
PUNJAB, CHANDIGARH.**

First Appeal No. 358 of 2024

Date of institution : 12.07.2024

Reserved on : 19.09.2025

Date of Decision : 31.10.2025

The New India Assurance Co. Ltd., Bilaspur, DO (460500), Rama Trade Center, 2nd Floor, UTI Building, Opposite Rajeev Palaza, Bilaspur, District Chhatisgarh-495001 through its Local Office, Divisional Manager, New India Assurance Co. Ltd., G.T. Road, Opp. Grain Market, Khanna, Distt. Ludhiana (Insurer of Truck No. PB-23T-3331) through Vishal Malhotra, Assistant Manager, Regional Office, SCO 36-37, Sector 17A, Chandigarh

....Appellant/Opposite Party

Versus

Gurpreet Singh aged about 21 years S/o Late Sh. Jagtar Singh, R/o VPO Salana Dulla Singh Wala, Tehsil Amloh, Distt. Fatehgarh Sahib.

....Respondent/Complainant

First Appeal under Section 41 of the Consumer Protection Act, 2019 against the order dated 27.05.2024 passed by the District Consumer Disputes Redressal Commission, Fatehgarh Sahib in C.C. No. 51 of 2020.

Quorum:-

**Hon'ble Mrs. Justice Daya Chaudhary, President
Mr. Vishav Kant Garg, Member**

- 1) Whether Reporters of the Newspapers may be allowed to see the Judgment? **Yes/No**
- 2) To be referred to the Reporters or not? **Yes/No**
- 3) Whether judgment should be reported in the Digest? **Yes/No**

Present:-

For the appellant : Sh. Lalit Garg, Advocate
(Through VC)
For the respondent : Sh. R.K. Prashar, Advocate

VISHAV KANT GARG, MEMBER :

Appellant/Opposite Party i.e. The New India Assurance Co. Ltd., has filed the present Appeal **through its Assistant Manager** to challenge the impugned order dated 27.05.2024 passed by the District Consumer Disputes Redressal Commission, Fatehgarh Sahib (in short, "the District Commission"), whereby the Complaint filed by the **Respondent/Complainant-Gurpreet Singh** had been Partly Allowed.

2. It would be apposite to mention here that hereinafter the parties will be referred, as were arrayed before the District Commission.

3. Briefly, the facts of the case as made out by the Respondent/Complainant in the Complaint filed before the District Commission are that his father Jagtar Singh was the owner of Truck bearing Registration No. PB-23T-3331. Said truck was insured with the OP for the period w.e.f. 16.02.2017 to 15.02.2018 with IDV of Rs.27,00,000/-. On 21.09.2017 said truck met with an accident near village Shivar, Pothulanadugu, Andhra Pradesh. At the time of accident, said truck was driven by the Driver, namely, Harvinder Singh. Said driver was holding valid and effective driving licence at the time of accident, which was valid upto 17.12.2030. FIR regarding the accident was lodged under Section 304A and 337 IPC by the driver of other lorry, with whom the truck of Jagtar Singh collided.

4. Insurance claim was lodged with the Insurance Company, but the same was repudiated vide its letter dated 27.09.2018. The reason of

repudiation was mentioned that licence of the Driver Harvinder Singh was not valid on the day of accident. It was averred that Driver Harvinder Singh had not disclosed to the owner that his licence, authorizing to drive the truck in question had expired and the same had not been renewed by him whereas his licence was valid upto 17.12.2030. It was averred that said Harvinder Singh, Driver was employed by his father five years earlier and he had been regularly driving his vehicle.

5. Stating the act of the opposite party to be a case of '**deficiency in service**' and '**unfair trade practice**', it was prayed in the Complaint that the OP be directed to pay the insured amount of Rs.27,00,000/-, 12% interest on the same from 22.09.2017 till 21.08.2020 i.e. Rs.27,00,000/- and Rs.16,20,000/- as interest, totaling Rs.43,20,000/-; further directed to pay future interest @ 12% p.a. till realization of the amount.

6. Upon issuance of notice in the Complaint, the Appellant/ Opposite Party had filed the written statement by raising certain preliminary objections that no cause of action had arisen to the Complainant as the claim was rightly repudiated. The Complaint was barred by limitation as the accident took place on 21.09.2017 and the Complaint was filed on 07.09.2020, after two years from the date of accident. On merits, it was admitted that the Truck No. PB-23T-3331 was insured with it for the period 16.02.2017 till 15.02.2018 and the value of the IDV was fixed as Rs.27,00,000/-. Said truck met with an accident on 21.09.2017 in the State of Andhra Pradesh when it was driven by Harvinder Singh, Driver. Driving licence of Harvinder Singh had expired on 18.12.2016 i.e. before the date of accident. In the accident, Jagtar Singh owner of the truck had died. It was pleaded that on verification it was found that the Driving Licence No.WB-4120070344748 of Driver Harvinder Singh

was not valid on the date of accident. It was pleaded that the said Driver had driven the vehicle almost about 10 months, without holding the valid licence to drive the said vehicle. It was clear cut violation of the terms and conditions of the policy, therefore, the claim was rightly repudiated under the category of 'No Claim'. It was prayed that as the claim was repudiated under the terms and conditions of the policy, therefore, there was no 'deficiency in service' on the part of the OP. It was prayed that the Complaint being devoid of any merit, be dismissed.

7. After considering the contents of the Complaint and the reply thereof filed by the Opposite Party as well as on hearing the oral arguments raised on behalf of both the sides, the Complaint filed by the Complainant was partly allowed by the District Commission vide order dated 27.05.2024. The relevant portion of said order as mentioned in Para-12 is reproduced as under:

"12. As a sequel to above discussion, this complaint is partly allowed and OP-Insurance Company is directed to pay a sum of Rs.20,25,000/- to the complainant, being the son and only legal heir of Jagtar Singh, insured along with interest at the rate of 8% per annum from the date of filing of this complaint i.e. 7.9.2020 till date of realization. The OP-Insurance Company is further directed to pay a sum of Rs.20,000/- to the complainant as composite compensation. Compliance of this order shall be made by the OP-Insurance Company within a period of 30 days from the date of receipt of certified copy of this order..."

8. The aforesaid order dated 27.05.2024 passed by the District Commission has been challenged by the **Appellant/Opposite Party** by way of filing the present Appeal by raising a number of arguments.

9. **Mr. Lalit Garg, Advocate, learned Counsel for the Appellant** has argued that inspite of proving the fact that on the date of accident, the driving licence of Driver Harvinder Singh was not valid, which was mandatory under the terms and conditions of the policy. Accordingly, the person, driving the vehicle at the time of accident, is required to hold

valid and effective driving licence. The claim of the Complainant was rightly repudiated. The contract of insurance was strictly governed as per the terms and conditions of the policy, which has been clearly violated in the present case. The District Commission illegally and wrongly by ignoring the fact of violation of the policy term, had allowed the claim to the extent of 75% of the IDV. The District Commission did not consider the term of exclusion clause and other deductions applicable under the policy nor clarified regarding the possession of vehicle on paying the claim amount. It was settled law that on paying the claim, the vehicle and its salvage becomes the property of the Insurance Company. The District Commission ignored the settled law on the point that Insurance Company was not liable to indemnify the claim amount in the absence of valid and effective driving licence on the day of accident. It was prayed that the impugned order being illegal and arbitrary may kindly be set aside.

10. On the other hand, **Sh. R.K. Prashar, Advocate** learned Counsel for the Respondent has submitted that father of the Complainant had employed Harvinder Singh as driver of the truck in question, who had been driving the vehicle for the last 5 years. Said Harvinder Singh, Driver had did not disclosed to his father that his licence had expired and he had not renewed the same in time. Insurance Company had repudiated the claim of the Complainant on the ground that at the time of accident, Driver of the vehicle was not holding valid and effective driving licence. Whereas the Driving Licence of the Driver Harvinder Singh was valid upto 17.12.2016 for Transport vehicle and 17.12.2030 for the Non-Transport Vehicle. Harvinder Singh had applied for renewal of Transport Driving Licence after expiry within time period allowed under the provisions of Motor Vehicles Act, 1988. There was no willful negligence on the part of the Employer to the extent that Driver had not renewed his licence. The

Insurance Company without any justifiable reasoning had repudiated the claim of the Complainant. The District Commission had thoroughly dealt with all the issues involved in the matter and had given fact finding observation. The impugned order was justified one and prayed that the Appeal of the Appellant be dismissed.

11. We have heard the oral arguments of the learned Counsel for the parties and have also carefully perused the impugned order passed by the District Commission, written arguments submitted by the parties and all the relevant documents available on the file. We have also gone through the judgments cited by both the parties.

12. It is not in dispute that Jagtar Singh, the father of the Complainant had hired Harvinder Singh as Driver of the truck bearing Registration No. PB-23T-3331. The truck in question was insured at the time of accident, therefore, the Complainant had lodged insurance claim.

13. The only issue for consideration in the present case is whether there was any fault on the part of the Employer Jagtar Singh that Driving Licence of Harvinder Singh, Driver was not valid for driving the truck in question at the time of accident.

14. We have gone through the impugned order passed by the District Commission, which was detailed one. The District Commission while deciding the issue in dispute thoroughly discussed the incident, relevant provisions of the Motor Vehicles Act, 1988 describing the renewal process of driving licences. Under Section 15 (1) of the said Rules, there was option that if an application for the renewal of a licence is made, either one year prior to date of its expiry or within one year after the date of its expiry, the driving licence shall be renewed with effect from the date of its renewal. For reference, relevant extract of Section 15 of the said Act is reproduced:-

“15. Renewal of driving licences.

(1) Any licensing authority may, on application made to it, renew a driving licence issued under the provisions of this Act with effect from the date of its expiry;

Provided that in any case where the application for the renewal of a licence is made [either one year prior to date of its expiry or within one year] after the date of its expiry, the driving licence shall be renewed with effect from the date of its renewal;”

15. The above Section clearly gives the option to the holder of Driving Licence to apply within a period of one year from the date of its expiry and the Licensing Authority shall renew the same under the provisions of this Act, with effect from the date of its due renewal. Said Section clearly says that if the applicant applies for renewal within a period of one year from the date of its expiry, the same shall be renewed from the date of its renewal. Under the said Section/Rules, it was mentioned that Licensing Authority may refuse to renew the driving licence if the period of same expires more than 5 years. It is also admitted position in the matter in hand that Harvinder Singh, Driver had applied for renewal of its Driving Licence, for this specific purpose within 10/11 months from its expiry. Therefore, his application is within time.

16. Also on perusal of the case file, it is revealed that there was no fault on the part of the Employer as he employed the Driver, who was having valid driving licence at the time of engagement. If the Driver had not renewed its licence on its expiry then in such circumstances, there was no fault lies on the part of Employer Jagtar Singh. Also there is settled proposition of law by the Hon'ble Supreme Court in a number of cases that while employer hiring a driver, is expected to verify the driving licence of the driver and if on the face of it, it appears genuine, the employer is not expected to further investigate. However, in the present case the fault lies on the part of the Driver, if any, and not upon the Employer. Therefore, in these circumstances, it would be unreasonable to put onus upon the

employer to make inquiries about the validity of the Driver's Driving Licence time and again.

17. During the course of arguments, learned Counsel for the Appellant has not pointed out any specific provision of the Motor Vehicle Act, 1988 under which the Driver was not entitled for seeking renewal of its driving licence on its expiry. Therefore, in our opinion, the District Commission had passed well-reasoned order and rightly settled the claim of the Complainant on non-standard basis. The judgments relied upon by the learned Counsel for the Appellant relates to the year 2007, 2008 and 2009 whereas the District Commission while passing the order, has relied upon the latest judgment of the Hon'ble Supreme Court, relating to the year 2023 i.e. "**Ashok Kumar Vs. New India Assurance**", **2023 INSC 659**.

18. During arguments, learned Counsel for the Appellant further argued that the District Commission had not specified that if the Appellant shall be liable to pay the insurance amount to the Complainant in these circumstances, the damaged vehicle and its salvage becomes the property of the Insurance Company and the Complainant be asked to transfer the vehicle in the name of the Insurance Company. We find merit in the said contention of the learned Counsel for the Appellant. As the vehicle had been declared as total damage and the District Commission allowed the claim to the extent of 75% of the IDV of the vehicle, therefore, in these circumstances, certainly at the time of receiving the claim amount, it is the duty of the Complainant to transfer the rights of the vehicle and its salvage in the name of the Insurance Company. Hence, it should be ordered that the Complainant shall transfer all the rights of said Truck in the name of the Insurance Company at the time of receiving the claim amount including its salvage.

19. As discussed above, there is merit in the submission of the learned Counsel for the Appellant that the Appellant is entitled for the transfer of the vehicle in the name of 'The New India Assurance Co. Ltd.' and handing over its salvage to it, on paying the insurance amount to the Complainant. Accordingly, the present Appeal of the Appellant is **partly allowed** and the impugned order dated 27.05.2024 passed by the District Commission, Fatehgarh Sahib **is modified** to the extent that the Complainant shall transfer the truck in question in the name of the Insurance Company and hand over its salvage, at the time of passing the claim and for release of the Insurance Amount by the Insurance Company. Remaining part of the directions stand affirmed. No order as to costs.

20. Since the main case has been disposed off, so all the pending Miscellaneous Applications, if any, are accordingly disposed off.

21. The Appellant had deposited a sum of Rs.13,34,072/- at the time of filing of the Appeal and Rs.13,40,064/- in compliance of the order dated 02.08.2024. Said amounts, along with interest which has accrued thereon, if any, shall be remitted by the Registry to the District Commission forthwith. The Concerned Party may approach the District Commission for the release of the same and the District Commission may pass appropriate order in this regard in accordance with law.

22. The Appeal could not be decided within the statutory period due to heavy pendency of Court Cases.

**(JUSTICE DAYA CHAUDHARY)
PRESIDENT**

**(VISHAV KANT GARG)
MEMBER**

October 31, 2025.

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