IN THE HIGH COURT OF JHARKHAND AT RANCHI

M. A. No. 381 of 2017

1. Batiya Orain, W/o Late Jitu Lakra
2. Radha Lakra, minor son of late Jitu Lakra

All R/o Village Chairma, P.O. Ita Childiri P.S. Bero, Distt. Ranchi.
(Appellant no 1 is mother and 2 is sister of the deceased)

... Claimants/Appellants

Versus

1. The Divisional Manager, National Insurance Company Ltd. (Legal Cell) S.N. Ganguli Road, Main Road, Ranchi P.O. G.P.O, P.S. Kotwali, District- Ranchi.
   At present office at Sahid Chowk, Kutchery Road Near Gangaur Sweets. P.O. GPO P.S. Kotwali Distt-Ranchi
2. Jamanat Ansari, S/o Akthar Ansari R/o Village- Larango, P.O. & P.S. Sisai, Distt- Gumla (Jharkhand)…Opposite Parties/Respondents

With

M. A. No. 377 of 2017

1. Sumari Orain, W/o Late Somara Tirky
2. Bishnu Tirky, minor son of late Somara Tirky
3. Pritam Tirky, Minor D/o Late Somara Tirky
4. Bishnu Tirky, S/o Late Dheya Oraon
5. Somari Oraon, W/o Bishnu Oraon

All R/o Village Charima, P.O. Ita Childiri P.S. Bero, Distt. Ranchi.
(Appellant No.2 & 3 are minors and being represented through their mother i.e. Appellant No.1) … … Claimants/Appellants

Versus

1. The Divisional Manager, National Insurance Company Ltd. (Legal Cell) S.N. Ganguli Road, Main Road, Ranchi P.O. GPO, P.S. Kotwali, Distt- Ranchi.
   At present office at Sahid Chowk, Kutchery road Near Gangaur Sweets. P.O. GPO P.S. Kotwali Distt-Ranchi
2. Jamanat Ansari, S/o Akthar Ansari R/o Village- Larango, P.O. & P.S. Sisai, Distt- Gumla (Jharkhand)

... Opposite Parties/Respondents

With

M. A. No. 433 of 2017

National Insurance Co. Ltd. (Legal Cell), S.N. Ganguli Road, Main Road, P.S. Kotwali, At P.O. & District – Ranchi – Issuing Branch Office at Palkot Road, P.O. & P.S. District- Gumla.

... Opposite Party No.2/Appellant

Versus

1. Batiya Orain W/o Late Jitu Lakra
2. Radha Lakra, daughter of Late Jitu Lakra,
   All residents of Village Chairma, P.O. Ita Childiri P.S. Bero, District-Ranchi. (Claimant Nos.1 & 2 respectively)
3. Jamanat Ansari, Son of Akhtar Ansari resident of village & P.O. Larango, P.S. Sisai District – Gumla (Owner of Truck)

…. Respondents

With

M. A. No. 434 of 2017

The Divisional Manager, National Insurance Co. Ltd. (Legal Cell), S.N. Ganguli Road, Main Road, P.S. Kotwali, At P.O. & District – Ranchi – Issuing Branch Office at Palkot Road, P.O. & P.S. District- Gumla

... Opposite Party No.2/Appellant

Versus

1. Sumari Orain, W/o Late Somara Tirky
2. Bishnu Tirky, minor son of late Somara Tirky
3. Pritam Tirky, Minor D/o Late Somara Tirky
4. Bishnu Tirky, S/o Late Dheya Oraon
5. Somari Oraon, W/o Bishnu Oraon
   All resident of Village Charima, P.O. Ita Childiri P.S. Bero, District – Ranchi (Respondent Nos.2 & 3 are minors and are being represented through their mother being their natural guardian respondent No.1 as their next friend)

   ... (Claimant Nos.1 to 5 respectively)
6. Jamanat Ansari, Son of Aklhtar Ansari, resident of village & P.O. Larango, P.S. Sisai, District – Gumla (Owner of Truck) (Opp. Party No.1)

… Respondents

CORAM: HON'BLE THE CHIEF JUSTICE

For the Appellants/Claimants: Mr Nikhil Ranjan, Advocate
For the Respondents/Ins. Company: Mr Alok Lal, Advocate
Mr Santosh Kumar, Advocate

Reserved on: 25.08.2026 Pronounced **on: 29/08/2026**

1. Heard learned counsel for the parties.

2. I.A. No. 611 of 2020 in M.A. No. 381 of 2017, I.A. No. 612 of 2020 in M.A. No. 377 of 2017, I.A. No. 6329 of 2017 in M.A. No. 433 of 2017 and I.A. No. 6330 of 2017 in M.A. No. 434 of 2017 have been filed seeking condonation of delay in filing the respective appeals. Since sufficient cause has been shown in all of them, the delay is condoned. The applications are accordingly allowed.

3. These four appeals arise out of the same accident which occurred on 11.03.2008 resulting in the death of Somra Tirky, the driver of the jeep, and Bishu Lakra, its khalasi.

4. M.A. Nos. 377 of 2017 and 381 of 2017 have been preferred by the original claimants (legal representatives of the deceased) seeking enhancement of compensation. M.A. Nos. 433 of 2017 and 434 of 2017 have been preferred by the National Insurance Company Ltd. seeking complete exoneration from liability of paying compensation to the claimants.

5. By the common Judgment and Award dated 29.03.2017, passed by the Claims Tribunal, Ranchi, in M.A.C. Case Nos. 164 of 2011 and 165 of 2011, the Tribunal awarded Rs. 7,60,000/- to the dependants of Somra Tirky and Rs. 4,17,000/- to the dependants of Bishu Lakra, after adjustment of interim compensation of Rs. 50,000/- in each case. Interest was directed to be paid at 9% per annum from 23.09.2014. The Tribunal further granted liberty to the insurer to recover the amount from the owner.

6. Ld. advocate for the insurance company contends that the owner violated the terms and conditions of the policy because the driver of the truck did not possess a valid and effective licence to drive a heavy motor vehicle on the date of the accident. It is further contended that the truck was being plied without a route permit and fitness certificate. On these grounds, it is submitted that the insurer is not liable to indemnify the owner or satisfy the award.

7. The claimants, while not agreeing with the above contentions, submit that the compensation awarded by the Tribunal is not just and reasonable and warrants enhancement.

8. Based on the rival submissions and the material available on record, the following points arise for determination:

I. *Whether, on the finding of violation of the terms of the policy, the insurer is entitled to complete exoneration from its liability towards the original claimants?*

II. Whether the compensation awarded by the Tribunal is just and reasonable and requires enhancement?

9. Insofar as the first point of determination is concerned, the factum of insurance of truck bearing registration No. BR-14G-9205 with the appellant-insurer under Policy No. 170204/31/07/67/00002230, valid from 20.09.2007 to 19.09.2008, is not in dispute. The insurance company also does not dispute that the accident occurred on 11.03.2008, during the subsistence of the policy.

10. The Tribunal, upon consideration of the evidence of O.P.W.1 and Exts. A to D, found that the driving licence of Israil Ansari had originally been issued by the office of the D.T.O., Ranchi, authorising him to drive a light motor vehicle.

11. Furthermore, the evidence on record establishes that the endorsement authorising the driver to drive a heavy motor vehicle and a public service vehicle was granted by the D.T.O., Gumla, only with effect from 19.06.2008. Thus, on the date of the accident, the driver did not possess a valid and effective licence to drive the heavy goods vehicle in question. The route permit and fitness certificate were also not produced before the learned Tribunal. The Tribunal's finding regarding the violation of the policy conditions is therefore not liable to be disturbed.

12. The question, however, is whether such violation entitles the insurer to complete exoneration from its liability towards the third-party claimants. The answer must be in the negative for reasons discussed hereafter.

13. In the case of **National Insurance Co. Ltd. v. Swaran Singh, (2004) 3 SCC 297,** the Hon’ble Supreme Court held that even where a breach of the policy condition is established, the insurer is not automatically discharged of its obligation towards third-party claimants. The insurer may be directed to satisfy the award in the first instance and thereafter recover the amount from the owner.

Accordingly, complete exoneration is, therefore, not the ordinary consequence of a proved breach of the policy conditions.

14. This is especially true where the insurer fails to establish a significant nexus between the accident and the alleged breach of a term of the insurance policy. Victims of road accidents cannot be forced to suffer because of terms in the insurance contract over which they have no control. The beneficial scheme for obtaining some compensation with relative ease and promptitude cannot be frustrated by such strenuous interpretation.

15. In these circumstances, the Tribunal was justified in directing the insurer to satisfy the award in the first instance, with liberty to recover the amount from the owner. The plea of the insurer seeking complete exoneration from liability cannot, therefore, be accepted.

16. Point No. (i) is accordingly answered against the appellant-insurer.

17. On the question of whether the compensation awarded by the Tribunal is just and reasonable, it is pertinent to note that the Tribunal assessed the ages of Somra Tirky and Bishu Lakra at about 27 and 20 years, respectively. These findings are duly supported by oral and documentary evidence on record and have not even been challenged before this Court. Accordingly, the multipliers of 17 and 18, respectively, applied by the Tribunal are maintained.

18. In Somra Tirky **(M.A.C. Case No. 164 of 2011)**, the Tribunal assessed the deceased's monthly income at Rs. 5,000/-, corresponding to an annual income of Rs. 60,000/-, on the basis of the uncontroverted oral evidence of his widow. The deceased was 27 years old and self-employed as a driver. No material was shown to warrant any interference with this finding.

19. But having regard to the deceased's age and avocation, an addition of 40% to future prospects is warranted in terms of **National Insurance Co. Ltd. v. Pranay Sethi, reported in (2017) 16 SCC 680**. The annual income for the purpose of computation thus amounts to Rs. 84,000/-.

20. There being five dependants, a deduction of one-fourth towards personal and living expenses is appropriate in terms of the principles laid down in **Sarla Verma v. DTC, reported in (2009) 6 SCC 121**. The loss of dependency is accordingly calculated as follows:

Rs. 84,000/- − 1/4th = Rs. 63,000/-
Rs. 63,000/- × 17 = Rs. 10,71,000/-

21. The claimant -dependants are, therefore, entitled to Rs. 10,71,000/- towards loss of dependency.

22. In addition to the aforesaid amount, compensation under the conventional heads is required to be awarded in accordance with the principles laid down in **Pranay Sethi (supra) and Magma General Insurance Co. Ltd. v. Nanu Ram @ Chuhru Ram,**

reported in (2018) 18 SCC 130. Accordingly, a sum of Rs. 40,000/- each towards loss of consortium to the five claimants, amounting to Rs. 2,00,000/-, Rs. 15,000/- towards funeral expenses and Rs. 15,000/- towards loss of estate are awarded.

23. The total compensation payable in **M.A.C. Case No. 164 of 2011 thus comes to Rs. 13,01,000/-.** The interim compensation of Rs. 50,000/- already paid shall stand adjusted against the amount so determined.

24. In the case of Bishu Lakra (**M.A.C. Case No. 165 of 2011**), the assessment of the monthly income at Rs. 4,000/- is supported by the oral evidence on record and calls for no interference. The deceased was 20 years of age and was self-employed as a labourer/khalasi.

25. Having regard to his age and avocation, an addition of 40% towards future prospects is warranted. The annual income for the purpose of computation thus comes to Rs. **67,200/-.**

26. The deceased was a bachelor. A deduction of one-half towards personal and living expenses is, therefore, appropriate. The loss of dependency is calculated as follows:

Rs. 67,200/- − 1/2 = Rs. 33,600/-
Rs. 33,600/- × 18 = Rs. 6,04,800/-

27. Accordingly, the claimants are entitled to Rs. 6,04,800/- towards loss of dependency.

28. The claimants are further entitled to compensation under the conventional heads. A sum of Rs. 40,000/- each towards loss of consortium to the two claimants, amounting to Rs. 80,000/-, Rs. 15,000/- towards funeral expenses and Rs. 15,000/- towards loss of estate are accordingly awarded.

29. The total compensation payable in **M.A.C. Case No. 165 of 2011** thus comes to Rs. 7,14,800/-. The same is rounded off to Rs. **7,15,000/-.** The interim compensation of Rs. 50,000/- already paid shall stand adjusted against the amount so determined.

30. Point No. (ii) is accordingly answered by holding that the compensation awarded by the Tribunal is not just and reasonable and requires enhancement.

31. M.A. Nos. 433 of 2017 and 434 of 2017, preferred by the insurer, are dismissed. M.A. Nos. 377 of 2017 and 381 of 2017, preferred by the claimants, are allowed.

32. The compensation in M.A.C. Case No. 164 of 2011 is enhanced to Rs. 13,01,000/-. Whereas the compensation in M.A.C. Case No. 165 of 2011 is enhanced to Rs. 7,15,000/-. The interim compensation of Rs. 50,000/- already paid in each case and the statutory deposit amount shall stand adjusted.

33. However, no interference is warranted with respect to the rate of interest awarded by the Tribunal. Having regard to the socio-economic background of the deceased and the claimants, the rate of interest at 7.5% per annum is considered just and reasonable and is accordingly maintained from the date of filing of the respective claim petitions till actual realisation.

34. The appellant-Insurance Company shall satisfy the enhanced awards at the first instance and shall be entitled to recover the amount from the owner of the truck in accordance with the liberty already granted by the Tribunal and affirmed by this Court.

35. The direction of the learned Tribunal for deposit of a sum of Rs. 2,00,000/- each in the names of the two minor children of late Somra Tirky **(M.A.C. Case No. 164 of 2011)** in a Nationalised bank under a fixed deposit scheme, until they attain majority, is hereby affirmed.

36. The appellant-Insurance Company is directed to deposit the enhanced amounts before the learned Tribunal within eight weeks from today, after due intimation to the learned counsel for the original claimants. Upon such deposit, the learned Tribunal shall permit the claimants to withdraw the amounts in accordance with law.

37. The learned counsel for the claimants shall furnish the necessary identity and bank particulars before the learned Tribunal for facilitating disbursement of the amount.

38. There shall be no order as to costs. Pending interlocutory applications, if any, stand disposed of.

(M. S. Sonak, C.J.)

August 29, 2026

N.A.F.R.

Manoj/Cp.2

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