

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO. 6865 OF 2026
(@ SPECIAL LEAVE PETITION (CIVIL) NO. 1003 OF 2022)

NATIONAL INSURANCE COMPANY LIMITED

APPELLANT(S)

VERSUS

K. SARAVANAN & ORS.

RESPONDENT(S)

R1 K. SARAVANAN

R2 M/S VEL TECH ENGINEERING COLLEGE

R3 STATE OF TAMIL NADU

O R D E R

Leave granted.

2. The appellant/Insurance Company is aggrieved by the liability fastened on it to compensate the victim of an accident, which occurred by the bus bearing Registration No. TN 02 C 4777.

3. Learned counsel for the appellant submitted that the appellant Company had not issued any insurance policy for the bus in question, especially for the period during which the accident occurred. It was submitted that though initially, the insurance policy was granted in favour of the vehicle, but the same was valid only from 06.01.2002 to 05.01.2003, and the subsequent period of renewal shown, i.e., from 26.09.2003 to 25.09.2004 was not genuine. It was contended that the accident occurred

on 11.09.2004, i.e., beyond the period for which the insurance policy was valid. It was contended that during investigation also it has been found that the insurance policy in the name of respondent no.2 was not in force on the date of the accident. Learned counsel submitted that though the investigator of the Insurance Company had found that on the date of the accident, the vehicle had a valid policy, but it was on the basis of what document was produced by the party, and thus, the said observation of the Investigator of the appellant would not bind the appellant to such fact as the record speaks for itself, which clearly indicates that there was no renewal. It was further contended that though the vehicle belongs to one Dhanalakshmi, but hired by the respondent no.2 and in fact, the respondent no.2 has got the license issued for the said bus and also got the said vehicle insured in its own name.

4. Learned Senior Counsel for the State of Tamil Nadu submits that pursuant to the earlier orders, the Director General of Police, Tamil Nadu, has constituted a Special Investigation Team (SIT), headed by Additional Director General of Police, which has also found various contradictions and discrepancies in the stand taken by the respondent no.2. Learned Senior Counsel submitted that from the overall picture which emerges, at least this much is clear that the Insurance Cover was taken by

the respondent no. 2 in its own name. Thus, any liability which can be fastened, would necessarily have to be borne by the respondent no.2 in the present case.

5. Learned Senior Counsel for the State of Tamil Nadu/respondent no.3 submitted that a compliance report has been submitted in terms of order dated 02.04.2026. From the same, we find that positive steps have been taken by the Director General of Police, who has issued an SOP for the entire State of Tamil Nadu with regard to the procedure to be adopted in such matters where the claim is based on an Insurance policy which itself is doubtful in nature. We expect the same to be implemented on the ground also, forthwith. The authorities to ensure the same.

6. At this juncture, we note that pursuant to our order dated 02.04.2026 for registering fresh case in the present matter, in the status report filed by the respondent no.3- the Director General of Police, Tamil Nadu, it has been stated that a proceeding vide R.C.No.00981/ Crime 1(1)/2026 dated 07.04.2026 has been instituted and a Special Investigation Team under the head of Additional Director General of Police, Crime Branch Crime Investigation Department (CBCID) has been constituted. Let the said proceedings be taken to its logical conclusion at the earliest.

7. Learned counsel for the respondent no.2 submitted

that they were never the owner of the vehicle and had just hired the same for use by the college. It was contended that the owner of the vehicle was another lady, viz., Dhanalakshmi and she had given it to a contractor, who was into the business of letting vehicles on hire to third parties and from that agent, the college had hired the bus in question. Further, it was contended that even the driver was not an employee of the respondent no.2.

8. At this juncture, when the Court put a direct query to learned counsel for the respondent no.2 as to on what basis it was his stand that the vehicle was not insured by the respondent no.2 in its own name, learned counsel submitted that he be granted time to produce the said records. We are unable to accommodate learned counsel for the respondent no.2, because this was one of the central issues involved, both before the MACT as well as the High Court and till date no proof having been furnished by the respondent no.2 to substantiate that the vehicle was not insured in its name and that there was absolutely no direct connection of the respondent no.2 with the vehicle.

9. From the aforesaid, the admitted position is that the vehicle involved in the accident in which the respondent no.1 was the victim was caused by the bus in question. Further, it is a fact that the policy in question, at the time of accident, was not in the name of

the respondent no.2. Thus, based on the evidence, i.e., copy of communication of the appellant dated 19.02.2008 to the MACT, it is established that the said policy was in the name of the respondent no.2, but only for the period 06.01.2002 to 05.01.2003, but thereafter there was no renewal, especially for the period 26.09.2003 to 25.09.2004.

10. In the aforesaid background, and on an overall circumspection of the facts and circumstances of the case, we find that the liability to pay the compensation amount as awarded by the Court below would entirely rest on the shoulder of respondent no.2.

11. At this juncture, on a query to respondent no.1, we are informed that the award of the High Court has been duly complied with by the appellant, both with regard to the principal and interest and the same has also been received by the respondent no.1.

12. Accordingly, the appeal is allowed. The appellant/Insurance Company is held entitled to recover the amount of compensation paid by it to the respondent no.1, from the respondent no.2.

13. Even though, we have allowed the substantial prayer of the appellant in the present case, however, in view of the larger issue which has emerged relating to fraudulent Insurance claims, the present Appeal shall not be treated as finally disposed of, more so for the reason that we

have already directed the Director General of Police, Tamil Nadu to come out with an appropriate policy with regard to the said issue and certain directions/steps have been taken by him. Thus, the present case be tagged with SLP (C) No.5582 of 2023 where the Court is monitoring the same issue on a Pan India basis.

.....J.
(AHSANUDDIN AMANULLAH)

.....J.
(R. MAHADEVAN)

NEW DELHI
APRIL 30, 2026

ITEM NO.48

COURT NO.12

SECTION XII

S U P R E M E C O U R T O F I N D I A
R E C O R D O F P R O C E E D I N G S

PETITION FOR SPECIAL LEAVE TO APPEAL (C) NO. 1003/2022

[Arising out of impugned final judgment and order dated 21-04-2021 in CMA No. 2985/2011 passed by the High Court of Judicature at Madras]

NATIONAL INSURANCE COMPANY LIMITED

PETITIONER(S)

VERSUS

K. SARAVANAN & ORS.

RESPONDENT(S)

Date : 30-04-2026 This petition was called for hearing today.

CORAM :

HON'BLE MR. JUSTICE AHSANUDDIN AMANULLAH
HON'BLE MR. JUSTICE R. MAHADEVAN

For Petitioner(s) :Mr. Manu Luv Shahalia, Adv.
Ms. Manjeet Chawla, AOR
Ms. Jyoti, Adv.
Ms. Usha Pant Kukreti, Adv.

For Respondent(s) :Mr. Goutham Shivshankar, AOR
Ms. Ruchira Goel, Adv.

Mr. G. Balaji, AOR
Ms. Arzu Paul, Adv.
Mr. Shiv Kumar, Adv.
Ms. Vaishnavi, Adv.

Mr. Amit Anand Tiwari, Sr. A.A.G.
Mr. Sabarish Subramanian, AOR
Mr. Veshal Tyagi, Adv.
Mr. Muthu Mayan R, Adv.
Mr. Vishnu Unnikrishnan, Adv.

O R D E R

Leave granted.

2. The appeal is allowed in terms of the signed order.

The operative portion of the order reads thus:

"12. Accordingly, the appeal is allowed. The appellant/Insurance Company is held entitled to recover the amount of compensation paid by it to the respondent no.1, from the respondent no.2.

13. Even though, we have allowed the substantial prayer of the appellant in the present case, however, in view of the larger issue which has emerged relating to fraudulent Insurance claims, the present Appeal shall not be treated as finally disposed of, more so for the reason that we have already directed the Director General of Police, Tamil Nadu to come out with an appropriate policy with regard to the said issue and certain directions/steps have been taken by him. Thus, the present case be tagged with SLP (C) No.5582 of 2023 where the Court is monitoring the same issue on a Pan India basis."

(POOJA SHARMA)
AR-CUM-PS

(ANJALI PANWAR)
ASSISTANT REGISTRAR

(Signed order is placed on the file.)