



2025:DHC:509



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**IN THE HIGH COURT OF DELHI AT NEW DELHI**

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*Date of Decision: 29<sup>th</sup> January, 2025*

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**MAC.APP. 149/2019, CM APPL. 3620/2019, CM APPL. 3622/2019 & CM APPL. 15971/2019****BHAGWAT PRASAD SHARMA****& ANR**

.....Appellants

Through: Mr. S.K. Tyagi, Adv.

versus

**SATISH KUMAR & ANR**

.....Respondents

Through: Ms. Archana Gaur, Ms. Ridhima Gaur &amp; Ms. Ring Baliyaan, Advs. (through VC)

**CORAM:****HON'BLE MR. JUSTICE AMIT MAHAJAN****AMIT MAHAJAN, J. (Oral)**

1. The present appeal is filed challenging the award dated 20.09.2018 (hereafter '**the impugned award**') passed by the learned Presiding Officer, Motor Accident Claim Tribunal, Shahdara, Karkardooma Courts in MAC No. 2280/16.

2. The impugned award has been challenged on the ground that the appellant was, though holding a valid Insurance Policy of the offending vehicle, however, the liability has still been fastened on the appellant being the owner of the offending vehicle.

3. The defence raised by the Insurance Company that the insurance policy was cancelled on dishonour of the cheque which was issued at the time of issuance of policy, was accepted by the learned Tribunal and it was held that the responsibility for



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payment of compensation would rest on the owner/ driver of the offending vehicle. It was the case of the appellant that pursuant to dishonour of the cheque, the appellant had paid cash to one of the agents of the Insurance Company pursuant to which the cover note of the policy was issued.

4. The appellant relies upon the policy cover note which is annexed as Annexure A-3 of the present petition. It is contended that even though no date has been mentioned in the policy, the same was issued after the cash of ₹ 29,392/- was paid by the appellant pursuant to the dishonour of the cheque.

5. Further defence was taken by the Insurance Company before the learned Tribunal that the offending vehicle was not carrying valid Permit and Fitness Certificate and the driver was not holding a valid driving license.

6. The learned Tribunal noted the evidence produced on behalf of the Insurance Company. R3W1 was produced as a witness and was able to show that the cheque which was issued in regard to the issuance of the policy was dishonoured. Insurance company was also able to show that the notice was served upon the appellant as well as the Regional Transport Office intimating that the cheque has been dishonoured and the policy stands cancelled.

7. Insurance company was also able to prove by producing the postal receipts that the notices were served on the appellant.

8. The learned Tribunal, therefore, held that the policy is an agreement subject to the consideration and without payment of such consideration, the agreement is void, and, therefore,



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exonerated the Insurance Company of any liability.

9. The learned counsel for the appellant submits that pursuant to the dishonour of the cheque, payment was made for the renewal of the Insurance Policy and pursuant to which, the policy cover note was also issued. He submits that the appellant on 29.01.2015, had also approached the Insurance Company claiming *No Claim Bonus* and for renewal of the policy which itself shows that the appellant was always under the belief that the policy is valid and subsisting.

10. The accident which is subject matter of the present case took place on 16.01.2015. It is not disputed that the policy was taken for the offending vehicle for which Cheque No. 481129 dated 26.02.2014 was issued. It is also not disputed that the said cheque got dishonoured on 03.03.2014. The appellant had though disputed the knowledge of the cancellation of the policy pursuant to dishonour of the cheque, however, the Insurance Company has been able to prove by producing the relevant evidence that the notice dated 05.03.2014 intimating the dishonour of cheque and cancellation of policy was served on the appellant. Dishonour of Cheque No. 481129 has also been proved by producing the relevant evidence.

11. It is though claimed by the appellant that he had approached the Insurance Company pursuant to the dishonour of cheque and had paid cash in the month of March, 2014, however, cover note relied upon by the appellant does not support its case for more than one reason. As noted by the learned Tribunal, the appellant has not produced any receipt evidencing that any cash



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was paid by him at any stage. No acknowledgement was also produced by the appellant before the Tribunal or before this Court. The argument raised by the appellant that the cash was paid and no receipt was issued, does not appear to be correct. The argument also contradicts the stand that the appellant was not aware of dishonour of cheque since there was no reason for the appellant to pay cash in case of unawareness to the policy being cancelled.

12. It is unlikely, especially when no evidence has been produced to that effect that the cash in excess of ₹20,000/- in the year 2014 was received by an Insurance Company operated by Government of India and no receipt or acknowledgment was issued.

13. Further, the policy note as relied upon by the appellant mentions the Policy No. as 361503/31/13/6300005529. The notice for cancellation of policy also mentions the same policy number. Therefore, it is apparent that the cover note is for the policy which was issued prior to dishonour of the cheque, hence, if any amount had been paid by the appellant in future then a fresh policy note would have been issued carrying a different policy number.

14. Considering the aforesaid, this Court finds no infirmity in the impugned award and the appeal is, therefore, dismissed.

15. Pending application(s) also stand disposed of.

**AMIT MAHAJAN, J**

**JANUARY 29, 2025/“SS”**

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