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

% **Date of decision: 29th April, 2025**

+ FAO 1/2021 & CM APPL. 130/2021

THE NATIONAL INSURANCE CO. LTD.Appellant
Through: Mr. Aditya Singh, Mr.
Shubham Singh and Mr. Kamal
Kishor, Advs.

versus

SMT. AMARJEET KAUR & ANR.Respondents
Through: Mr. R.K. Nain and Ms. Pratima
N. Lakra, Advs. for R-1
Mr. Manish Kumar, Adv. for
R-2/Paramjeet Kaur

CORAM:

HON'BLE MR. JUSTICE DHARMESH SHARMA

DHARMESH SHARMA, J. (ORAL)

1. The appellant/Insurance Company has preferred this appeal under Section 30 of the Employee's Compensation Act, 1923¹ for setting aside/quashing of judgment-cum-award dated 16.09.2020 passed by the learned Commissioner, Employee's Compensation, thereby allowing the claim petition of the respondent No.1/claimant/widow of deceased Dayal Singh on account of his death on 08.02.2017 during the course of his employment.

2. Shorn of unnecessary details, the respondent No.1/claimant claimed that her husband Dayal Singh S/o Sh. Jagir Singh was employed as a driver on vehicle bearing No. HR-46C-8180-Truck,

¹ E.C. Act



which was owned by Sh. Mukhtyar Singh; and that on 08.02.2017, when her husband was driving the said truck during the course of his employment, the truck met with an accident within the jurisdiction of PS: Old Shalley, District Gurdaspur, Punjab and sustained fatal injuries.

3. Evidently, the said truck was insured with the appellant/Insurance Company for the period of 01.06.2016 to 31.05.2017.

4. Suffice to state that the learned Commissioner, Employee's Compensation found that there existed a relationship of employer and employee between the deceased and the registered owner of the vehicle. Further, while holding that the vehicle was evidently insured for third-party risk including compensation to the driver of the vehicle, the learned Commissioner assessed and granted a total compensation of Rs. 4,69,640/- as compensation with interest @ 12% p.a. from 30 days after the accident, in terms of Section 4A(3)(a) of the E.C. Act, besides granting a compensation of Rs. 5,000/- towards funeral charges to the respondent No.1/claimant. The liability to pay compensation was however fastened upon the shoulders of the appellant/Insurance Company.

5. Learned counsel for the appellant/Insurance Company has urged that the respondent No.1/claimant in her claim petition had averred in paragraph (01) that deceased Dayal Singh had been instructed by his employer Mukhtyar Singh to get certain goods loaded from Jalandhar while coming back from Jammu when he met with an accident on 08.02.2017.



6. It is vehemently urged that the employer Mukhtyar Singh had in fact already passed away on 10.09.2016. Learned counsel for the appellant/Insurance Company in this regard alluded to the testimony of Smt. Paramjeet Kaur, wife of the deceased Mukhtyar Singh who testified that her husband had died on 10.09.2016 and that after his death, her brother-in-law/*dewar* was managing the affairs of the business till March 2017, but he had also died thereafter.

7. The main plank of the arguments advanced by learned counsel for the appellant/Insurance Company is that in view of the aforesaid fact and a complete denial by Smt. Paramjeet Kaur that the deceased Dayal Singh was employed by her deceased husband, the respondent No.1/claimant failed to prove the existence of a relationship of employer and employee between her deceased husband and the registered owner of the vehicle.

8. *Per contra*, learned counsel for respondent No.1/claimant relied upon the decision in **United India Insurance Company Ltd. v. Santro Devi and Others**² and it was urged that the appellant/Insurance Company cannot be allowed to challenge the relationship of employer and employee between the parties in the manner that it is being done by the learned counsel. It was further urged that in any case, since the vehicle in question was insured for the period in question, there was no legal necessity to transfer the policy of insurance in favour of the legal heirs of the deceased/owner of the vehicle, and the appellant/Insurance Company cannot wriggle out of its liability to indemnify the deceased/registered owner or for

² (2009) 1 SCC 558



that matter, his legal heirs.

9. Having heard the learned counsels for the parties and on perusal of the record, this Court finds that the present appeal is devoid of any merits. The plea that, a false averment has been made in the claim petition that it was the deceased/registered owner who had instructed the deceased driver to get some goods loaded on the truck from Jalandhar on his way back from Jammu since the registered owner was already dead, does not cut any ice for the simple reason that it cannot be overlooked that the respondent No.1/claimant comes from an impoverished background and she probably assumed that her husband had been instructed by the owner of the truck or someone authorised by the Management to go to Jalandhar from Jammu and get certain goods loaded on to the truck.

10. Similarly, the denial by Smt. Paramjeet Kaur that her husband had not employed the deceased Dayal Singh is also worthless as she was not privy to the affairs of the transport business being run by her husband. Her entire testimony speaks volume of the fact that she was totally unaware of how and in what manner her husband or after his death, her *dewar*/brother-in-law had been managing the affairs of the transport business. Her denial to the effect that the deceased was not employed as a driver is merely for the sake of denial and it cannot be said to be a substantive piece of evidence.

11. In the aforesaid scenario, it cannot be overlooked that an FIR No. 0008/2017 dated 08.02.2017 was registered at PS: Old Shalley, District Gurdaspur, Punjab. Evidently, the truck was seized by the Police and Smt. Paramjeet Kaur went to the Police Station in order to



get the truck released as well. It is not clear if any damage claim was filed with regard to the insured truck but in any case, the appellant/Insurance Company has vast resources at its disposal and there is no survey report of any kind suggesting that the deceased was not a driver deputed on the ill-fated insured truck or that he could not have died in the accident. In all human probabilities, it was the deceased who was the driver of the ill-fated insured truck and who died in the accident. It is well ordered in law that even a casual relationship between the parties would bring about a relationship of employer and employee and it cannot be ruled out that even after the death of registered owner, the deceased Dayal Singh continued to serve as a driver when the business affairs of the deceased/registered owner were being managed by the brother-in-law of the widow of the deceased/registered owner.

12. There is no challenge as regards assessment or quantum of compensation awarded by the learned Commissioner, Employee's Compensation. At this juncture, it would be apposite to refer to certain findings on the proposition of law with regard to the liability of the insurer in cases like the present matter where the registered owner of the insured vehicle has died.

13. In the cited case, **United India Insurance Company Ltd.** (*supra*), the Supreme Court dealt with a matter where the insurance policy was getting revived year after year in the name of the deceased owner. It appears that the registration of the vehicle as well as insurance policy had not been transferred in the name of the legal heirs of the deceased registered owner. It is in the said context that it



was held as under:-

“15. When questioned, Mr. Mehra, very fairly stated that the insurance policy was an old one and it was being renewed from year to year. If the appellant had been renewing the insurance policy on a year-to-year basis on receipt of a heavy amount of premium with the knowledge that the owner of the vehicle has expired and the name of his legal heirs and representatives had not been transferred in the registration book maintained by the authorities under the Motor Vehicle Act, in our opinion, the appellant cannot be heard to say that it was not bound to satisfy the claim of a third party.

16. The provisions of compulsory insurance have been framed to advance a social object. It is in a way part of the social justice doctrine. When a certificate of insurance is issued, in law, the insurance company is bound to reimburse the owner. There cannot be any doubt whatsoever that a contract of insurance must fulfil the statutory requirements of formation of a valid contract but in case of a third-party risk, the question has to be considered from a different angle.

17. Section 146 provides for statutory insurance. An insurance is mandatorily required to be obtained by the person in charge of or in possession of the vehicle. There is no provision in the Motor Vehicles Act that unless the name(s) of the heirs of the owner of a vehicle is/are substituted on the certificate of insurance or in the certificate of registration in place of the original owner (since deceased), the motor vehicle cannot be allowed to be used in a public place. Thus, in case where the owner of a motor vehicle has expired, although there does not exist any statutory interdict for the person in possession of the vehicle to ply the same on road; but there being a statutory injunction that the same cannot be plied unless a policy of insurance is obtained, we are of the opinion that the contract of insurance would be enforceable. It would be so in a case of this nature as for purpose of renewal of insurance policy only the premium is to be paid. It is not in dispute that quantum of premium paid for renewal of the policy is in terms of the provisions of the Insurance Act, 1938.”

14. In summary, applying the aforesaid proposition to the factual narrative of the present case, it is clear that the policy of insurance continued in the name of the deceased/registered owner and although the policy of insurance was not transferred in the name of the legal



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heirs of the deceased/registered owner, the appellant/Insurance Company remains bound to indemnify the registered owner or his legal heirs in respect of the death of workman arising out of or in the course of his employment.

15. In view of the foregoing discussion, the present appeal is dismissed. The pending application is also disposed of accordingly.

DHARMESH SHARMA, J.

APRIL 29, 2025/*SP/E*