

New India Assurance Co. Ltd. vs Ram Lal And Ors. on 16 October, 1986

Equivalent citations: JT1987(4)SC157, 1988SUPP(1)SCC506

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Bench: E.S. Venkataramiah, K.N. Singh

ORDER

E.S. Venkataramiah, J.

1. It is obvious from the Section 95(2)(a) of the Motor Vehicles Act 1939 that the maximum liability of the Appellant is Rs. 50,000/- under the said Act in respect of each death or injury caused by motor vehicles accident falling under that provision See Motor Owners Insurance Co. Ltd. v. Jadavji Keshavji Modi and Ors. (1982) 1 SCR 56. The insurance policy produced by the appellant shows that the appellant had undertaken to indemnify the insured to the extent of Rs. 50,000/- only. In the circumstances the High Court was in error in holding that the appellant was liable to pay the entire amount of compensation which was more than Rs. 50,000/- in the case on the basis that the policy was one under which the insurer had undertaken to bear an unlimited liability. The order passed by the High Court is, therefore, modified in so far as the appellant is concerned directing the appellant to pay a sum of Rs. 50,000/-only to the claimants-respondents with interest at the rate of 12% per annum from the date of filing of the petition to the date of deposit. The appellant shall also pay the cost of the said claimants before the Motor Accidents Tribunal. The appeal is accordingly allowed. There will be no order as to costs in this Court. Any compensation payable over and above Rs. 50,000/-shall be paid by respondent No. 1, Mr.Ram Lal(owner of the vehicle).