[2026 LiveLaw (SC) 696](#)

**IN THE SUPREME COURT OF INDIA**

CIVIL APPELLATE JURISDICTION

***SANJAY KAROL; J., NONGMEIKAPAM KOTISWAR SINGH; J.***

Special Leave Petition (Civil) No.20645 of 2025; July 20, 2026

**THE ORIENTAL INSURANCE CO. LTD.** *versus* **DURG ROADWAYS PRIVATE LIMITED & ORS.**

**Motor Vehicles Act, 1988 – Section 147(5), Section 139, and Section 149 – Cross-Border Third-Party Insurance Coverage – Accident in Nepal – Liability of the Insurer - Interpretation of Insurance Contract – Harmonious Construction – Rule of *Contra Proferentem* - An insurance policy must be read as a whole to determine the intent of the parties - Different clauses must be read harmoniously, and one cannot cherry-pick a single clause in isolation to base a claim while rejecting other clauses - Where a policy contains ambiguous or multiple interpretations, the one that aligns with the beneficial purpose of the Motor Vehicles Act, 1988 (MVA) and favours the insured (*contra proferentem* rule) must be adopted.** *[Paras 14-16]*

**Conflict between "Geographical Area" and "Limitation as to Use" Clauses – Special Permit for Foreign Territory - The appellant-insurer disputed liability on the ground that the policy's geographical area was limited to "India" - the "Limitation as to Use" clause covered the vehicle's use under a "permit" within the meaning of the MVA - A special permit was validly issued under Section 88(8) of the MVA, explicitly authorizing the vehicle to ply on the Durg-Nepal route - Held, since the "Limitation as to Use" clause was cast in general terms without geographical boundaries, the existence of a valid permit extending to a foreign territory meant the policy covered the use irrespective of the geographical location - If the insurer intended to exclude cross-border territory entirely, it ought to have drafted the exclusion clearly and unambiguously.** *[Paras 10 - 14]*

**Statutory Overriding Effect of Section 147(5) MVA over India Motor Tariff Regulations: The insurer argued that the policy was restricted to India because no additional premium was paid to extend coverage to Nepal under General Regulation 4 (GR.4) of the India Motor Tariff (IMT) 2002. Held, Section 147(5) of the MVA contains a potent non-obstante clause which imposes liability on the insurance company to indemnify the specified persons, overriding regulatory instruments like the IMT - Non-payment of the additional premium under GR.4 does not vitiate the valid permit or statutory coverage.** *[Paras 17 - 22]*

**Extra-Territorial Operation of the Motor Vehicles Act, 1988: Under Article 245(2) of the Constitution of India, laws made by Parliament cannot be deemed invalid on the ground of extra-territorial operation - The legislative intent to give the MVA extra-territorial application for cross-border transit is evident from Section 139 (power to frame rules for taking vehicles outside India) and Section 149(3) (duty of insurers to satisfy foreign judgments from reciprocating countries) - the provisions of the MVA apply to the third-party claim regardless of whether the accident took place in India or Nepal.** *[Para 21-30]*

**Validity of Indian Driving License in Nepal – Indo-Nepal Treaty of Peace and Friendship, 1950: The insurer contended that the deceased driver did not possess a valid driving license to drive in Nepal. Held, the driver possessed an effective Indian driving license which was verified without objection by the Nepalese authorities at the border while issuing transit documents. Furthermore, Article 7 of the Treaty of Peace and Friendship between India and Nepal (1950) grants reciprocal**

**privileges regarding the free movement of nationals, ensuring that a valid license issued in India is recognized for movement within Nepal. No evidence was adduced by the insurer to show the license was invalid in Nepal.** *[Relied on National Insurance Co. Ltd. v. Chief Electoral Officer, (2023) 6 SCC 441; Export Credit Guarantee Corpn. of India Ltd. v. Garg Sons International, (2014) 1 SCC 686; Oriental Insurance Co. Ltd. v. Sony Cheriyan, (1999) 6 SCC 451; Shivram Chandra Jagarnath Cold Storage v. New India Assurance Co. Ltd., (2022) 4 SCC 539; Syed Mehaboob v. New India Assurance Co. Ltd., (2011) 11 SCC 625; Ningamma v. United India Insurance Co. Ltd., (2009) 13 SCC 710; K. Ramya v. National Insurance Co. Ltd., 2022 SCC OnLine SC 1338; Nidhi Bhargava v. National Insurance Co. Ltd., 2025 SCC OnLine SC 872; Mohd. Abdul Samad v. State of Telangana, (2025) 2 SCC 49; A.G. Varadarajulu v. State of T.N., (1998) 4 SCC 231; Madhav Rao Jivaji Rao Scindia v. Union of India, (1971) 1 SCC 85; Aswini Kumar Ghose v. Arabinda Bose, (1952) 2 SCC 237; Paras 24, 25].*

*For Petitioner(s) : Mr. Abhishek Kumar Gola, Adv. Mr. Anshul Mehral, Adv. Mr. Arun Kumar Nagar, Adv. Mr. Ravinder Singh, Adv. Mr. Mohit Singh, Adv. Ms. Ragini Agarwal, Adv. Mr. Sudhir Naagar, AOR*

*For Respondent(s) : Mr. Ashutosh Ghade, AOR Ms. Saloni Meshram, Adv.*

## O R D E R

**SANJAY KAROL J.**

**1.** Leave Granted.

**2.** Oriental Insurance Co. Ltd., (appellant-insurer) in this appeal, takes exception to the judgment and order dated 4th February 2025 passed in MAC No.1292 of 2015 by the High Court of Chhattisgarh, Bilaspur whereby setting aside the award dated 30th March 2015 of the IVth Additional Motor Accident Claims Tribunal, Durg (C.G.)[1] in Claim Case No.1886 of 2011, Durg. Now the liability stands fastened upon the appellant herein, in connection with the accident of the vehicle bearing no. CG/07-LP/0344[2], which was bound from Durg to certain destinations in Nepal, for a religious tour and while it was on its way, suffered a collision with a hill, as a result thereof, three persons including the driver 'Riaz Khan', Harish Yadav and one other unnamed victim, died.

**3.** Before the Tribunal were the wife, children and mother of deceased Harish Yadav seeking compensation of Rs.48,99,776/-. Having considered the evidence presented, compensation totaling Rs.32,67,000/- was held payable to the claimants. The owner of the vehicle, the respondent herein, was directed to pay the said amount along with 6% interest from the date of institution of the claim petition i.e., 22nd October 2011. It is this question of liability that is up for adjudication in this appeal, after, on an appeal presented by the respondent, the High Court in terms of the impugned judgment held the insurer liable to pay the said amount instead of the owner. While doing so, it relied on the judgment of Punjab and Haryana High Court titled ***Anil Kumar v. Roop Kumar Sharma***[3], which was followed by different High Courts of the country.

**4.** Heard learned counsel for the parties and perused the record.

**5.** At the outset, we may note that we are deciding this appeal in the following undisputed, attending facts:

(i) The Offending Vehicle bearing Bus No. CG-07/LP-0344 was duly registered in India;

(ii) Before the journey commenced the Respondent-Owner obtained special permit bearing No. 130/2010 dated 23rd July 2010 from the Additional Regional Transport

[1] 'Tribunal'
[2] 'Offending Vehicle'
[3] 2017 SCC OnLine P&H 6400

Authority, Durg issued under Section 88(8) of the Motor Vehicles Act 1988[4]. This permit expressly authorised the offending vehicle to travel to areas in Nepal;

(iii) The driver of the Offending Vehicle held a valid driving license issued by a competent licensing authority in India;

(iv) The Respondent-Owner had obtained a policy of motor insurance bearing Policy No. 192500/31/2011/1545 dated 16th May 2010 from the appellant-Insurance Company;

(v) When the vehicle reached India-Nepal border, all relevant documents including driving license of the driver were properly verified by the competent authorities. Post such verification, the *Bhansar Pragna Patra* and Indian Tourist Passenger Checking Card were issued;

(vi) Existence of Treaty of Peace and Friendship between the Government of India and Government of Nepal dated 31st July 1950 which grants *inter-alia* same privileges to the nationals of both the countries in the matter of movement.

**6.** Following issues fall for our consideration:

6.1 Whether the accident which occurred outside India will be covered by the Insurance Policy issued under the Motor Vehicles Act 1988[5] in the absence of any payment of additional premium as required by General Regulation 4 of the India Motor Tariff 2002[6]?

6.2 Whether the driving license possessed by the driver authorized him to drive the vehicle in Nepal at the time of the incident?

**7.** It is trite in law to say that the insurance policy is a contract between the insured and the insurer.[7] It is a wellrecognized principle of construction of contract that the contract must be read as a whole to determine the intent of the parties. The same principle extends to contract of insurance also; thus, policy as a whole should be seen, not a particular clause in isolation. Also, different clauses of the contract have to be read harmoniously and one cannot cherry pick one clause to base their claim on it, while rejecting other clauses of the document. This Court in ***National Insurance Co. Ltd. v. Chief Electoral Officer***[8], and ***Export Credit Guarantee Corpn. of India Ltd. v. Garg Sons International***[9] held that the insurance contract must be read as a whole and every attempt should be made to harmonise the terms thereof.

**8.** The argument advanced by the appellant-insurer primarily focuses on the clause which deals with "*Geographical Area*" while simply ignoring another clause "*Limitation as to Use*". It is pertinent to extract relevant clauses of Insurance Policy:

*"**Geographical Area:** India"*

*"**Area of Extension:** [Blank/Nil]"*

*"**Limitation as to Use:** The Policy covers use only under a permit within the meaning of the Motor Vehicles Act, 1988, or such a carriage falling under Section 66(3) of the Motor Vehicles Act, 1988."*

[4] MVA
[5] MVA
[6] IMT
[7] Oriental Insurance Co. Ltd. v. Sony Cheriyan, (1999) 6 SCC 451; Shivram Chandra Jagarnath Cold Storage v. New India Assurance Co. Ltd., (2022) 4 SCC 539
[8] (2023) 6 SCC 441
[9] (2014) 1 SCC 686

**9.** The clause "*Limitations as to Use*" covers vehicles which are used under a '*permit*' within the meaning of the MVA. The word 'permit' is defined under Section 2(31) of the MVA as follows:

*"permit' means a permit issued by a State or Regional Transport Authority or an authority prescribed in this behalf under this Act authorising the use of a motor vehicle as a transport vehicle;"*

**10.** As already noted *supra,* a special permit has been issued by the Additional Regional Transport Authority, Durg, Chattisgarh, which specifically authorized the plying of offending vehicle on the Durg-Nepal route. The relevant portion thereof is extracted hereunder:

"SPECIAL PERMIT REGARDING CONTRACT VEHICLE

…

It is hereby certified that the vehicle having- (one) Engine No....ZNH567969

(two) Chassis No....NXE667745

(three) Registration Mark CG07LP 0344

Registering Authority: Addi. RTO Durg,

Registered by and Shree: Durg Roadways Pvt. Ltd. (CG) (permanent address):G.E.Road- Durg Permanent Permit under the ownership of.....

(Type (PSV) 35+1) issued by the Transport Durg (CG) Authority to such /person/ persons, the particulars of which are given below-

………..

Durg to Nepal Via Bhilai, Raipur, Bhilai, Raipur, Bilashpur, Ambikapur, wadurf nagar, Vindhyachal, Banarash, Ayyodhyya, Sonali border, Nepal (Pokhra), Nepal(Kathmandu), Nepal (Kathmandu Manokarana) Return Raksho Border, Sultanganj, Kumarshar, Avarkhiya, Gudiyari, Deodhar, Washukinath, Return Durg.

This permit is valid from 26.07.2010 to 15.08.2010.

…………"

**11.** A cumulative reading of the definition of permit and this special permit reveals the following crucial points, which in turn establish that this special permit falls within the definition of Section 2(31) and thus the offending vehicle was, at the time of the accident, being used under a "*permit*" within the meaning of the MVA:

(a) the special permit was issued by *a State or Regional Transport Authority... under the Act*;

(b) the heading of this special permit indicates that it authorised the use of the offending vehicle as a '*transport vehicle'*.

**12.** The Insurance Policy provided coverage for use under a '*permit'*. The clause "*Limitations as to Use*" is cast in general and unqualified terms; and does not impose any geographical limitation as to its use. Once this permit is issued, the insurance company will cover the vehicles having valid permit irrespective of their geographical location where they are plied. Thus, by inserting this clause, the insurance companies restricted its coverage to only one condition, that is the existence of a permit under the Act.

**13.** However, we make it clear that the existence of this clause does not render the clause "*Geographical Area*" redundant. It will continue to cover those cases where the offending vehicle operates *without* a permit that extends to a foreign territory. Had the vehicle not possessed the permit as required by the MVA, this clause could have been invoked by the appellant-insurer to deny the coverage outside India. But since a permit existed that specifically authorised travel to Nepal, the "*Limitations as to Use*" clause, by its own terms, provided coverage for that use.

**14.** The appellant-insurer ought to have expressly mentioned that their policy would not cover any area outside the territory of India even with a permit. It should have effectively and clearly communicated the terms of contract as the terms are unilaterally drafted by the insurer only. Essentially, "*Cover what you want. Exclude what you want. But make sure you do it clearly. Sloppy drafting could cost you something*."[10] Since specific geographical exclusion is not expressly provided for, the appellant's contention cannot be accepted. Here only we may observe that the vehicle in question was lawfully allowed to travel outside India and into Nepal. The authorities at the International Border Post, only after being satisfied with all compliances of law allowed it to cross the border. Also, when the clauses are such that there is scope of interpreting the insurance policy, in multiple ways then the interpretation which aligns with the beneficial purposes of the MVA should be adopted.

**15.** This Court in ***Syed Mehaboob v. New India Assurance Co. Ltd.***[11] observed:

**13.** The Motor Vehicles Act of 1988 is a beneficent legislation intended to place the claimant in the same position that he was before the accident and to compensate him for his loss. Thus, it should be interpreted liberally so as to achieve the maximum benefit.

[***See***: ***Ningamma v. United India Insurance Co. Ltd***.[12]; ***K. Ramya v. National Insurance Co. Ltd***.[13]; ***Nidhi Bhargava v. National Insurance Co. Ltd***.[14]

**16.** Keeping with the beneficial intent, it is a well settled position of law that in case of any ambiguity, the interpretation that favours the insured must be adopted i.e. the rule of *contra proferentem*. Reference can be made to ***United India Insurance Co. Ltd. v. Pushpalaya Printers***,[15] which was followed in ***Sangrur Sales Corpn. v. United India Insurance Co. Ltd.***[16]**:**

**6.** … It is also settled position in law that if there is any ambiguity or a term is capable of two possible interpretations, one beneficial to the insured should be accepted consistent with the purpose for which the policy is taken, namely, to cover the risk on the happening of certain event…"

**17.** Another argument pressed by the appellant-insurer is that as per the General Regulation 4 (GR.4) of the IMT additional premium as required by the Regulation, which was not paid, thus policy was limited to India only. The relevant extract of the Regulation is:

"*The Geographical Area of Motor Policies may be extended to include: i. Bangladesh ii. Bhutan iii. Nepal iv. Pakistan v. Sri Lanka vi. Maldives as the case may be, by charging a flat additional premium, as stated below for a period not exceeding 12 months:*

| | |
|---|---|
| *For Package Policy…..* | *Rs. 500/- per vehicle, irrespective of the vehicle. class of* |

[10] Mark C. Rahdert, "Reasonable Expectations Revisited," 5 Conn. Ins. L.J. 107, 117 (1998)
[11] (2011) 11 SCC 625
[12] (2009) 13 SCC 710
[13] 2022 SCC OnLine SC 1338
[14] 2025 SCC OnLine SC 872
[15] (2004) 3 SCC 694
[16] (2020) 16 SCC 292

| | | |
|---|---|---|
| *For policies other than Package Policy* | *Rs. 100/- per irrespective of the vehicle.* | *vehicle, class of* |

*For such extensions Endorsement IMT 1 is to be used.""*

**18.** The IMT, including GR.4 and the IMT-1 endorsement requirement, is a regulatory instrument and these are binding regulations issued under Part II-B (*now repealed*) of the Insurance Act, 1938 by the Tariff Advisory Committee.

**19.** At this juncture, it is important to refer to sub-section (5) of Section 147:

"Notwithstanding anything contained in any law for the time being in force, an insurer issuing a policy of insurance under this section shall be liable to indemnify the person or classes of persons specified in the policy in respect of any liability which the policy purports to cover in the case of that person or those classes of persons."

**20.** It, being a non-obstante clause, imposes liability on the insurance company to indemnify any person or classes of persons specified in the policy for any liability that the policy purports to cover, irrespective of anything contained in any other law for the time being in force. The relevance of a nonobstante clause is well settled in law.

20.1 In ***Mohd. Abdul Samad v. State of Telangana***[17], B.V. Nagarathna J. held:

"82. A non obstante clause is usually appended to a section in the beginning with a view to give the enacting part of the section, in case of a conflict, an overriding effect over the provision or the Act mentioned in the non obstante clause. In other words, in spite of the provision or the Act mentioned in the non obstante clause, the enactment following it will have its full operation or that the provisions embraced in the non obstante clause will not be an impediment for the operation of the enactment. Thus, a non obstante clause is a legislative device used by a Parliament or legislature sometimes to give an overriding effect to what has been specified in the enacting part of a section in case of a conflict with what is contained in the non obstante clause as stated above.

83. Further, a non obstante clause has to be distinguished from the expression "*subject to*" where the latter would convey the idea of a provision yielding place to another provision or other provisions to which it is made subject to. Also, the expression "*notwithstanding anything in any other law*" in a section of an Act has to be contrasted with the use of the expression "*notwithstanding anything contained in this Act*", which has to be construed to take away the effect of any provision of that particular Act in which the section occurs but it cannot take away the effect of any other law. [Source: *Principles of Statutory Interpretation* by Justice G.P. Singh, 15th Edn., Chapter 5.4, p. 284.]"

20.2 In ***A.G. Varadarajulu v. State of T.N***[18]., while referring to the eleven-judge bench in ***Madhav Rao Jivaji Rao Scindia v. Union of India***[19] a co-ordinate Bench of this Court observed:

16. It is well settled that while dealing with a non obstante clause under which the legislature wants to give overriding effect to a section, the court must try to find out the extent to which the legislature had intended to give one provision overriding effect over another provision. Such intention of the legislature in this behalf is to be gathered from the enacting part of the section. In *Aswini Kumar Ghose* v. *Arabinda Bose* [(1952) 2 SCC 237 : AIR 1952 SC 369 : 1953 SCR 1] Patanjali Sastri, J. observed:

"The enacting part of a statute must, where it is clear, be taken to control the non obstante clause where both cannot be read harmoniously;"

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[17] (2025) 2 SCC 49
[18] (1998) 4 SCC 231
[19] (1971) 1 SCC 85

In *Madhav Rao Scindia* v. *Union of India* [(1971) 1 SCC 85] (SCC at p. 139) Hidayatullah, C.J. observed that the non obstante clause is no doubt a very potent clause intended to exclude every consideration arising from other provisions of the same statute or other statute but "for that reason alone we must determine the scope" of that provision strictly. When the section containing the said clause does not refer to any particular provisions which it intends to override but refers to the provisions of the statute generally, it is not permissible to hold that it excludes the whole Act and stands all alone by itself. "A search has, therefore, to be made with a view to determining which provision answers the description and which does not."

Thus, the existence of non-obstante clause under Section 147(5) MVA clearly overrides the regulations. In the attending facts and circumstances, the non-payment of additional premium would not vitiate the permit and other relevant documents.

**21.** In terms of extra territorial operation of MVA, we may refer to Article 245 of the Constitution of India, clause 2 whereof, provides that no laws made by the Parliament shall be deemed to be invalid on the ground that it would have extra territorial operation. MVA is also an act enacted by Parliament. Legislators while drafting MVA were cognizant of the situations that may arise in terms of its geographical operation and thus gave it an extra territorial effect. Such intention is evident from the following Sections:

**"139. Power of Central Government to make rules**.— (1) The Central Government may, by notification in the Official Gazette, make rules for all or any of the following purposes, namely:—

(a) the grant and authentication of travelling passes, certificates or authorisations to persons temporarily taking motor vehicles out of India to any place outside India or to persons temporarily proceeding out of India to any place outside India and desiring to drive a motor vehicle during their absence from India;… (2) For the purpose of facilitating and regulating the services of motor vehicles operating between India and any other country under any reciprocal arrangement and carrying passengers or goods or both by road for hire or reward, the Central Government may, by notification in the Official Gazette, make rules with respect to all or any of the following matters, namely:—

…

(b) the conditions subject to which motor vehicles may be taken from any place in India to any place outside India;

…

**149. Duty of insurers to satisfy judgments and awards against persons insured in respect of third party risks**- (3) Where any such judgment as is referred to in sub-section (1) is obtained from a Court in a reciprocating country and in the case of a foreign judgment is, by virtue of the provisions of section 13 of the Code of Civil Procedure, 1908 (5 of 1908) conclusive as to any matter adjudicated upon by it, the insurer (being an insurer registered under the Insurance Act, 1938 (4 of 1938) and whether or not he is registered under the corresponding law of the reciprocating country) shall be liable to the person entitled to the benefit of the decree in the manner and to the extent specified in sub-section (1), as if the judgment were given by a Court in India:…"

Thus, the provisions of MVA will be applicable whether the accident took place in India or in Nepal.

Section 139 provides power to the Government to make rules to grant a person authorization to take their vehicle out of India temporarily. Section 149 mandates insurers to oblige by foreign jurisdictions as though they were given by a Court in India. From a reading of both the Sections, it becomes clear that the statute is intended to be applicable regardless of whether the accident took place in India or in Nepal.

**22.** At the cost of repetition, we say that the existence of clause '*Limitations as to use*' covers the vehicles which have valid permit and since the offending vehicle did have one, it will be covered by the policy irrespective of whether it was plying within or outside India. In view of Section147(5) of the MVA, the binding nature of GR.4 and IMT-1, will be overridden by the statutory requirement of this Section.

**23.** Now, we may deal with the argument advanced by the appellant-insurer that Riaz (since deceased) did not possess a valid driving license authorizing him to drive in Nepal, which would constitute a breach of Insurance Policy. Driving license is defined under Section 3 MVA, which reads as under:

"No person shall drive a motor vehicle in any public place unless he holds an effective driving licence issued to him authorising him to drive the vehicle; and no person shall so drive a transport vehicle [other than 3[a motor cab or motor cycle] hired for his own use or rented under any scheme made under sub-section (2) of section 75] unless his driving licence specifically entitles him so to do."

**24.** The insurance policy provides that a person driving must hold an effective driving license at the time of accident and must not be disqualified from holding or obtaining such a licence. Riaz held a valid driving license on the date of the incident, as is concurrently recorded by both the Courts below. The fact that the documents issued by the Nepal Government including the Indian Tourist Passenger Checking Card and the Bhansar Pragna Patra, records the driver's name and his driving licence number shows that the Nepal Authorities verified his driving license and did not raise any objection with respect to its validity. Thus, this argument of the appellant-insurer has no force. Even in Bhansar Pragna Patra, the Registration number of the offending vehicle i.e., the Bus was also specifically mentioned.

**25.** Furthermore, Article 7 of the Treaty of Peace and Friendship between India and Nepal, signed on 31st July 1950, grants nationals of one country the same privileges as nationals of the other *"in the matters of residence, ownership of property, participation in trade and commerce, movement and other privileges of a similar nature"*. Authorizations and licenses carried by Indian nationals, including a valid driving license, issued in India, are recognized for the purposes of such movement. Appellant-insurer has not adduced any evidence to show that the driving license possessed by the driver and verified by the Authorities was not valid in Nepal. In that view of the matter, there is no reason why liability should not be fastened upon them.

**26.** The dispute in question pertains to the year 2010 but two recent developments which have taken place in the realm of cross-border insurance coverage need to be discussed. *First*, the IRDAI, with the need to liberalise the insurance market, through its notification[20] dated 20th March 2024, declared the IMT to be "*entirely de-notified and no longer in force effective 01.04.2024*", meaning thereby that the IMT 2002 no longer occupies the field. *Second*, the Inter-Country Transport Vehicles Rules, 2021 now provide a structured legal framework for Indian vehicles to travel to other countries under valid inter-country permits. It mandates that an inter-country vehicle should have a valid

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[20] F. No.: IRDAI//Gen Insurance/Tariff/13/207/2024;
https://irdai.gov.in/en/notifications?p_p_id=com_irdai_document_media_IRDAIDocumentMediaPortlet&p_p_lifecycle=0&p_p_state=normal&p_p_mode=view&_com_irdai_document_media_IRDAIDocumentMediaPortlet_delta=8&_com_irdai_document_media_IRDAIDocumentMediaPortlet_orderByCol=title&_com_irdai_document_media_IRDAIDocumentMediaPortlet_orderByType=asc&_com_irdai_document_media_IRDAIDocumentMediaPortlet_resetCur=false&_com_irdai_document_media_IRDAIDocumentMediaPortlet_cur=6

insurance policy, but it does not explicitly deal with extension of a domestic policy to the country in which such vehicle is going to ply.

**27.** It appears that there is, as of today, no clear statute, or binding precedent, or regulatory clarification, in force which clarifies the extension of insurance policies for cross-border travel. This uncertainty causes hurdles in deciding motor accident claims timely and efficiently, thereby affecting the claimants the most.

**28.** The main root cause of this issue is the language of the policy and the manner in which these standard-form contracts are drafted by the insurers. When the party with all the drafting power writes an ambiguous policy, it is the ordinary policyholder who suffers. Insurers have, in many cases, exploited this ambiguity, either to escape liability which they should rightfully bear, or, conversely, found themselves burdened with the liability they never intended to assume, simply because their policy language was sloppy. Hence, the Court deems it appropriate to issue certain suggestions:

(i) The language adopted in the policy should be clear and unambiguous and every policy, if it is meant to cover any extra territorial jurisdiction, must be clearly mentioned;

(ii) If cross-border coverage is excluded, the policy must say so explicitly and must inform the insured of the need to obtain separate endorsement before travelling inter-country. The insurer should communicate this requirement of extending coverage, as in the case of separate health insurance policies that are undertaken while travelling abroad, as it is possible that an average consumer may be unaware of the rigours of law; and

(iii) IRDAI is advised to consider issuing a master circular standardising cross-border coverage clauses across all motor insurance policies.

**29.** Before parting with the matter, we may observe that in certain cases that have come up before this Court, including the present one, the tone tenor and extent of the orders passed by the concerned Tribunals has caused us considerable disturbance. In this case for example, the Tribunal elaborately recorded the submissions and evidence. However, its correlation with the facts of the case and effect of this correlation on the end result was lacking. The Tribunals are bodies that people approach, seeking compensation as a consequence of either accidents or deaths, both being entirely unwelcome scenarios. Then, it is only to be expected of the Tribunals that whatever their conclusion be, the same must be supported by adequate and clear reasoning. It is a matter of reality that at least one of the parties to such a dispute takes the matter in appeal to a higher forum. The clearer the reasoning and higher the fidelity to the judgments and orders passed by this Court in as much as it is the law that applies to the entirety of the country, the large gap between the date of institution and the date of disposal of such claim petitions will see reduction, as also the number of appeals.

**30.** The appeal is dismissed. The amount determined by the Tribunal along with the stipulated interest is held to be payable by the appellant-insurer to the claimants.

**31.** The said amount, if not already paid, shall be deposited within a period of four weeks from the date of pronouncement of this order. Let the amount be directly remitted into the bank account of the claimants. The particulars of the bank account are to be immediately supplied by the learned counsel for the respondents to the learned counsel for the appellant. If, however, the amount already stands deposited before the concerned forum, the same shall be released in favour of the respondents along with the accrued interest thereon.

**32.** Pending application(s), if any, shall stand disposed of. A copy of this order be communicated to the IRDAI for doing the needful in terms of the suggestions made in paragraph 28 of this order.