

IN THE SUPREME COURT OF INDIA  
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO. OF 2024  
(@ SLP (C) NO. 28825 OF 2015)

JASWINDER SINGH

...Appellant (s)

vs.

THE NEW INDIA ASSURANCE COMPANY LTD. & ORS.

...Respondent(s)

O R D E R

1. Leave granted.

2. The appellant had purchased a car from its previous owner and had applied for a change in registration. The car was insured by the previous owner under an insurance policy dated 14.09.2009. Two events occurred on 25.03.2010. The registration of the car was transferred in the name of the appellant and on the same day, the appellant met with an accident while he was driving the car. Following the accident, the appellant submitted a claim with the respondent no.1 insurance company but the insurance company did not entertain the same.

3. The appellant had approached the District Consumer Disputes Redressal Commission by filing Consumer Complaint No. 830/2010 under Section 12, Consumer Protection Act, 1986. The District Forum allowed the complaint by an order dated 02.06.2011. The insurance company filed First Appeal No. 1164/2011 before the State Consumer

Disputes Redressal Commission. The appeal was allowed by an order dated 17.01.2013 on the grounds that under Section 157(2) of the Motor Vehicles Act, 1988, the appellant was liable to inform the insurance company about the change in registration within 14 days. However, as the appellant failed to do so, the State Commission held that the claim was rightly repudiated by the insurance company. The appellant filed a Revision Petition No. 1379/2013 before National Commission. By the order impugned before us, it dismissed the revision petition on 16.04.2015. The present appeal arises out of the said decision of the National Commission.

4. The counsel for the appellant, Mr. Karan Dewan, Advocate has relied on Section 157 of the Motor Vehicle Act, 1988 to contend that there is a deemed transfer of the insurance. In support of her case, she has relied on the decision of this Court in *Surendra Kumar Bhilawe v. The New India Insurance Company Limited*<sup>1</sup> which is more or less identical on facts. It is important to note at this very stage that *Surendra Kumar Bhilawe (supra)* also refers to a judgment of this court to establish that this is a case of a deemed transfer of registration. In the said judgment, a decision of this Court in *Complete Insulations Private Limited v. New India Assurance Company Limited*<sup>2</sup> was also referred to as follows:

*"46. The judgment of this Court in Complete Insulations Private Limited vs. New Indian Assurance Company Limited was rendered in the context of Motor Vehicle Act, 1939 which has been repealed and replaced by the Motor Vehicles Act, 1988. As observed in the said judgment itself, under Section 103-A of the old Act, the Insurer had the right to refuse to transfer the certificate of insurance and/or the Insurance policy. However, Section 157 of the Motor Vehicles Act, 1988*

<sup>1</sup> 2020 INSC 434.

<sup>2</sup> (1996) 1 SCC 221.

*introduces a deeming provision whereby the transfer of the certificate of Insurance and the policy of Insurance are deemed to have been made, where the vehicle along with the Insurance policy is transferred by the owner to another person. This provision has taken away the Insurer's right of refusal to transfer the Policy Certificate of Insurance. which was there under the old Act. The judgment of this Court in Dr. T.V. Jose vs. Chacko P.P. @ Thankachan and Ors. was also rendered in the context of the Motor Vehicles Act of 1939."*

5. On the other hand, Mr. Abhishek Gola, the learned counsel for the respondent, has submitted that Section 157, Motor Vehicles Act, 1988 has no application as this is not a case of third-party liability. In support of his case, he has relied on the following observations in the judgment of *Complete Insulations* (supra) which reads as under:

*"10. There can be no doubt that the said chapter provides for compulsory insurance of vehicles to cover third-party risks. Section 146 forbids the use of a vehicle in a public place unless there is in force in relation to the use of that vehicle a policy of insurance complying with the requirements of that chapter. Any breach of this provision may attract penal action. In the case of property, the coverage extends to property of a third party i.e. a person other than the insured. This is clear from Section 147(1)(b)(i) which clearly refers to "damage to any property of a third party" and not damage to the property of the 'insured' himself. And the limit of liability fixed for damage to property of a third party is Rupees six thousand only as pointed out earlier. That is why even the Claims Tribunal constituted under Section 165 is invested with jurisdiction to adjudicate upon claims for compensation in respect of accidents involving death of or bodily injury to persons arising out of the use of motor vehicles, or damage to any property of a third party so arising, or both. Here also it is restricted to damage to third-party property and not the property of the insured. Thus, the entire Chapter XI of the new Act concerns third-party risks only. It is, therefore, obvious that insurance is compulsory only in respect of third-party risks since Section 146 prohibits the use of a motor vehicle in a public place unless there is in*

relation thereto a policy of insurance complying with the requirements of Chapter XI. Thus, the requirements of that chapter are in relation to third-party risks only and hence the fiction of Section 157 of the new Act must be limited thereto. The certificate of insurance to be issued in the prescribed form (See Form 51 prescribed under Rule 141 of the Central Motor Vehicles Rules, 1989) must, therefore, relate to third-party risks. Since the provisions under the new Act and the old Act in this behalf are substantially the same in relation to liability in regard to third parties, the National Consumer Disputes Redressal Commission was right in the view it took based on the decision in Kondaiah case [AIR 1986 AP 62 : (1985) 2 Andh LT 88 : (1986) 60 Com Cas 762] because the transferee-insured could not be said to be a third party qua the vehicle in question. It is only in respect of third-party risks that Section 157 of the new Act provides that the certificate of insurance together with the policy of insurance described therein "shall be deemed to have been transferred in favour of the person to whom the motor vehicle is transferred". If the policy of insurance covers other risks as well, e.g., damage caused to the vehicle of the insured himself, that would be a matter falling outside Chapter XI of the new Act and in the realm of contract for which there must be an agreement between the insurer and the transferee, the former undertaking to cover the risk or damage to the vehicle. In the present case since there was no such agreement and since the insurer had not transferred the policy of insurance in relation thereto to the transferee, the insurer was not liable to make good the damage to the vehicle. The view taken by the National Commission is therefore correct." (emphasis supplied)

6. It is important to note that the decision in *Complete Insulations* (supra) is by a bench of 3 judges and the decision is categorical in its finding that Section 157 of the 1988 Act has no application to third-party liability. Though the judgment in *Complete Insulations* is referred to in the *Surendra Kumar Bhilawe*, the portion that we have extracted and referred to hereinabove has

not been noticed. It is therefore necessary to reconcile these 2 decisions as the judgment in *Complete Insulations* is by a 3-judges bench, it is appropriate that the matter be placed before a bench of 3 judges.

7. Apart from the difficulty in reconciling the two judgments, as indicated above, the issue relating to deemed transfer of insurance policy, as a principle akin to that of which is incorporated in Section 157 for 3<sup>rd</sup> party liability is to be considered by interpreting the other provisions of the Insurance Act, 1938 and the Motor Vehicles Act, 1988. This is also an important issue which requires consideration and authoritative determination.

8. In view of the above referred- consideration, we are of the opinion that this appeal be referred to a bench of 3 judges. The Registry shall place the matter before the Hon'ble Chief Justice for further directions.

.....J.  
[PAMIDIGHANTAM SRI NARASIMHA]

.....J.  
[ARAVIND KUMAR]

NEW DELHI;  
FEBRUARY 27, 2024.

ITEM NO.37

COURT NO.16

SECTION XVII-A

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(s) for Special Leave to Appeal (C) No(s). 28825/2015

(Arising out of impugned final judgment and order dated 16-04-2015 in RP No. 1379/2013 passed by the National Consumers Disputes Redressal Commission, New Delhi)

JASWINDER SINGH

Petitioner(s)

VERSUS

NEW INDIA ASSURANCE COMPANY LTD. . & ORS.

Respondent(s)

(TO BE TAKEN UP AT 2.00 P.M. )

Date : 27-02-2024 This petition was called on for hearing today.

CORAM : HON'BLE MR. JUSTICE PAMIDIGHANTAM SRI NARASIMHA  
HON'BLE MR. JUSTICE ARAVIND KUMAR

For Petitioner(s) Mr. Karan Dewan, Adv.  
Mr. Rahul Gupta, AOR

For Respondent(s) Mr. Abhishek Gola, Adv.  
Mr. Viresh B. Saharya, AOR  
Mr. Akshat Agarwal, Adv.

UPON hearing the counsel the Court made the following  
O R D E R

Leave granted.

This appeal be referred to a bench of 3 judges in terms of the Signed Order which is placed on the file.

(KAPIL TANDON)  
COURT MASTER (SH)

(NIDHI WASON)  
COURT MASTER (NSH)