



**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

**Reserved on: 01.09.2025
Pronounced on: 17.11.2025
Uploaded on: 19.11.2025**

1. **ADHIRAJ SINGH CHAUHAN** **FAO-5545-2022 (O&M)**
....Appellant
Vs.
PROMILA AND OTHERS **.....Respondents**
2. **PROMILA AND OTHERS** **FAO-644-2023 (O&M)**
.....Appellants
Vs.
ADHIRAJ SINGH CHAUHAN AND OTHERS **.....Respondents**
3. **RELIANCE GENERAL INSURANCE CO. LTD.** **FAO-1538-2023 (O&M)**
.....Appellant
Vs.
PROMILA AND OTHERS **.....Respondents**
4. **M/S LANDMARK LIFESTYLE CARS PVT. LTD.** **FAO-5349-2024 (O&M)**
.....Appellant
Vs.
RELIANCE GENERAL INSURANCE CO. LTD. & ORS. **.....Respondents**

CORAM: HON'BLE MR. JUSTICE HARKESH MANUJA

Present: Mr. Amit Jain, Sr. Advocate with
Mr. Aryaman Thakur, Advocate for the appellant
in FAO-5349-2024 and for respondent No. 6 in
FAO-1538-2023.

Mr. Siddharth Makkar, Advocate and
for the appellant in FAO-5545-2022

Mr. Vikram Singh, Advocate with
for the appellants in FAO-644-2023.

Mr. (Er.) Sandeep Suri, Advocate
for the appellant –Reliance General Insurance Co. Ltd.
in FAO-1538-2023 and
for the respondent- Reliance General Insurance Company Ltd.
in other cases.

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HARKESH MANUJA, J.

1. Vide this common judgment, the above noted 4 appeals, bearing FAO Nos. 5545 of 2022, 644 of 2023, 1538 of 2023 and 5349 of 2024 are being decided as all these appeals arise out of a common Award dated 10.11.2022 passed by Learned Motor Accident Claim Tribunal, Sonipat (hereinafter referred to as “the Tribunal”), whereby an amount of Rs. 92,24,000/- was awarded as compensation to the claimants/appellants in FAO No. 644 of 2023 along with interest @ 7.5% per annum from the date of filing the petition till its final realization. Further, the Insurance Company was held liable to first pay the amount to the claimants/appellants and then recover the same from the driver and the owner. However, for the sake of convenience, the facts are being culled out from FAO No. 5545 of 2022.

FACTS

2. A claim petition came to be filed at the instance of respondents No.1 to 4 before the Ld. Tribunal, praying for grant of compensation to the tune of Rs. 5,00,00,000/- (Rupees five crores only) along with interest @ 18% per annum on account of death of Narender Singh in a vehicular accident which took place on 13.01.2019 while alleging rash and negligent driving of appellant- driver of the offending vehicle.

3. Learned Tribunal after appraisal of evidence on record held that the accident occurred due to rash and negligent driving of appellant-driver of the offending vehicle and after assessing income of deceased @ Rs. 7,44,275/- per annum in accordance with the documents available on record, awarded compensation in the following manner:-



S.No.	Head of Claim	Amount (in Rs.)
1.	Annual Income of deceased	Rs. 7,44,275/-
2.	Addition towards future prospects (25%)	Rs. 1,86,068/-
3.	Total Income (Rs. 7,44,275 + Rs. 1,86,068)	Rs. 9,30,343/-
4.	Deduction on account of personal expenses of deceased (1/4 th)	Rs. 2,32,585/-
5.	Total loss of dependency (Rs. 9,30,343 – Rs. 2,32,585)	Rs. 6,97,758/-
6.	Selection of multiplier and total loss of dependency (13)	Rs. 90,70,854/-
7.	Funeral expenses	Rs. 16,500/-
8.	Loss of estate	Rs. 16,500/-
9.	Loss of spousal consortium to claimant No.1	Rs. 40,000/-
10.	Loss of parental consortium to claimants No. 2 & 3	Rs. 40,000/-
11.	Loss of filial consortium to claimant No. 4	Rs. 40,000/-
	Total Compensation	Rs. 92,23,854/- rounded to Rs. 92,24,000/-

The Learned Tribunal further held that respondent–Insurance Company shall satisfy the compensation awarded and be entitled to recover the same, along with interest and costs, from appellants- driver as well as owner/agency of the offending vehicle by way of execution proceedings.

4. Being aggrieved against the award dated 10.11.2022 passed by the Learned Tribunal, the present appeals were preferred by the claimants/appellants seeking enhancement of the compensation; by the driver and owner/agency of the offending vehicle, praying for setting aside the Award as regards the recovery rights granted against them and fastening the liability upon the Insurance Company; and by the Insurance Company, assailing the Award on the grounds of exoneration from liability and seeking reduction of the compensation amount respectively. Facts as specified in the claim petition about the manner of accident and the issue regarding negligence of the driver have been recorded in favour of



appellants/claimants by the Learned Tribunal, the same not being under challenge; need not be repeated here for the sake of brevity.

ARGUMENTS

ON BEHALF OF APPELLANT/AGENCY

5. Learned senior counsel appearing on behalf of the owner/agency submitted that no specific objection was raised in the written statement to the effect that Vehicle bearing no. HR-26TC-2018-45-4 was not covered under the Insurance Policy. While referring to the cross-examination of RW3, who happens to be the Associate Operation Manager of the respondent-Insurance Company, Learned senior counsel submitted that even as per his deposition, the Insurance Policy (Ex.R.6) was issued on the basis of information and details mentioned by the insured in the proposal form (Ex.R.5) as well as on the basis of the Trade Certificate (Ex.P-18). He also pointed out that in the Trade Certificate, HR-26TC-2018-45-1 to HR-26TC-2018-45-10 were mentioned as Trade Certificate Range Number. He also referred to the portion of deposition wherein RW3 admitted that in case, Insurance Policy was being issued by the Insurance Company with regard to any particular vehicle, its engine and chassis numbers were mentioned therein. Learned senior counsel also referred to the deposition of RW4, who happened to be the Manager, Motor Claims with Reliance General Insurance Company Limited, and admitted that the claim of the owner was never repudiated on the ground that Vehicle No. HR-26TC-2018-45-4 was not insured. RW4 also deposed in the cross examination that the Policy (Ex.R.6) was issued by the Insurance Company on the basis of Trade Certificate (Ex.P.18) and covered all models i.e. Jeep, Abharth and Fiat. While referring to Ex.P.18 i.e. Trade Certificate, learned senior counsel further submitted that the Trade Certificate number allotted to the



owner was HR-26TC-2018-45 which covered 10 light motor vehicles ranging from HR-26TC-2018-45-1 to HR-26TC-2018-45-10 and once the insurance was issued on the basis of Trade Certificate, it covered the entire Trade Certificate ranging numbers from HR-26TC-2018-45-1 to HR-26TC-2018-45-10, including HR-26TC-2018-45-4 as well. He also contended that even as per Insurance Proposal (Ex.R.5), the same was made on the basis of one inclusive Trade Certificate. He though emphasized that on account of an inadvertent error while mentioning Trade Certificate in specific column number of the proposal form (Ex.R.5), it was wrongly mentioned as HR-26TC-2018-45-1 which even got replicated in the insurance policy (Ex.R.6) as well. In support, he submitted that a huge sum of Rs. 1,29,053/- charged as premium against the insured declared value of Rs. 30 lacs itself was suggestive of the fact that the insurance was in fact with respect to one conclusive Trade Certificate and not about any specific Trade Certificate range number. He also submitted that an adverse inference was required to be drawn against the respondents for having failed to produce on record duly specific terms and conditions of Trade Certificate insurance policy so as to substantiate their stand. Based on the aforesaid submission, Mr. Jain contends that recovery rights given to the Insurance Company against the owner-Agency were liable to be set aside.

ON BEHALF OF DRIVER OF THE OFFENDING VEHICLE

6. Learned counsel appearing on behalf of the appellant -driver of the offending vehicle contended that the Learned Tribunal erred in directing recovery of the awarded compensation from the driver. He submitted that the offending vehicle was duly insured with the respondent/Insurance Company at the time of the accident, and therefore, in terms of the valid and subsisting insurance policy, the



liability to satisfy the award was to be fastened upon the insurer. Learned counsel further argued that there was no breach of any policy condition attributable to the driver, nor was there any evidence on record to establish that appellant was not holding a valid and effective driving license at the relevant time. Hence, it was contended that the Learned Tribunal ought to have fastened the liability upon the Insurance Company and not upon the appellant-driver.

ON BEHALF OF INSURANCE COMPANY

7. On the other hand, learned counsel appearing on behalf of the Insurance Company submitted that once the proposal form and the Insurance policy (Ex.R.5 and Ex.R.6) specifically mentioned about Trade Certificate range number HR-26TC-2018-45-1, there was no question of any mistake been committed with respect to the coverage of all the vehicles inclusively. He submitted that the insurance was specifically and categorically for one Trade Certificate range number only and not with respect to the entire Trade Certificate. He also submitted that any such kind of plea with respect to any bonafide error could not be raised at this belated stage as no such case was ever set up by the owner in his written statement filed before the Learned Tribunal. Justifying the premium charged by the insurance company, it was submitted that the same was related to the radius/range within which the vehicle was permitted to be plied. He submitted that under normal circumstances upto 80 kms of driving range, premium of Rs. 40,000/- was usually charged. However, in the present case, as per the proposal form and also the insurance Policy, the benefit of range, according to the owner was upto 320 kms from the agency as such based thereupon, the premium of Rs. 1,29,053/- was charged thereupon. Thus, in view of the above submission it was prayed that Insurance Company was not liable to indemnify the owner-Agency.



ON BEHALF OF APPELLANTS/CLAIMANTS

8. Learned counsel for the claimants/appellants contended that the compensation awarded by the Learned Tribunal was on the lower side and did not commensurate with the loss suffered by the claimants. He submitted that the Learned Tribunal failed to correctly assess the income of the deceased, who was earning Rs. 2,00,000/- per month as he happened to be Director/Shareholder in Parnami Travels Private Limited, Nathupur, District Gurugram and also the Proprietor of M/s Parnami Travels. The above stated facts were duly proved from the documentary evidence brought on record in the shape of income tax returns of the deceased. He also contended that the deceased had employed several employees in his firm, who used to earn their livelihood from there. Learned counsel further argued that the compensation awarded under the conventional heads such as loss of consortium, loss of estate and funeral expenses were inadequate and require suitable enhancement. He concluded his arguments by submitting that the Learned Tribunal did not properly appreciate the evidence on record regarding the nature of occupation, earning capacity, and dependency of the claimants, thereby resulting in an erroneous computation of compensation. Accordingly, it was prayed that the impugned award be modified and the compensation be suitably enhanced in the interest of justice.

DISCUSSION

9. I have heard learned counsel for the parties and gone through the paper book as well as the records of the case. I find substance in the arguments raised on behalf of the owner, driver as well as claimants in FAO-5349-2024, FAO-5545-2022 and FAO- 644-2023 respectively.



FAO No. 5349 of 2024 AND FAO No. 5545 of 2022

10. As per the records, following facts are not in dispute:-
- i. The insurance policy on record as Ex.R-6 was issued on the basis of the proposal form Ex.R-5.
 - ii. The proposal form in its headnote itself records that it is a proposal form for the **Insurance of Motor Trade (Road Risk)**, specifically mentions at point 5 (asking for the type of cover required) that the cover is on a **Trade Certificate basis**.
 - iii. While providing the particulars of vehicles to be insured, the details are given as:-

Make: "ALL MODELS OF FIAT CHRYSLER"

Model: "JEEP, ABARTH, FIAT"

- iv. Ex. P-18, Trade Certificate bearing No HR/26/TC/2018/45, provides the following details of vehicles:

S.No.	Vehicle category	Vehicle count	Trade Certificate Number Range
1.	LIGHT MOTOR VEHICLE (NT)	1-10	HR/26/TC/2018/45/1- HR/26/TC/2018/45/10

Moreover, contents of the Trade Certificate are reproduced hereunder for the better understanding of the facts in hand:-

GOVERNMENT OF HARYANA

State Transport Department

FORM 17

[See Rule 35]

TRADE CERTIFICATE

Date: 19-Jun-2018 11:49:37 AM

Number of certification:

HR/26/TC/2018/45

Full Name

Landmark Lifestyle Cars Pvt Ltd

Address of certificate holder:

*G4 B-1 GROUND FLOOR, SOLITAIRE
PLAZA M.G ROAD HARYANA*

Validity of Certification:

(19-Jun-2018 -18Jun-2019)

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Details of the vehicle(s) to be sold:

S.No.	Vehicle category	Vehicle count	Trade Certificate Number Range
1.	LIGHT MOTOR VEHICLE (NT)	1-10	HR/26/TC/2018/45/1- HR/26/TC/2018/45/10

Date and Stamp of Office of Issue:

Date: 19-Jun-2018 11:49:37 AM

Registering Authority of Region/State

GURUGRAM, NORTH

10.1 This clearly shows that the vehicle bearing number HR/26TC/2018/45/4 was also one of the vehicles covered under this Trade Certificate being one of its Trade Certificate range number.

11. The respondent-Insurance Company has objected on the ground that in the proposal forms at Point No. 7 (where the trade certificate number was required to be mentioned), the insured had written “HR/26/TC/2018/45/1”. It has, therefore, contended that the insurance was granted only in respect of this particular Trade Certificate, range number and not to other vehicles covered under the same Trade Certificate.

11.1 However, this contention is inconsistent with the other contents of the proposal form as well as the insurance cover note itself. Had the insurance been intended for only one specific vehicle or Trade Certificate range number bearing number “HR/26/TC/2018/45/1”, the “make” and “model” columns would have contained vehicle-specific entries. Instead, the form clearly mentions general details such as “*All Models of Fiat Chrysler*” under “Make” and “*Jeep, Abarth, Fiat*” under “Model”, indicating that the insurance was intended to cover all vehicles falling under the said trade certificate.

11.2 Secondly, as is evident from the contents of the form and the “The Central Motor Vehicles Rules, 1989” (hereinafter referred as ‘the 1989 Rules’), a trade certificate operates as a single unit, and the respondent-Insurance Company has



failed to bring on record any material to show that insurance of a subset of vehicles covered under a trade certificate is either permissible or practically possible.

11.3 Even assuming *arguendo* that insurance of a subset of vehicles under a trade certificate is permissible, it was incumbent upon the insurer to make a clear endorsement to that effect. While RW-3 i.e. Associate Operation Manager, during the deposition, claimed that only the specific vehicle bearing number HR/26TC/2018/45/1 was insured, however, in this context his cross-examination reveals otherwise. A belated endorsement was admittedly made on 11.07.2019, that **“Notwithstanding anything contain to the contrary, it is hereby declared and agreed that at the request of the Insured, Vehicle model may read as JEEP COMPASS TRAILHAWK”**. But this appears to be an afterthought and an arrangement adopted by the insurer to evade the liability. The endorsement itself records that it was made **“at the request of the insured”**, yet no such written request was produced either during cross-examination or subsequently. The omission assumes significance as any such document could have been crucial evidence in support of the insurer’s version.

11.4 It is clear that the trade certificate in the present case was **“HR/26/TC/2018/45”** and not **“HR/26/TC/2018/45/01”**. The contention of the dealer that the entry of “HR/26/TC/2018/45/1” was made by mistake (or that mentioning the first number of the series is a common practice – as contended before the Learned Tribunal) could easily have been clarified had the insurance company, at the time of processing the proposal form, either verified the details, sought an explanation or rejected the proposal for want of clarity. The failure of the insurer to exercise due diligence at that stage directly led to the present dispute



and the insurance company cannot now be permitted to take advantage of its own negligence.

12. Even the learned Tribunal made observation that the insurance was requested via proposal form i.e. Ex.R-5, on the basis of the trade certificate and that all 10 vehicles under that certificate ought to have been covered. Nevertheless, it fastened the liability on the insured on the basis of reasoning that the premium had been computed on a single-vehicle basis. While this Court concurs with the Tribunal's finding that the policy was issued on a trade-certificate basis, it cannot endorse its conclusion regarding fastening of liability on the insured on the basis of premium computation only.

12.1 Once the proposal form was submitted on the basis of a trade certificate, the presumption arises in favour of the insured that the premium was calculated for all vehicles covered under that trade certificate. If the insurer contends that the premium pertained only to a single vehicle, the burden lies upon the insurer only to establish the same but that burden has not been discharged. The learned Tribunal itself observed that there existed ambiguity in the policy. It is a settled principle of law that any ambiguity in an insurance contract must be construed in favour of the insured. Reliance in this regard can be placed upon the judgment of the Hon'ble Apex Court in "*Haris Marine Products v. Export Credit Guarantee Corporation (ECGC) Limited*" bearing neutral citation 2022 INSC 471, wherein it was held that an ambiguous term in an insurance contract is to be construed harmoniously by reading the contract in its entirety, if after that, no clarity emerges, then the term must be interpreted in favour of the insured. Relevant para from this judgment is reproduced hereunder:-



“16. *It is entrenched in our jurisprudence that an ambiguous term in an insurance contract is to be construed harmoniously by reading the contract in its entirety. If after that, no clarity emerges, then the term must be interpreted in favour of the insured, i.e., against the drafter of the policy. In deciding the applicability of a cover note on houses swept away by floods, a Constitution Bench of this Court in General Assurance Society Ltd. v. Chandumull Jain, (1966) 3 SCR 500, para 11 held as follows:*

"In other respects there is no difference between a contract of insurance and any other contract except that in a contract of insurance there is a requirement of uberrima fides i.e., good faith on the part of the assured and the contract is likely to be construed contra proferentem that is against the company in case of ambiguity or doubt... (I)n interpreting documents relating to a contract of insurance, the duty of the court is to interpret the words in which the contract is expressed by the parties, because it is not for the court to make a new contract, however reasonable, if the parties have not made it themselves".

(emphasis supplied)

While the court ultimately denied insurer's liability, it laid down the manner in which ambiguities were to be interpreted. Since then, a catena of judgments has upheld this approach. In United India Insurance Co. Ltd. v. Pushpalaya Printers, (2004) 3 SCC 694, para 6, a Division Bench of this Court was confronted with interpreting the term 'impact' in an insurance policy for protection against damage caused to the insured building. Interpreting the term to include damage caused by strong vibrations by heavy vehicles without 'direct' impact, this Court held-

"The only point that arises for consideration is whether the word "impact" contained in clause 5 of the insurance policy covers the damage caused to the building and machinery due to driving of the bulldozer on the road close to the building... (I)t 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... Where the words of a document are ambiguous, they shall be construed against the party who prepared the document. This rule applies to contracts of insurance and clause 5 of the insurance policy even after reading the entire policy in the present case should be construed against the insurer".

(emphasis supplied).

Similarly, in Sushilaben Indravadan Gandhi v. New India Assurance Company Ltd., (2021) 7 SCC 151, paras 37-42 this Court charted the evolution of the rule of contra proferentem, and relied inter alia on its explanation as provided under Halsbury's Laws of England.^[21]*

[21 5th Edn., vol. 60, para 105.]*

"Contra proferentem rule.-Where there is ambiguity in the policy the court will apply the contra proferentem rule. Where a policy is produced by the insurers, it is their business to see that precision and clarity are attained and, if they fail to do so, the ambiguity will be resolved by adopting the construction favourable to the insured. Similarly, as regards language which emanates from the insured, such as the language used in answer to questions in the proposal or in a slip, a construction favourable to the insurers will prevail if the insured has created any ambiguity. This rule, however, only becomes operative where the words are truly ambiguous; it is a rule for resolving ambiguity and it cannot be invoked with a view to creating a doubt. Therefore, where the words used are free from ambiguity in the sense that, fairly and reasonably construed, they admit of only one meaning, the rule has no application."

The rule of contra proferentem thus protects the insured from the vagaries of an unfavourable interpretation of an ambiguous term to



which it did not agree. The rule assumes special significance in standard form insurance policies, called contract d' adhesion or boilerplate contracts, in which the insured has little to no countervailing bargaining power.^[22] This consideration is highlighted in the facts of this case, since the risks that ECGC is mandated to cover is its business, and other insurers rarely foray into the field.”*

12.2 Apart from the testimonies of RW-3 and RW-4, there is no documentary evidence to suggest that the policy was intended to cover only one vehicle. In fact, cumulative analysis of the deposition made by RW-3 and RW-4 makes it abundantly clear that the insurance company itself was of the conscious understanding that the Insurance cover/policy was issued on the basis of trade certificate exhibit P-18 and the said trade certificate find mentioned trade certificate range number HR/26/TC/2018/45/1 to HR/26/TC/2018/45/10. Portion from the cross examination of RW3 – Salman Saifi, Associate operation Manager, Reliance General Insurance company Limited is extracted here being relevant:-

“I have seen the copy of trade certificate Ex.P18, which is related to Insurance Policy in question is Ex.R6. Since the no. of trade certificate mentioned there in tallies with the no. mentioned in proposal form as well as in insurance policy i.e. HR/26/TC/2018/45/1. Self stated said insurance policy is ment for that vary single vehicle bearing no. HR/26TC/2018/45/1 only. It is correct that engine no. & chassis no. of the insured vehicle are neither mentioned in proposal form Ex.R5 nor in trade certificate Ex.P18, As well as in the insurance policy Ex.R6. it is correct that in the proposal form Ex.R5 as well as in insurance policy Ex.R6 with regard to make and model of the insured vehicle. All model of FIAT CHRYSLER (JEEP, ABHARTH, FIAT) have been mentioned. Self stated our company issued endorsement on the request of the insured with regard to the model of the vehicle as Jeep Compass TrailHawk. That endorsement was issued 11/7/2019. It is correct that in the insurance policy issued by the Insurance Company with regard to any particular vehicle, engine no. & chassis no. there of are mentioned. Self stated that are mention when the insurance policy is issued on the basis of Registration Certificate, but since in the instant case, the policy has been issued on the basis of trade



certificate, in which engine no. & chassis no. are not mentioned, As such the same have not been mentioned in the insurance Policy Ex.R6. It is correct that in the trade certificate Ex.P18, vehicle no. HR/26/TC/2018/45/1 – HR/26/TC/2018/45/10 are mentioned.”

Furthermore, the respondent-Insurance Company could have easily supported its case by producing the premium calculation sheet or detailed terms and conditions of the insurance, but it failed to do so. Hence, an adverse inference is liable to be drawn against it as it chose to withhold the documentary evidence which were readily available with it. It is also significant that the present insurance cover was a continuation of an earlier policy, and even the terms of the preceding policy could have been produced to substantiate the insurer’s contention. However, no such evidence was brought on record.

12.3 At this stage, Rule 39 (1) of the Central Motor Vehicles Rules, 1989 also becomes relevant which is reproduced below:

“39. Use of trade registration mark and number.-- (1) A trade registration mark and number shall not be used upon more than one vehicle at a time or upon any vehicle other than a vehicle bona fide in the possession of the dealer in the course of his business or on any type of vehicle other than the one for which the trade certificate is issued.”

The said Rule contemplates that, at any given time, a trade certificate may be used in respect of only one vehicle. Therefore, if only vehicle under the trade certificate could be used at a particular point of time, it becomes immaterial which specific vehicle, among those covered by the certificate, was in use. It is also not the case of the insurer that the trade certificate was being simultaneously used for multiple vehicles caring, different trade certificate range. This position stands corroborated by the survey report on record.



Further, Rule 39 (1) of the Central Motor Vehicles Rules, 1989, expressly provides that a trade certificate can be used for only one vehicle at a time, even though the certificate may cover several vehicles in a fleet. Consequently, when the vehicle in question met with an accident, the specific trade certificate range number (for example, HR/26/TC/2018/45/01 or HR/26/TC/2018/45/04) becomes immaterial, as all such vehicles fall under the same trade certificate. Unless the insurer establishes that multiple vehicles were being used simultaneously under the same trade certificate, the insurance coverage must be treated as applicable to the vehicle involved in the incident. The survey report confirming that only one vehicle was in use at the relevant time further substantiates this position and negates the insurer's contention that the policy was restricted to a single range number-vehicle.

12.4 Furthermore, it is admitted case of the insurer that when insurance is granted on the basis of a registration number, the engine and chassis numbers are mandatorily required to be mentioned, which is not the situation here. In the present case, since neither the chassis number nor engine number nor any specific make and model were confined in the policy, any vehicle within the range covered by the trade certificate could be used for trail or demonstration purposes, and it was not necessary that only the vehicle bearing serial No. "01" could be used. The only requirement was that the vehicle used should belong to the range covered under the trade certificate.

13. In view of the aforesaid discussion, this Court does not agree with the finding of the learned Tribunal that the respondent-Insurance Company is not liable to indemnify the owner of the vehicle and may recover the compensation amount from the owner. Accordingly, the said findings are reversed and the



insurance company is held liable to pay the entire compensation amount to the claimant and shall not be entitled to recover the same from the appellants i.e. owner and driver of the offending vehicle.

FAO No. 644 of 2023 AND FAO No. 1538 of 2023

14. With respect to determination of compensation, the record contains evidence of postmortem report, ITRs of deceased for the years 2016-2017, 2017-2018 and 2018-2019. Consequently, this Court shall adjudicate the compensation in accordance with the documentary evidence on the record.

QUESTION OF INCOME ASSESSED

15. In the present case, Learned Tribunal while assessing the income of the deceased relied upon the Income Tax Return for the assessment year 2018–2019. However, the Income Tax Returns for the preceding assessment years 2017–2018 and 2016–2017, though available on record, were not taken into consideration. The deceased was engaged in business activity, and it is a matter of common knowledge that the income of a businessman is liable to fluctuate from year to year depending upon prevailing market and business conditions. Therefore, for a fair and reasonable assessment of the actual income of the deceased, the Learned Tribunal ought to have considered the average income as reflected in the ITRs for the three consecutive assessment years 2016–2017, 2017–2018, and 2018–2019, instead of basing its finding solely on the ITR for a single year. Therefore, in the considered opinion of this Court, the income of Narender Singh (deceased) is taken as Rs. 8,49,350/- per annum.

16. The Hon’ble Supreme Court in the case of **“Smt. Sarla Verma and others vs. Delhi Transport Corporation and another,”** reported as **2009(3) RCR (Civil) 77**, wherein it was held that in case the number of dependent family



members were 4 to 6, 1/4th would be deducted as personal expenses from the total income. Relevant para of the judgment is culled out as under:-

“30. Though in some cases the deduction to be made towards personal and living expenses is calculated on the basis of units indicated in Trilok Chandra[(1996) 4 SCC 362], the general practice is to apply standardized deductions. Having considered several subsequent decisions of this Court, we are of the view that where the deceased was married, deduction towards personal and living expenses of the deceased, should be one-third (1/3rd) where the number of dependent family members is 2 to 3, one-fourth (1/4th) where the number of dependent family members is 4 to 6, and one-fifth (1/5th) where the number of dependent family member exceeds six.”

QUESTION OF COMPENSATION UNDER CONVENTIONAL HEADS

17. Furthermore, in view of the judgment of the Hon’ble Apex Court in **Smt. Sarla Verma’s case (supra)**, **“National Insurance Co. Ltd. vs. Pranay Sethi and others”** reported as **(2017) 16 SCC 680** and **“United India Insurance Co.Ltd. vs. Satinder Kaur”**, reported as **(2021) 11 SCC 780**, compensation awarded under conventional heads are also required to be assessed accordingly. Appellants/claimants are thus, held entitled for Rs. 18,000/- as compensation under funeral head and Rs. 18,000/- towards loss of estate. Loss of consortium is assessed to the tune of Rs. 1,92,000/- (Rs. 48,000 x 4) as the appellants, being spouse, child and parents of deceased are also entitled for spousal and parental and filial consortium.

18. Now, the question arises how the compensation is to be distributed among the legal heirs. In this regard, it may be taken into account that from the material available on record it is evident that appellant No. 1 (widow of deceased) did not remarry and she along with her children were solely dependent upon the deceased,



accordingly appellant No. 1 is held entitled for 60% of the compensation amount, whereas appellant No. 2 & 3 be granted 30% in equal shares and appellant No. 4 is held entitled for 10% of the amount. It may be clarified here that the aforementioned ratio of 60:30:10 would be minus the consortium as all the appellants/claimants shall separately/individually be entitled for consortium as all the appellants/claimants shall separately/individually be entitled for consortium in their favour.

CONCLUSION

19. In view of the discussion made herein above, the appellants/claimants are held entitled for the grant of compensation in the following manner:-

S.No.	Nature	Amount (in Rs.)
1.	Annual Income of Deceased	Rs. 8,49,350/-
2.	Add 25% Future Prospects	Rs. 2,12,337.5/-
3.	Total Income	Rs. 10,61,687.5/-
4.	Deduction (1/4 th)	Rs. 2,65,421.8/-
5.	Net Income (Rs. 10,61,687.5 –Rs. 2,65,421.8)	Rs. 7,96,265.7/-
6.	Loss of Income after applying multiplier of 13 as per age of 46 years (7,96,265.7 x 13)	Rs. 1,03,51,454.1/-
7.	Funeral Expenses	Rs. 18,000/-
8.	Loss of Estate	Rs. 18,000/-
9.	Loss of Consortium (48,000 x 4)	Rs. 1,92,000/-
10.	Total Compensation	Rs. 1,05,79,454.1/-
11.	Amount Awarded by the Tribunal	Rs. 92,24,000/-
12.	Enhanced Compensation	Rs. 13,55,454.1/-

Thus, the appellant No. 1/widow is entitled for Rs. 63,47,672.46/-, appellants No. 2 & 3 are entitled for Rs. 31,73,836.23/- in equal proportions and appellant No. 4 is entitled for Rs. 10,57,945.41/- as compensation.

20. The grant of interest @ 7.5% per annum is not equitable and just in view of the observation made by the Hon'ble Supreme Court in **Smt. Supe Dei and others**



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confirmed in a subsequent judgment titled as **Puttamma and others Vs. K.L. Naryana Reddy and another, 2014 (1) RCR (Civil) 443**, thus, the interest is enhanced to 9% per annum on the amount of compensation awarded to the claimant from the date of institution of claim petition till its realization. In case the said amount is not paid within three months, the same shall be payable thereafter along with 12% interest from the expiry of period of three months from today. Needless to mention here that the amount of compensation already paid to the claimant shall be deducted from the enhanced compensation.

21. Accordingly, the appeal filed at the instance of appellant/Insurance Company is dismissed, the appeal filed by the appellants/owner and driver of the offending vehicle is allowed and the appeal filed at the instance of appellants/claimants is disposed of with the aforesaid modification of the Award passed by the learned Tribunal.

22. Pending miscellaneous application(s) if any shall also stand disposed of.

November 17, 2025
sanjay

(HARKESH MANUJA)
JUDGE

Whether speaking/reasoned?	Yes/No
Whether Reportable?	Yes/No