



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

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FAO-1912-2001 (O&M)
Date of Decision: July 22, 2025

New India Assurance Company Ltd.Appellant

Vs.

Balbir Kaur and othersRespondent(s)

CORAM: HON'BLE MRS. JUSTICE SUDEEPTI SHARMA

Present: Mr. Ravinder Arora, Advocate
for the appellant.

* * * *

SUDEEPTI SHARMA J. (ORAL)

1. The case is listed before this Court for referral to the “Special Mediation Drive-Mediation ‘For the Nation’ List”.
2. Learned counsel for the appellant contends that the matter cannot be referred to Mediation and Conciliation Centre of this Court.
3. In view of above, the appeal is taken up for hearing today itself.

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4. The present appeal has been filed by the appellant-Insurance company against the award dated 16.12.2000 passed in the claim petition under Section 166 of the Motor Accident Claims Tribunal, Mansa (for short, 'the Tribunal'), wherein the appellant-Insurance company was fastened with the liability to pay the compensation to the claimants along with interest @ 12% per annum.

**BRIEF FACTS OF THE CASE**

5. The brief facts of the case are that that on 15.01.1999, Balwant Singh alias Gamdoor Singh (since deceased) while driving jeep bearing registration No.PB-31A-3019 was coming from village Bill Kalan to village Kishangarh Pharwahi alongwith other occupants namely Sadha Singh s/o Bachan Singh, his son Balwant Singh and Jagroop Singh s/o Sukhdev Singh residents of village Kishangarh Pharwahi. When they reached on the way leading from Joga to Ralla, Mansa-Barnala road a bus bearing registration No. PB-31A-3019 being driven rashly and negligently by respondent No.1-Darshan Singh, hit against the jeep. On account of such strike, the jeep went out of control against a Kikkar tree, besides the road and the passengers including the driver fell out of the jeep. As a result of accident, they received injuries. Darshan Singh, the driver of the bus, ran away from the spot. FIR No.6 dated 16.01.1999 was got registered against respondent No.1 regarding the said accident. Billu Singh alias Gamdoor Singh was taken to Civil Hospital, Mansa from where he was referred to Daya Nand Medical College and Hospital, Ludhiana for medical treatment. Ultimately, he died on 19.01.1999 in Daya Nand Medical College and Hospital on account of the injuries sustained by him in the said accident.

6. Upon notice of the claim petition, respondents appeared and contested the claim petition by filing their separate written replies denying the factum of accident/compensation.

7. From the pleadings of the parties, the Tribunal framed the following issues:-



(i) Whether on 15.01.99 at about 2.15 PM on Barnala-Mansa road, within the limits of Police Station, Joga, Gamdoor Singh alias Billu died in a motor vehicle accident, on account of rash and negligent driving of Bus No. PB-31A/3019 by respondent No.1? OPA

(ii) Whether the petitioners are legal representatives of deceased? OPA

(iii) Whether respondent No.1 was not holding a valid driving licence at the time of accident, if so, its effect? OPR-3

(iv) Whether the petitioners are entitled to compensation, if so, to what extent and from which of the respondents? OPA.

(v) Whether the petition is not maintainable? OPR-3

(vi) Relief.

8. After taking into consideration the pleadings and the evidence on record, the learned Tribunal awarded compensation to the claimants. However, the liability to pay compensation was fastened upon the appellant-Insurance Company.

SUBMISSIONS OF LEARNED COUNSEL FOR THE APPELLANT

9. Learned counsel for the appellant-Insurance Company contends that the licence of the driver was fake, therefore, learned Tribunal has wrongly made the Insurance company liable to pay the compensation. He prays for modification of the award with respect to liability to pay compensation was fastened upon the appellant-Insurance Company.

10. I have heard learned counsel for the appellant and perused the whole record of the case.

11. The relevant portion of the award is reproduced as under:-

“The next question, will falls for consideration as to whether all the respondents are liable to pay compensation



or only some of the respondents are liable to pay the same. It was submitted by the counsel for respondent No.3, that since the driving licence being held by respondent No.1 at the time of accident was forged, the Insurance company, was absolved of its liability, to pay any compensation. Naresh Gupta, Junior Assistant of D.T.O. Sangrur, appeared as RW2 and brought the driving licence register for the year 1978. He stated that he could not say as to wherefrom the licence, copy whereof is Ex.R1, was issued originally. He further stated that according to the record brought by him, the licence No.13729 was issued in favour of DD Sharma s/o Bidna Dutt Sharma c/o Bansal Cottage Salami gate, Sangrur and he proved on record Ex. R2, copy of the register. The original of Ex.R1 is Ex.R4. The perusal of Ex.R4 shows that it was renewed by the DTO, Mansa upto 26.06.2002 from 01.07.1999. It is further evident that it was issued by DTO Mansa. The counsel for respondent No.3 submitted that since Ex.R4, driving licence was not issued in favour of respondent no.1, Darshan Singh, the same is forged. It may be stated here that Insurance Company can absolve itself of its liability to pay compensation, only if it proves that the insured intentionally & deliberately violated the terms & conditions of the Insurance policy, at the time of employing the driver, knowing that the licence being held by him was forged. Attar Singh, Manager of Hardial Bus Service, appeared as RW3 and stated that whenever they employ a driver his licence is seen. He further stated that Ex.R4, the licence of Darshan Singh, was seen and it was renewed from Bathinda thrice and from Mansa twice. He further stated that at the time of getting the bus insured, the Insurance Company also saw the licence, Ex.R4. No prudent person on seeing the licence, Ex.R4 could entertain any doubt, with regard to the genuineness thereof, since, this



licence is bearing the stamp of DTO, the Mansa with his signatures and renewal endorsement of DTO Mansa, with his stamp. Had the insured not seen the licence or after entertaining doubt, with regard to the genuineness thereof, employed Darshan Singh as driver, it would have been said that the Insurance Company, was absolved of its liability. In Skandia Insurance Co. Ltd. Vs. Kokilaben Chander Vadan and others, AIR 1987, (SC), 1184, the principle of law, laid down, was that once the insured placed the vehicle, in the hands of a duly licenced driver, without knowing as to whether, the licence, held by him, was valid or fake, and took all sort of precautions, could not absolve itself of the liability of making payment of compensation, awarded by the Claims Tribunal. In National Insurance Company Limited Vs. Santro Devi and others 1998 (1) PLR 61 (SC) the same principle of law, was laid down. As stated above at the time of employing Darshan Singh as driver of the vehicle, the employer very well checked his licence, and found that the same had been issued by the DTO, Mansa and had also been renewed. He could not entertain any doubt, with regard to the genuineness thereof. Devinder Kumar, Junior Assistant, office of DTO, Bathinda RW1 also deposed with regard to the renewal of licence in favour of respondent No.1. Since, there was no default on the part of insured, at the time of employing Darshan Singh respondent No.1, as the vehicle, the Insurance Company, is not absolved of its liability. All the respondents, are thus held jointly and severally liable to pay the amount of compensation.”

12. A careful and comprehensive examination of the impugned award reveals that the learned Tribunal has duly evaluated the documentary evidence and oral testimonies presented before it. The findings rendered are supported by



credible evidence on record and are in consonance with the settled legal principles governing such matters.

13. The learned Tribunal rightly relied upon the driving licence (Ex. R4), the testimony of RW3 Attar Singh (Manager of Hardial Bus Service) and other relevant record to conclude that there was no intentional breach of condition of policy by the insured. The Tribunal further found that the insured had exercised reasonable due diligence at the time of employing the driver Darshan Singh (respondent no.1) and had no reason to suspect that the licence produced by him was forged or invalid.

14. The law is well settled that in terms of Section 149(2)(a)(ii) of the Motor Vehicles Act, 1988, an insurance company may defend itself against a claim for compensation on the ground that the driver did not possess a valid and effective driving licence at the time of the accident. However, the mere fact that the licence may later be found to be forged or invalid is not, by itself, sufficient to absolve the insurer of its liability. The insurer must further establish that the insured was aware or ought to have been aware of such forgery or invalidity and still proceeded to employ the driver, thereby committing a willful breach of conditions of the policy.

15. In the present case, the insurer has failed to discharge the burden of proof required to invoke this statutory defence. The evidence on record, including the testimony of RW3 Attar Singh, unequivocally shows that the insured had examined the licence of the driver at the time of his employment. The licence, on its face, appeared to be genuine bearing the official stamp and signatures of the Licensing Authority (DTO, Mansa), and reflected multiple renewals from competent Regional Transport Offices, including Bathinda and



Mansa. There was no apparent irregularity in the licence that could have raised any suspicion regarding its authenticity.

16. It is a settled proposition of law that an insured is not expected to carry out a forensic or official verification of the driving licence with the Regional Transport Authority unless there are specific circumstances that cast doubt on its authenticity. Imposing such a high and impractical duty upon vehicle owners particularly in the absence of any visible discrepancy would amount to an unreasonable burden. This legal position has been reiterated by the Hon'ble Supreme Court in **Rishi Pal Singh v. New India Assurance Co. Ltd. & Others, SLP (C) No. 24933 of 2019**, wherein it was categorically held that the owner is under no legal obligation to verify the licence from the Licensing Authority, if the licence, on its face, appears to be valid and the driver is competent to drive the vehicle.

17. Similarly, this Court, in **Namita Vs. Nirmal Singh and Another, FAO-1779-2006 (decided on 19.02.2018)**, while relying on the Apex Court's decision in **Rishi Pal Singh's case (supra)**, held that the employer's duty is limited to verifying the driving skills of the driver and ensuring that the licence appears valid. The employer is not required to conduct an independent inquiry with the RTO in the absence of suspicious circumstances.

18. Therefore, in the instant case, since the insured had acted with due diligence and there is no evidence of any willful breach of conditions of the policy, the insurer cannot evade its statutory liability to indemnify the insured and satisfy the award.



19. In view of the foregoing discussion and in consonance with the view taken by this Court, the findings recorded by the learned Tribunal are well-reasoned, legally sound, and do not call for any interference by this Court.

20. Accordingly, the present appeal is dismissed, being devoid of any merit.

21. In view of the above, the present appeal is ***dismissed***.

(SUDEEPTI SHARMA)
JUDGE

July 22, 2025

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Whether speaking/reasoned: Yes / No
Whether reportable: Yes / No