



**FAO-5763-2009 &  
FAO-5764-2009**

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

**225-2 cases**

**1.**

**FAO-5763-2009**

**Date of decision:01.07.2025**

THE ORIENTAL INSURANCE COMPANY LTD.

...APPELLANT

VS.

NEHA AND ORS.

...RESPONDENTS

**2.**

**FAO-5764-2009**

THE ORIENTAL INSURANCE COMPANY LTD.

...APPELLANT

VS.

MANJIT SINGH AND ORS.

...RESPONDENTS

**CORAM: HON'BLE MR. JUSTICE SUVIR SEHGAL**

Present: Mr. Raj Kumar Bashamboo, Advocate  
for the appellants in both the cases.

None for the respondents in both the cases.

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**SUVIR SEHGAL, J.**

1. This order shall dispose of both the above-noted appeals as they arise out of a common award passed by the Motor Accident Claims Tribunal, Chandigarh (for short 'the Tribunal'). For the sake of convenience, factual position is being taken from FAO-5763-2009.



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2. Appellant-Insurance Company is in appeal before this Court assailing award dated 04.08.2009 passed by MACT, Chandigarh, whereby claim petition filed under Section 163-A of Motor Vehicles Act, 1988 (for short “the MV Act”) by claimant-respondent No.1 has been partly accepted and she has been granted compensation of Rs.1,50,000/- alongwith interest @ 6% p.a.

3. Facts, in brief, may be noticed. Neha (claimant/respondent No.1 in FAO-5763-2009) and Manjit (claimant/respondent No.1 in FAO-5764-2009) were travelling in a Mahindra pick up jeep, which was being driven by Mohinder Singh. Tata 407 truck bearing registration No.HP-12-3404, which was being driven rashly by Narender Singh came from opposite side and collided with the jeep. Both the claimants, who were students, suffered multiple injuries. They remained admitted in PGI for two days and were operated upon. Claiming compensation of Rs.5 lacs each, both of them filed separate claim petitions, which have been disposed off by the impugned order.

4. Counsel for the appellant has argued that the driving license of Narinder Singh, driver of the offending vehicle, was not a valid one. By referring to the evidence led by the appellant, he submits that Surinder Singh, DW1, Junior Assistant, D.T.O. Office. Ferozepur, has produced the record to show that the original driving license was issued in the name of Sukhjinder Singh for driving car and scooter which could not be renewed in the name of Narinder Singh for driving of a LTV vehicle. He has argued that owner of the offending vehicle failed to establish that he had taken any steps



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to verify the genuineness of driving license of Narinder Singh. He urges that Tribunal has erred in imposing the liability upon the Insurance Company.

5. I have heard counsel for the appellant and considered his submission.

6. In **United India Insurance Company Limited Vs. Leheru and others (2003) 3 SCC 338**, Supreme Court has observed as under:-

*“19. Section 3 of the Motor Vehicles Act, 1988 prohibits driving of a motor vehicle in any public unless the driver has an effective driving licence. Further, Section 180 of the Motor Vehicles Act makes an owner or person in charge of a motor vehicle punishable with imprisonment or fine if he causes or permits a person without a licence to drive the vehicle. It is clear that the punishment under Section 180 can only be imposed if the owner or person in charge of the vehicle "causes or permits" driving by a person not duly licensed. Thus there can be no punishment if a person without a licence drives without permission of the owner. Section 149(2)(ii) merely recognises this condition. It therefore only absolves the insurance company where there is a breach by the insured.*

*20. When an owner is hiring a driver he will therefore have to check whether the driver has a driving licence. If the driver produces a driving licence which on the face of it looks genuine, the owner is not expected to find out whether the licence has in fact been issued by a competent authority or not. The owner would then take the test of the driver. If he finds that the driver is competent to drive the vehicle, he will hire the driver. We find it rather strange that insurance companies expect owners to make enquiries with RTOs, which are spread*



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*all over the country, whether the driving licence shown to them is valid or not. Thus where the owner has satisfied himself that the driver has a licence and is driving competently there would be no breach of Section 149(2)(a)(ii). The insurance company would not then be absolved of liability. If it ultimately turns out that the licence was fake, the insurance company would continue to remain liable unless they prove that the owner/insured was aware or had noticed that the licence was fake and still permitted that person to drive. More importantly, even in such a case the insurance company would remain liable to the innocent third party, but it may be able to recover from the insured. This is the law which has been laid down in Skandia, Sohan Lal Passi and Kamla cases. We are in full agreement with the views expressed therein and see no reason to take a different view.”*

7. In **Ram Chandra Singh Vs. Rajaram and others (2018) 8 SCC 799**, it has been held that if the owner was aware of the fact that the licence was fake and still permitted the driver to drive the vehicle, then the insurer would stand absolved. However, the mere fact that the driving licence is fake, per se, would not absolve the insurer.

8. Adverting to the facts in the present case, it has to be seen as to whether respondent No.3-owner of the offending vehicle has exercised due care and diligence. Respondent No.3, who has stepped into the witness box as RW2 has testified that he had engaged Narinder Singh as a driver of the truck about 04 years ago. Narinder Singh had produced his driving license, which was duly verified. Despite extensive cross-examination, this witness stood firm on his testimony. No material has been brought on the record by the Insurance Company to show that respondent No.3 has not acted



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deligently at the time of engagement of Narinder Singh. As has been held by the Hon'ble Supreme Court in *Lehru's case (supra)*, an owner is not required to make enquiries from the transport offices spread all over the country to verify the genuineness of the driving license. Appellant-Insurance Company has failed to establish that respondent No.3 was aware that the driving license was issued on fake documents. Appellant cannot brush aside its liability to make payment of the compensation to the injured-complainants. There is no reason to interfere with the well-reasoned finding recorded by the Tribunal, which is affirmed.

9. Finding no merit in both the appeals, they are dismissed though with no order as to costs.

01.07.2025  
*sheetal*

**(SUVIR SEHGAL)**  
**JUDGE**

Whether Speaking/reasoned	Yes/No
Whether Reportable	Yes/No