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Case Study TP

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Case Study: The Motor Vehicle Act Story: Ritu Sharma's Comprehensive Claim

The story of Ms. Ritu Sharma, an IT professional severely injured in a road accident, serves as a complete journey through sections related to Third Party section of the Motor Vehicle Act, 1988, as amended.

Part 1: The Crash and the Immediate Aftermath (The Policy)

The collision was severe. The speeding delivery van, owned by Express Logistics, collided with Ritu's scooter. This was not a "hit and run". The van was insured by Apex Insurance Co., an "authorised insurer" carrying on general insurance business in India.

The very foundation of Ritu's claim lay in the policy of insurance that Express Logistics was legally required to have (**Section 146**). This policy, proven by the certificate of insurance, was mandatory to cover the owner's liability for death or grievous hurt to a third party (Ritu).

Ritu's initial medical treatment was covered under the Scheme for golden hour (**Section 162**), mandating cashless treatment for road accident victims. Under the law, all insurance companies are mandated to participate in a scheme for cashless treatment of accident victims during this critical first hour. Ritu was rushed to the nearest trauma centre, and the burden of immediate payment was thankfully removed, allowing the doctors to focus purely on saving her life.

Part 2: The Documents and the Inquiry

Meanwhile, the police, arriving at the scene, carried out their duty, documenting every detail and preparing an **Accident Information Report (AIR) (Section 159)**. This AIR, which includes all known details of the vehicles, drivers, and injuries, is a powerful document. The law dictates that once the police submit this to the **Motor Accidents Claims Tribunal (MACT)**, the report is automatically treated as a formal application for compensation (**Section 166(4)**). Ritu's family now had a choice in seeking financial justice before the MACT (Claims Tribunal, Section 165).

1. The Quick Path: No-Fault Compensation (Section 164): Ritu's lawyer immediately informed them they could receive a guaranteed, fixed sum of ₹2.5 lakh for grievous hurt. This payment is made regardless of who was at fault and is meant to provide immediate relief.
2. The Full Path: Fault-Based Claim (**Section 166**): Since Ritu was a high earner and faced months out of work and permanent health issues, her family decided to pursue a full claim for "just compensation" (**Section 168**). This path involves proving the delivery van driver's negligence but promises compensation covering Ritu's actual lost earnings, pain and suffering, and future medical costs.

The MACT was subsequently established by the State Government for the area. The person presiding over it had the required qualifications, being or having been a District Judge.

Once the claim was formalized, the MACT's inquiry began **(Section 168)**. During this stage, Ritu's family requested information regarding the vehicle's insurance. The owner, Express Logistics, was under a Duty to give information as to insurance **(Section 152)**, and had to state whether they were insured and provide the particulars from the certificate of insurance.

Part 3: The Award and the Insurer's Defence

The Insurer's Counter-Attack

Once the full, fault-based claim was formally submitted to the MACT, the onus shifted to Apex Insurance Co. to represent their client, Express Logistics. The law gives the insurer a very limited and specific set of defenses to avoid paying the victim (Section 150(2)).

Apex Insurance Co.'s investigation revealed a fatal flaw in the driver's documents: Mr. Vinod's driving license had expired three days before the accident.

Apex's lawyer stood before the Tribunal, arguing this point: "The policy contract was breached because the vehicle was being driven by a person who was not 'duly licenced'—one of the few statutory defenses available to us. Therefore, the owner, Express Logistics, should bear the burden of the compensation, not Apex Insurance!"

The MACT, in holding its inquiry, was entitled to follow a summary procedure and had all the powers of a Civil Court. The Tribunal first confirmed Ritu's eligibility for guaranteed, fixed compensation under the Payment of compensation in case of death or grievous hurt, etc. provision **(Section 164)**. This section ensures Ritu is paid ₹2.5 lakh for grievous hurt without having to plead or establish the owner's wrongful act or neglect.

For the full claim (for "just compensation"), the insurer, Apex Insurance Co., had to satisfy the judgment. Apex's only chance to avoid liability was to prove a breach based on the specific, limited grounds allowed by the Act **(Section 150(2))**.

Apex argued that the policy was void because Express Logistics failed to disclose the fact that the van was often overloaded—a "material fact" that would influence the judgment of a prudent insurer in determining the premium or risk. If Apex had proved the policy was obtained by false representation of a material particular, the insurer might be exempted. Additionally, if the MACT found that Apex's defence was false or vexatious, it could have awarded Ritu compensatory costs against the insurer.

However, the MACT found that the policy was generally valid. Ritu was awarded ₹42 lakh. The Tribunal then specified that the insurer shall pay this amount. Apex was liable to indemnify the owner against this liability, as the policy purported to cover it.

Part 4: Special Cases and Post-Award Actions

two hypothetical scenarios to cover other sections:

Scenario A: Owner's Insolvency

If Express Logistics had declared insolvency, the law ensures Ritu's claim is protected. Ritu's rights against Apex Insurance Co. would automatically have been transferred to and vested in her. Any condition in the policy trying to prevent this transfer upon insolvency is of no effect. Furthermore, any subsequent settlement between the insurer and the insolvent company would be ineffective to defeat Ritu's rights.

Scenario B: Vehicle Sale

If Express Logistics had sold the van to a new owner, Mr. Singh, before the accident, the certificate of insurance shall be deemed to have been transferred in favour of Mr. Singh from the date of transfer. Mr. Singh, the new owner, would then be required to apply to Apex Insurance Co. within fourteen days to make the necessary changes in the certificate.

Part 5: Appeal and Final Recovery

Apex Insurance Co. filed an appeal to the High Court (**Section 173**). Apex had to deposit the mandatory amount to proceed. Upon losing the appeal, Apex delayed payment. Ritu's lawyer, using the power for Recovery of money from insurer as arrear of land revenue (**Section 174**), obtained a certificate from the MACT. The Collector was then required to recover the amount as if it were unpaid property tax.

The entire case, from the moment of the crash to the final payment, was handled exclusively by the MACT, as the jurisdiction **of Civil Courts is barred for compensation claims** that can be adjudicated by the Claims Tribunal.

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