

New India Assurance Co. Ltd.

Vs

Ram Lal and Others

Civil Appeal No. 4231 of 1986

(E. S. Venkataramiah, K. N. Singh JJ)

16.10.1986

ORDER

1. It is obvious from Section 95(2)(a) of the Motor Vehicles Act, 1939 that the maximum liability of the appellant is Rs. 50,000 under the said Act in respect of each death or injury caused by motor vehicles accident falling under that provision (see Motor Owners Insurance Co. Ltd. v. Jadavji Keshavji Modi). ((1981) 4 SCC 660 : (1982) 1 SCR 860 : 1982 SCC (Cri) 28) The insurance policy produced by the appellant shows that the appellant had undertaken to indemnify the insured to the extent of Rs. 50,000 only. In the circumstances the High Court was in error in holding that the appellant was liable to pay the entire amount of compensation which was more than Rs. 50,000 in this case on the basis that the policy was one under which the insurer had undertaken to bear an unlimited liability. The order passed by the High Court is, therefore, modified insofar as the appellant is concerned directing the appellant to pay a sum of Rs. 50,000 only to the claimants-respondents with interest at the rate of 12 per cent per annum from the date of the filing of the petition till the date of deposit. The appellant shall also pay the costs of the said claimants before the Motor Accidents Tribunal. The appeal is accordingly allowed. There will be no order as to costs in this Court. Any compensation payable over and above Rs. 50,000 shall be paid by respondent 1 Mr. Ram Lal (owner of the vehicle).

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