

# SUPREME COURT OF INDIA

Oriental Insurance Co. Ltd.

Vs.

Porselvi

(Dr. Arijit Pasayat and Asok Kumar Ganguly JJ.)

02.04.2009

## JUDGMENT

**Dr.Arijit Pasayat, J.**

1. Leave granted.

2. Challenge in this appeal is to the order passed by a learned single Judge of the Allahabad High Court dismissing the appeal filed by the present appellant under Sec.173 of the *Motor Vehicle Act, 1988* (in short the `Act').

3. The factual position is almost undisputed and the only dispute relates to the date of commencement of the policy i.e. the date from which the policy was in operation. The accident took place on 28/5/1996. The policy covers the period from 29.5.1996 to 28.5.1997. The High Court in para 13 of the impugned judgment held as follows:

“As the cover note has already been issued on 28.5.1996 itself, which is also entered in Ex. B1, Policy, the finding of the Tribunal fastening liability on the appellant cannot be termed as perverse. In view of the above discussion, there is no merit in this appeal. The quantum of compensation has not been disputed by the appellant--Insurance Company. In the result, the Civil Miscellaneous Appeal fails and the same is dismissed.”

4. Learned counsel for the appellant brought to our notice the cover note which clearly indicates that the policy was valid from 29.5.1996 to 28.5.1997 though it was issued on 28.5.1996. A copy of the policy was brought on record. Relevant portion thereof reads as follows:

“Effective date of commencement of insurance for the purpose of the Act, from 0'clock on (date) 29.5.1996 to midnight of 28.5.1997.”

5. A three Judge Bench of this Court in *New India Assurance Co. Ltd. v. Sita Bai (Smt.) and Ors.*<sup>1</sup> inter alia observed as follows:

“6. The correctness and applicability of the judgment in *Ram Dayal case*<sup>2</sup> came up for consideration before this Court subsequently in a number of cases. In *New India Assurance Co. v. Bhagwati Devi*<sup>3</sup> a three-Judge Bench of this Court relied upon the view taken in *National Insurance Co. Ltd. v. Jikubhai Nathuji Dabhi*<sup>4</sup> wherein it has been held that if there is a special contract, mentioning in the policy the time when it was bought, the insurance policy would be operative from that time and not from the previous midnight as was the case in *Ram Dayal case* where no time from which the insurance policy was to become effective had been mentioned. It was held that should there be no contract to the contrary, an insurance policy becomes operative from the previous midnight, when bought during the day following, but in cases where there is a mention of the specific time for the purchase of the policy, then a special contract comes into being and the policy becomes effective from the time mentioned in the cover note/the policy itself. The judgment in *Jikubhai case* has been subsequently followed in *Oriental Insurance Co. Ltd. v. Sunita Rathi*<sup>5</sup> by a three-Judge Bench of this Court also.”

6. Since the effect of the aforesaid factual position has not been considered by the High Court we set aside the impugned judgment and remit the matter for fresh consideration in accordance with law.

7. The appeal is disposed of.

<sup>1</sup>(1999) 7 SCC 575

<sup>2</sup>(1990) 2 SCC 680

<sup>3</sup>(1998) 6 SCC 534

<sup>4</sup>(1997) 1 SCC 66

<sup>5</sup>(1998) 1 SCC 365