

SUPREME COURT OF INDIA

Oriental Insurance Co. Ltd.

Vs.

Dharam Chand

C.A.No.5204 of 2003

(Aftab Alam and R.M. Lodha JJ.)

27.08.2010

JUDGEMENT

AFTAB ALAM, J.

1. This appeal arises from a motor accident claim.
2. In this case, the premium cheque for the insurance policy was received by the appellant, the insurance company, on May 7, 1998 at 4.00 pm and a cover note was issued at the same time. In columns 3 & 4 of the cover note, however, it was stated that the insurance would commence from May 8, 1998 and expire on May 7, 1999.
3. The motor accident in regard to which the claim case was filed took place at 8:30 pm on May 7, 1998.

4. The insurance company sought to disown its liability on the plea that the accident took place before the commencement of the insurance as indicated in the cover note. But, both the Tribunal and the High Court, turned down the plea and held the insurance company liable to pay the compensation amount.

4. When this appeal was taken up, counsel for the insurance company very fairly stated that since the cheque for the premium amount was received by the company at 4:00 pm on May 7, 1998, the insurance must be deemed to have commenced from that time and four hours later when the vehicle met with the accident, the owner must be deemed to have been covered by the insurance policy. We appreciate the fairness shown by the counsel for the insurance company.

5. The appeal is dismissed but with no order as to costs.