

**IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION**

**CIVIL APPEAL NO(S). 6326 OF 2025
(Arising out of SLP(C)No.25951of 2023)**

M/S.NEW MORNING STAR TRAVELS ...APPELLANT(S)

VERSUS

**UNITED INDIA INSURANCE
CO.LTD. & ORS.**

...RESPONDENT(S)

ORDER

1. The present appeal, arising out of Special Leave Petition (C) No. 025951 of 2025, assails the judgment dated 14.09.2022 of the High Court for the State of Telangana at Hyderabad in M.A.C.M.A. No. 228 of 2022, by which the High Court exonerated the first respondent-United India Insurance Company Ltd. and fixed the entire liability upon the appellant-owner of bus bearing No. AP007/4816/PC/2014.
2. Before this Court, the appellant, M/s New Morning Star Travels, is the registered owner of the aforesaid bus, while respondent No. 6 was its driver and

respondents 2 to 5 are the legal heirs of the deceased Mohammed Arif.

3. On 23.08.2016 at about 05:15 hrs, the bus, proceeding from S.R. Nagar toward Kukatpally, struck Mohammed Arif near Erragadda Rythu Bazar, Hyderabad. He sustained grievous injuries and succumbed to them in Gandhi Hospital at 09:25 hours the same morning, leading to registration of Crime No. 580/2016 at Sanjeeva Reddy Nagar Police Station under Section 304-A IPC against the driver.
4. Respondents 2 to 5 filed M.V.O.P. No. 1010 of 2016 before the Motor Accident Claims Tribunal-cum-IV Additional District Judge, Ranga Reddy District, claiming compensation. By award dated 28.12.2021, the Tribunal quantified the compensation at ₹ 16,58,000/- with interest at 7.5 % per annum from the date of petition and held the driver, the owner, and the insurer jointly and severally liable.
5. The insurer preferred M.A.C.M.A. No. 228 of 2022. The High Court accepted the insurer's objections that (i) the driver lacked a valid driving licence and (ii) the bus was plied in Telangana without a valid route-permit, and hence reduced the compensation to ₹ 15,78,000/- by limiting filial consortium to the

parents, and directed the appellant-owner alone to satisfy the award within eight weeks.

6. Aggrieved thereby, the appellant has approached this Court.
7. Having heard learned counsel for the parties, the question that arises is whether the High Court was right in exonerating the insurer and fastening the entire liability upon the owner.
8. At the outset, it has been submitted by the counsel for the appellant that the High Court proceeded without serving effective notice on the present appellant; the permit and licence records now produced before us were therefore never examined. An order that prejudices a party without affording an opportunity to rebut decisive allegations offends the foremost principle of natural justice.
9. On the permit issue, the record discloses a cash-receipt dated 01.07.2016 issued by the Telangana Transport Authority showing payment of ₹ 1,50,675/- for a temporary contract-carriage permit valid up to 30.09.2016. The accident occurred on 23.08.2016, squarely within that period. The conclusion that the bus plied “without permit” is thus factually unsustainable.

10. On the licence issue, the particulars obtained from the Licensing Authority, Tenali establish that respondent 6 held a transport-vehicle licence valid until 14.04.2027. The insurer adduced no contrary material save a bare remark in the MVI report that licence details were “not furnished”. Such silence does not translate into proof of breach, and the onus to establish a statutory defence under Section 149(2)(a)(ii) of the Motor Vehicles Act, 1988 squarely rested on the insurer.
11. Once these two purported breaches fail, the policy being admittedly in force, the insurer’s obligation to satisfy the third-party claim revives in full. This Court has consistently held that, even where a breach is shown, the appropriate course is to direct the insurer to “pay and recover”. This principle has been thoroughly explained in the case of *Shamanna & Others vs. the Divisional Manager, The Oriental Insurance Co. Ltd. & Ors* (2018) 9 SCC 650 whereby this Court directed the Insurance Company to pay the compensation and thereafter recover the same from the owner of the vehicle.
12. In our considered opinion, the High Court erred in accepting, at face value, the insurer’s bare assertions

that the bus lacked a Telangana permit and that the driver was unlicensed. No concrete proof was produced, yet those unverified claims became the sole basis for wiping out the insurer's statutory liability. Compounding the mistake, the High Court deleted the sums the Tribunal had awarded to the deceased's parents under the heads of parental and filial consortium. Both steps ignored the documentary record placed before the Tribunal and brushed aside binding precedents of this Court, which make it clear that, even where a breach is established, the proper course is for the insurer to satisfy the award first and pursue recovery later.

13. Accordingly, the appeal is allowed.
14. The judgment of the High Court dated 14.09.2022 in M.A.C.M.A. No. 228 of 2022 is set aside, and the award dated 28.12.2021 passed by the Motor Accident Claims Tribunal cum IV Additional District Judge, Ranga Reddy District, in M.V.O.P. No. 1010 of 2016 is restored.
15. The respondent no. 1 insurer shall deposit the compensation as directed by the Tribunal, within four weeks from today and upon deposit, the

claimants may forthwith withdraw the amounts in terms of the Tribunal's apportionment.

16. Pending application(s), if any, stand disposed of.

.....**J.**
(VIKRAM NATH)

.....**J.**
(SANDEEP MEHTA)

NEW DELHI
MAY 05, 2025