



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

**Civil Appeal No. \_\_\_\_\_ of 2025**  
**(@ Special Leave Petition (C) No.14241 of 2024)**

**A. Jyothi & Ors.**

**...Appellants**

**Versus**

**ICICI Lombard General Insurance  
Company Area Manager & Anr.**

**...Respondents**

**ORDER**

Leave granted.

2. The appellants were the claimants before the Motor Accident Claims Tribunal-XXIV-cum-Additional Chief Judge, City Civil Court at Hyderabad. They filed for compensation on account of the death of one A. Srinivas Rao, caused in a road accident which occurred on 12.08.2005. The first claimant is the wife, the second and third claimants are the sons, and the fourth claimant is the father of the deceased. The deceased was driving a car in which his family was also travelling. To avoid a motorcyclist, coming from the opposite direction rashly and negligently, the car was swerved when it hit a culvert. The

driver of the car was admitted to the hospital, and he died after about two and half months on 26.10.2005, succumbing to the injuries caused in the accident.

3. The family of the deceased, the appellants filed the claim petition. Despite finding that the accident occurred due to the rash and negligent driving of the car, which was not the contention of the claimants, the Tribunal awarded Rs.27,45,600/- (Rupees Twenty-seven lakhs, forty-five thousand and six hundred), computing the pecuniary and non-pecuniary loss caused to the claimants. The insurance company filed an appeal on the ground that there could not have been a claim under Section 166 or 163A of the Motor Vehicles Act, 1988<sup>1</sup> since the tortfeasor itself was the deceased whose loss was sought to be compensated. The High Court by the impugned judgment directed that the appellants be granted compensation of Rs. 2,00,000/- (Rupees two lakhs), since the contractual obligation for personal accident was limited to Rs. 2,00,000/- (Rupees two lakhs) by the policy. Interest was also granted at the rate of 7.5% per annum. The judgment of the High Court is impugned herein.

---

<sup>1</sup> for short, 'the MV Act'

4. There is considerable difference of opinion with respect to whether Section 163A of the MV Act could be invoked in the case of such accidents caused by the negligence of the insured himself. This Court in Special Leave Petition (C) No.15447-15448 of 2024 has referred the question for consideration before a larger bench after noticing the divergence of opinion and also treading a new path insofar as Section 163A of the MV Act is concerned. The contention of the insurance company, as noticed in the said reference order is at paragraph No.3 and the reasoning insofar as the reference is in paragraph Nos.15 and 16 which we extract hereunder:

*“3. The compelling contention of the Insurance Company is that the petitioner who is the sole heir of the owner, having succeeded to the estate of the owner of the vehicle who died in the accident cannot at the same time, be the person who has the liability and the recipient of the compensation. The liability to compensate on the death of the owner falls on his estate; which the claimant succeeds to and there cannot be any further compensation on the loss of dependency, is the argument.*

**xxxxx**

*15. We cannot but notice that Section 163A is a special provision brought in, which is a non-obstante clause which overrides not only the entire provisions of the Motor Vehicles Act, 1988 but also any other law for the time being in force and any instrument having the force of law. We cannot but understand the non-obstante clause having a superseding effect over the laws of insurance or even the terms in the policy, which definitely is an instrument having the force of law. It has also to be noticed that Section 163A makes liable the owner of the vehicle or the authorized insurer to pay in accordance with the IIInd Schedule in the case of death or permanent disablement due to the accident arising out of the use of a motor vehicle.*

*16. Trite is the principle that the liability with respect to an accident is on the tortfeasor and in the case of a motor vehicle accident if the tortfeasor is the driver, the owner has the vicarious liability, which liability is indemnified by the insurer, when there is a valid policy. The liability is essentially of the owner but the provision, in addition to the insured/owner makes liable the authorized insurer too. Hence, when there is a valid policy issued in the name of the vehicle involved in the accident, a claim under Section 163A, as per the words employed in the provision, according to us covers every claim and is not restricted to a third party claim; without any requirement of establishing the*

*negligence, if death or permanent disability is caused by reason of the motor accident. This would also take in the liability with respect to the death of an owner or a driver who stepped into the shoes of the owner, if the claim is made under Section 163A dehors the statutory liability under Section 147 or the contractual liability as reduced to writing in an insurance policy. It would override the provisions under Sections 147 & 149 along with the other provisions of the M.V. Act and the law regulating insurance as also the terms of the policy confining the claim with respect to an owner-driver to a fixed sum. This according to us is the intention of incorporating the non-obstante clause under Section 163A providing for no-fault liability claims, the compensation for which is restricted to the structured formula under the IIInd Schedule. It is a beneficial piece of legislation brought in, keeping in mind the enhanced chances of an accident, resulting from the prevalence of vehicles in the overcrowded roads of today. It was a social security scheme, brought about considering the need for a more comprehensive scheme of 'no-fault' liability for reason of the ever-increasing instances of motor vehicle accidents and the difficulty in proving rash and negligent driving."*

**5. We direct that this Appeal be tagged with Special Leave Petition (C) Nos.15447-15448 of 2024. The Registry shall place**

the matter before Hon'ble the Chief Justice of India for consideration.

6. In the meanwhile, we directed the entire amount, as awarded by the Tribunal, with interest to be deposited before the MACT which according to the learned counsel for the insurance company is being complied with. Insofar as the grant of Rupees two lakhs with interest at the rate of 7.5 % per annum from the date of petition till the date of realisation, there can be no dispute. The concerned MACT is directed to release the amounts as granted by the High Court with interest, immediately on a petition being filed by the claimants. The balance amounts shall be kept with a nationalised bank in an interest-bearing fixed deposit, the disbursal of which shall depend upon the answer to the reference.

..... J.  
(AHSANUDDIN AMANULLAH)

..... J.  
(K. VINOD CHANDRAN)

**NEW DELHI**  
**DECEMBER 10, 2025.**