2026 INSC 1272

**REPORTABLE**

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

**CIVIL APPEAL NO(S). OF 2026**
**(ARISING OUT OF SLP (C) NO. 3249 of 2020)**

**SUKUMARBAI & ORS. ...APPELLANT(S)**

**VERSUS**

**UNITED INDIA INSURANCE COMPANY LTD. & ANR. ...RESPONDENT(S)**

# J U D G M E N T

**VIKRAM NATH, J.**

1. Leave granted.

2. The present civil appeal arises from the judgment and order dated 05.08.2019 passed by the High Court of Judicature at Bombay, Bench at Aurangabad (hereinafter referred to as the "High Court") in First Appeal No. 2021 of 2018, whereby the High Court partly allowed the appeal preferred by United India Insurance Company Limited (hereinafter referred to as the "Insurance Company") against the judgment and award dated 28.08.2017 passed by the Motor Accident Claims Tribunal, Latur (hereinafter referred to as the "Tribunal") in Motor Accident Claim Petition No. 197 of

2012. While maintaining the compensation awarded in favour of the appellants, the High Court set aside the direction requiring the Insurance Company to first satisfy the award and thereafter recover the amount from the owner of the offending vehicle. The High Court held that the risk of the deceased, who was travelling as a passenger in a private vehicle insured under an Act Only Policy, was not covered under the Motor Vehicles Act, 1988 (hereinafter referred to as the "MV Act") or the terms of the insurance policy. Consequently, the Insurance Company was exonerated from liability, leaving the owner responsible for satisfying the award.

3. The controversy arising in the present appeal also bears upon a question of law referred for consideration by a larger Bench of this Court by an order dated 25.08.2022 passed in Special Leave Petition (Civil) No. 3433 of 2020. In the said order, a two Judge Bench of this Court expressed reservations regarding the interpretation of the expression "third party" under an Act Only Policy, particularly whether all persons other than the insured and the insurer would fall within its ambit and consequently be entitled to compulsory insurance coverage. Having regard to the significance of the question and the existing judicial pronouncements, the Bench directed that the matter be placed before the Hon'ble Chief Justice of India for constitution of a larger Bench to authoritatively determine the question of law.

4. The present appeal also raises a connected question concerning the power of this Court to direct an insurer to first satisfy an award of compensation and thereafter recover the amount from the vehicle owner, notwithstanding the absence of statutory or contractual liability. This requires consideration of the scope and limitations of the extraordinary jurisdiction vested in this Court under Article 142 of the Constitution of India (hereinafter referred to as the "Constitution"), particularly in the context of the beneficial object underlying motor accident compensation legislation.

5. The second question had also arisen earlier before this Court in ***National Insurance Co. Ltd. v. Parvathneni***[1]. By an order dated 31.08.2009, a two-Judge Bench of this Court expressed reservations regarding the power of this Court to direct an insurer to satisfy a compensation award despite the absence of liability under law, merely because it was granted liberty to subsequently recover the amount from the vehicle owner. The Bench accordingly directed that the matter be placed for constitution of a larger Bench to consider the following questions:

> *(i) "If an Insurance Company can prove that it does not have any liability to pay any*

[1] ***(2009) 8 SCC 785***

*amount in law to the claimants under the Motor Vehicles Act or any other enactment, can the Court yet compel it to pay the amount in question giving it liberty to later on recover the same from the owner of the vehicle?"*

*(ii) "Can such a direction be given under Article 142 of the Constitution, and what is the scope of Article 142? Does Article 142 permit the Court to create a liability where there is none?"*

The aforesaid reference subsequently came before a three-Judge Bench of this Court, which, by an order dated 17.09.2013, reported as **National Insurance Co. Ltd. v. Parvathneni**[2], disposed of the matter having regard to the smallness of the amount involved, while expressly leaving the questions of law open for determination in an appropriate case. The constitutional question raised in the said reference thus remained unresolved and bears directly upon the second question arising for our consideration in the present appeal.

6. The facts giving rise to the present appeal are as follows:

6.1. On 15.04.2012, Suryakant Pandurang Nikam (hereinafter referred to as the "deceased") was travelling along with certain other persons in a Tata Sumo jeep after attending a marriage

[2] (2018) 9 SCC 657

ceremony at village Padoli, Maharashtra. While returning to village Pokhri through the Tandulja-Ambajogai road, the vehicle, which was being driven by its owner, Abdul Gazi, respondent No. 2 herein, allegedly at a high speed and in a rash and negligent manner, lost control near the Amba Sakhar Karkhana petrol pump, collided with the railing of a bridge and overturned. The deceased sustained serious injuries and underwent treatment at various hospitals in Latur before eventually succumbing to his injuries.

6.2. On 26.07.2012, the appellants, being the wife and two sons of the deceased, instituted Motor Accident Claim Petition No. 197 of 2012 before the Tribunal under Section 166 of the MV Act, seeking compensation from the owner of the vehicle and the Insurance Company. The owner disputed the allegation of rash and negligent driving and contended that the accident had occurred because the vehicle skidded on account of molasses spread over the road. The Insurance Company admitted that the vehicle was insured with it at the relevant time, but denied its liability on the ground that the Act Only Policy did not extend to the risk of passengers travelling therein. It was further contended that the vehicle had been used for hire

or reward in violation of the terms and conditions of the insurance policy.

6.3. By its judgment and award dated 28.08.2017, the Tribunal held that the accident had occurred due to the rash and negligent driving of the owner of the vehicle. Upon appreciation of the evidence, the Tribunal also concluded that the vehicle had been hired for attending the marriage ceremony and that no additional premium had been paid towards coverage of passengers. It accordingly found that there had been a breach of the terms and conditions of the insurance policy. Nevertheless, relying upon the decisions of this Court concerning the principle of pay and recover, the Tribunal awarded compensation of ₹7,79,800/- (Rupees Seven Lakh Seventy-Nine Thousand Eight Hundred only), together with interest at the rate of 7.5 per cent per annum from the date of filing of the claim petition until realisation, and directed the Insurance Company to first satisfy the award and thereafter recover the amount from the owner of the vehicle.

6.4. Aggrieved by the direction to pay and recover, the Insurance Company preferred First Appeal No. 2021 of 2018 before the High Court under Section 173 of the MV Act.

6.5. By the impugned judgment dated 05.08.2019, the High Court partly allowed the appeal. It held that the deceased was travelling as a passenger in a private vehicle whose risk was not covered under the Act Only Policy. The High Court further observed that the directions issued by this Court in certain earlier decisions requiring insurers to pay compensation and thereafter recover the same from vehicle owners had been made in exercise of the extraordinary jurisdiction under Article 142 of the Constitution, which was not available to the Tribunal or the High Court. Accordingly, the High Court set aside the direction to pay and recover, dismissed the claim against the Insurance Company and held that the appellants were entitled to recover compensation from the owner alone. It also directed that any amount deposited by the Insurance Company be returned to it.

6.6. Aggrieved by the impugned judgment, the appellants approached this Court by way of the present appeal.

7. Having heard the learned counsel for the parties and considered the factual background and the nature of the controversy, we find that the following questions arise for our consideration:

i) Whether an occupant of a private vehicle or a pillion rider on a two-wheeler, being a person other than the insured and the insurer, is necessarily covered under the compulsory third-party insurance contemplated by Section 147 of the MV Act, even where the vehicle is insured under an Act Only Policy and no additional premium has been paid to cover such risk?

ii) Whether, in the absence of any statutory or contractual liability on the part of the insurer, this Court may exercise its extraordinary jurisdiction under Article 142 of the Constitution to direct the insurer to first satisfy an award of compensation and thereafter recover the amount from the owner of the vehicle? If so, what are the principles and limitations governing the exercise of such power?

We shall examine these questions separately, having regard to the statutory framework, the relevant judicial precedents and the constitutional principles governing the exercise of extraordinary jurisdiction by this Court.

## **Issue I- Scope of compulsory third-party insurance under the MV Act**

8. The first question requires an examination of the statutory framework governing compulsory insurance

and the nature of the liability which an insurer is required to undertake under the MV Act.

9. Chapter XI of the MV Act deals with insurance of motor vehicles against third-party risks. Section 145(g) of the MV Act defines the expression "third party" in the following terms:

*"145 (g) 'third party' includes the Government."*

10. The definition is inclusive and does not exhaustively enumerate the persons who may qualify as third parties. However, it cannot be considered in isolation from the remaining provisions of Chapter XI. The question is not merely who may be described as a third party, but whether the particular risk sought to be enforced against the insurer falls within the compulsory coverage prescribed by the statute.

11. Moreover, Section 146(1) of the MV Act prohibits the use of a motor vehicle in a public place, subject to the statutory exceptions, unless a policy of insurance complying with Chapter XI is in force. The provision thus makes insurance compulsory, but the extent of the obligation is determined by Section 147 of the MV Act, which prescribes the requirements of such a policy.

12. Since the accident in the present case occurred on 15.04.2012, the provisions of the MV Act as they stood on that date would govern the determination of the statutory liability of the Insurance Company. The

relevant portion of Section 147(1) of the MV Act, as applicable at the time, reads as follows:

> *"147 (1) In order to comply with the requirements of this Chapter, a policy of insurance must be a policy which—*
> *(a) is issued by a person who is an authorised insurer; and*
> *(b) insures the person or classes of persons specified in the policy to the extent specified in sub-section (2)—*
> *(i) against any liability which may be incurred by him in respect of the death of or bodily injury to any person, including owner of the goods or his authorized representative carried in the vehicle or damage to any property of a third party caused by or arising out of the use of the vehicle in a public place;*
> *(ii) against the death of or bodily injury to any passenger of a public service vehicle caused by or arising out of the use of the vehicle in a public place:"*

13. The statutory language requires careful consideration. Section 147(1)(b)(i) of the MV Act refers to liability arising from the death of or bodily injury to any person, including the owner of goods or his authorised representative carried in the vehicle. Section 147(1)(b)(ii) of the MV Act, on the other hand, specifically deals with liability arising from the death of or bodily injury to passengers travelling in a public service vehicle.

14. The legislature has thus distinguished between the general obligation to insure against third-party risks and the obligation to insure particular categories of

persons travelling in a vehicle. The express inclusion of the owner of goods or his authorised representative under Section 147(1)(b)(i), together with the separate provision concerning passengers of a public service vehicle, is significant.

15. If the expression "any person" were interpreted to include every individual travelling in any vehicle, the specific references to owners of goods and passengers of public service vehicles would lose their significance. Such an interpretation would render the legislative distinctions between classes of vehicles and passengers largely redundant.

16. The provisions of an enactment must be read harmoniously, giving effect to the language employed by the legislature without rendering any provision unnecessary or without purpose. An interpretation which treats every occupant or passenger as compulsorily insured merely because such person is neither the insured nor the insurer does not sufficiently account for the structure of Section 147 of the MV Act.

17. Section 147(1) of the MV Act also contains a proviso regulating the compulsory coverage of certain categories of employees, including persons engaged in driving vehicles, conductors of public service vehicles and employees carried in goods carriages. This further demonstrates that the legislature has identified particular liabilities required to be insured. The

statutory obligation cannot therefore be determined solely by reference to the general expression "any person".

18. Section 147(2) of the MV Act, as it stood at the relevant time, prescribed the limits of liability under a policy complying with Section 147(1) of the MV Act. The relevant provision reads as follows:

> *"147 (2) Subject to the proviso to sub-section (1), a policy of insurance referred to in sub-section (1), shall cover any liability incurred in respect of any accident, up to the following limits, namely:—*
> *(a) save as provided in clause (b), the amount of liability incurred;*
> *(b) in respect of damage to any property of a third party, a limit of rupees six thousand:"*

19. The expression "any liability incurred" under Section 147(2) of the MV Act must be understood with reference to the risks required to be insured under Section 147(1) of the MV Act. Sub-section (2) determines the extent of liability in respect of a risk falling within the statutory coverage. It does not independently enlarge the categories of persons or risks which must be insured.

20. The distinction between statutory coverage and contractual coverage is further reinforced by Section 147(5) of the MV Act, which provides as follows:

> *"147 (5) Notwithstanding anything contained in any law for the time being in force, an insurer issuing a policy of insurance under this section*

*shall be liable to indemnify the person or classes of persons specified in the policy in respect of any liability which the policy purports to cover in the case of that person or those classes of persons."*

21. The aforesaid provision recognises that an insurer may undertake liability under the terms of the insurance policy. Therefore, the absence of compulsory statutory coverage does not necessarily exclude liability arising under a wider contract of insurance. The liability of an insurer must consequently be determined by examining both the minimum coverage prescribed by the MV Act and any additional coverage undertaken through the policy.

22. Section 149(1) of the MV Act, as applicable at the relevant time, also bears upon this distinction. The provision imposed a duty upon the insurer to satisfy judgments and awards in respect of liability required to be covered under Section 147(1)(b), being a liability covered by the terms of the policy, subject to the conditions prescribed therein. The obligation under Section 149 of the MV Act must therefore be understood in conjunction with the scope of compulsory coverage under Section 147 of the MV Act.

23. At this stage, it is necessary to distinguish between two legally distinct situations. The first is where a risk falls within the statutory or contractual coverage, but the insured has committed a breach of the conditions

governing the policy. The second is where the risk itself is neither required to be insured under the statute nor covered by the contract of insurance.

24. In the former situation, the liability of the insurer and the consequences of breach must be examined with reference to Section 149 of the MV Act and the principles laid down by this Court. In the latter, the foundational obligation to indemnify the particular risk is absent. The mere existence of an insurance policy in respect of the vehicle does not establish that every liability arising from its use is covered.

25. In ***New India Assurance Co. Ltd. v. Asha Rani***[3], a three-Judge Bench of this Court considered whether the compulsory insurance contemplated under Section 147 of the MV Act extended to gratuitous passengers travelling in a goods vehicle. The Court held that the expression "any person" could not be interpreted independently of the statutory context and concluded that compulsory coverage did not extend to such passengers. In doing so, it overruled the broader interpretation previously adopted in ***New India Assurance Co. Ltd. v. Satpal Singh***[4], which had treated the expression as extending to gratuitous passengers irrespective of the category of vehicle.

[3] (2003) 2 SCC 223
[4] (2000) 1 SCC 237

26. The position was further clarified by another three-Judge Bench in ***National Insurance Co. Ltd. v. Baljit Kaur***[5]. The Court considered the effect of the amendment to Section 147 of the MV Act introduced in 1994, whereby the owner of goods or his authorised representative carried in the vehicle was expressly included within compulsory insurance coverage. It held that the amendment did not extend such coverage to every passenger travelling in a goods vehicle. The reasoning in ***Baljit Kaur (supra)*** is significant. If every passenger were already included within the expression "any person", the express legislative inclusion of the owner of goods or his authorised representative would serve no meaningful purpose. The decision thus reaffirmed that the scope of compulsory insurance must be determined from the statutory scheme.

27. In ***United India Insurance Co. Ltd. v. Tilak Singh***[6], this Court considered whether a statutory insurance policy covered the risk of death or bodily injury to a gratuitous pillion rider on a scooter. The Court examined the earlier decisions, including ***Asha Rani (supra)***, and held that the principle governing gratuitous passengers in goods vehicles was equally applicable to gratuitous passengers travelling in other categories of vehicles. Accordingly, the insurer was held

[5] (2004) 2 SCC 1
[6] (2006) 4 SCC 404

not liable for the death of the pillion rider, since the statutory policy did not cover that risk.

28. The question was considered more directly in ***Oriental Insurance Co. Ltd. v. Sudhakaran K.V.***[7]. This Court examined whether a pillion rider could be treated as a third party for the purpose of fastening liability upon the insurer under Section 147. Upon consideration of the statutory provisions and the earlier decisions, the Court held that the insurer's liability under an Act Only Policy did not extend to the risk of a pillion rider unless the requisite premium had been paid. The Court further clarified that a pillion rider could not be treated as a third party for the purpose of imposing liability upon the insurer of the very vehicle on which the person was travelling, where the accident had occurred due to the negligent riding of that vehicle.

29. A further distinction between an Act Only Policy and a Comprehensive or Package Policy was explained in ***National Insurance Co. Ltd. v. Balakrishnan***[8]. This Court recognised that while an Act Only Policy provides the coverage required by the statute, a Comprehensive or Package Policy may extend to occupants of private vehicles in accordance with its terms and the applicable regulatory directions.

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[7] (2008) 7 SCC 428
[8] (2013) 1 SCC 731

30. The decisions discussed above establish that compulsory insurance under Section 147 of the MV Act and wider contractual coverage operate upon distinct legal foundations. The absence of compulsory coverage for a particular category of persons does not prevent an insurer from assuming that risk through an appropriate policy. Equally, liability cannot be imposed solely because the vehicle was insured against third-party risks.

31. We may now return to the question which prompted the reference. It cannot be answered merely by identifying every person other than the insured and the insurer as a third party entitled to compulsory coverage, without examining the nature of the risk insured.

32. In our considered view, the distinction lies between the status of a person and the character of the risk sought to be enforced against the insurer. A person may be a third party in the ordinary sense of being a stranger to the contract of insurance. However, that circumstance alone does not establish that every risk arising from the person's presence in the insured vehicle is required to be covered by an Act Only Policy.

33. It is equally important to clarify that an occupant of a private vehicle or a pillion rider does not cease to be a third party for every purpose merely because such person was travelling in a vehicle. Where the negligence of another vehicle gives rise to a claim, such person may

stand in the position of a third party in relation to that vehicle and its insurer. The present question concerns the liability of the insurer of the vehicle in which the person was travelling, where the risk is not covered under the applicable policy.

34. We are conscious that the MV Act is a beneficial legislation intended to provide compensation to victims of motor accidents and their dependants. Its provisions must receive an interpretation which advances that object. Nevertheless, the beneficial nature of a statute cannot justify an interpretation which disregards the distinctions expressly drawn by the legislature or imposes upon an insurer a liability which the statutory framework does not contemplate.

35. The interpretation adopted in ***Tilak Singh (supra)*** and ***Sudhakaran K.V. (supra)*** is consistent with the statutory scheme and the principles laid down by the larger Benches in ***Asha Rani (supra)*** and ***Baljit Kaur (supra)***. We find no reason to depart from the position that compulsory insurance under Section 147 of the MV Act does not automatically extend to the risk of injury or death of a gratuitous occupant of a private vehicle or a pillion rider on a two-wheeler under an Act Only Policy.

36. Accordingly, we answer the first question in the negative. We hold that a person does not become entitled to compulsory insurance coverage under

Section 147 merely because such person is neither the insured nor the insurer. The liability of an insurer under an Act Only Policy must be determined by reference to the risks which the MV Act requires to be insured. Where the risk falls outside such coverage, liability cannot be imposed unless the terms of the insurance policy otherwise provide for it.

37. This conclusion settles the extent of the insurer's statutory and contractual liability. It leaves open the distinct question whether this Court may, in exercise of its extraordinary jurisdiction under Article 142 of the Constitution, direct an insurer to first satisfy an award and thereafter recover the amount from the person legally liable.

**Issue II- Scope and limitations of the power under Article 142 of the Constitution**

38. We now turn to Article 142 of the Constitution and the limitations governing its exercise in motor accident compensation cases.

39. Article 142(1) of the Constitution empowers this Court to pass such decree or make such order as is necessary for doing complete justice in any cause or matter pending before it. The provision enables this Court to secure a just and effective resolution where the ordinary application of law may not adequately serve the ends of justice.

40. The power under Article 142 of the Constitution is distinct from the jurisdiction conferred upon courts and tribunals by ordinary legislation. Its exercise is not necessarily confined to the reliefs expressly contemplated by a particular statute. Nevertheless, the amplitude of the power does not dispense with the requirement of judicial restraint. The pursuit of complete justice must remain consistent with the fundamental principles underlying the applicable legal framework.

41. In ***Supreme Court Bar Association v. Union of India***[9], a Constitution Bench of this Court considered the scope and limitations of Article 142 of the Constitution. The Court recognised that the power is supplementary and curative in nature, intended to prevent injustice in a cause or matter pending before it. At the same time, it cautioned that such power cannot be employed to disregard substantive rights or to supplant the law applicable to the controversy.

42. The constitutional position has since been comprehensively examined by a Constitution Bench in ***Shilpa Sailesh v. Varun Sreenivasan***[10]. Upon considering the earlier decisions, including ***Union Carbide Corporation v. Union of India***[11], and

[9] (1998) 4 SCC 409
[10] (2023) 14 SCC 231
[11] (1991) 4 SCC 584

***Supreme Court Bar Association (supra)***, the Court explained that the power under Article 142 of the Constitution is not invariably restricted by the procedural or substantive requirements of ordinary legislation. However, its exercise must remain informed by considerations of fundamental general and specific public policy, including the underlying principles of the statutory framework. The Constitution Bench further emphasised that this Court cannot altogether ignore substantive legislative provisions. The power to do complete justice must be exercised with due regard to the competing rights and interests of the parties.

43. These principles assume particular significance in the context of compulsory motor vehicle insurance. The statutory scheme identifies the risks which an insurer is required to cover and permits the undertaking of wider liability through a contract of insurance. A general direction requiring insurers to satisfy awards in respect of risks falling outside both forms of coverage would undermine the distinctions recognised under Section 147 of the MV Act.

44. However, a direction requiring an insurer to satisfy a particular award in the first instance, while preserving its right to recover the amount from the person legally liable, stands on a different footing. Such a direction does not necessarily alter the determination of liability under the statute or the insurance contract. Rather, it

concerns the manner in which an established liability may exceptionally be satisfied. This distinction does not render the interests of the insurer inconsequential. Recovery proceedings may involve considerable delay and expense, and the amount advanced may not ultimately be recovered in full.

45. Before examining the circumstances in which such intervention may be permissible, it is necessary to consider the judicial precedents concerning the principle of pay and recover. In ***National Insurance Co. Ltd. v. Swaran Singh***[12], this Court examined the consequences of a breach of policy conditions relating to the driving licence of the person operating the insured vehicle. The Court recognised that, in cases involving covered third-party risks, the insurer could be required to satisfy the award in the first instance and thereafter recover the amount from the insured.

46. The principle was subsequently applied in ***Shamanna v. Divisional Manager, Oriental Insurance Co. Ltd.***[13]. However, the controversy in that case concerned the absence of a valid driving licence, which constituted a breach of the conditions of the policy. The decision must therefore be understood in the context of a risk otherwise falling within the statutory coverage. It does

[12] (2004) 3 SCC 297
[13] (2018) 9 SCC 650

not, by itself, determine the availability of pay-and-recover relief where the risk was never insured.

47. A different line of decisions concerns cases in which the insurer was found not to be liable for the particular risk, but was nevertheless directed to satisfy the compensation award. In ***Baljit Kaur (supra)***, this Court held that gratuitous passengers travelling in goods vehicles were not covered by the compulsory insurance requirements. Having clarified the legal position, the Court nevertheless directed the insurer to satisfy the award and recover the amount from the vehicle owner, having regard to the circumstances in which the claim had arisen and the earlier understanding of the law.

48. In ***National Insurance Co. Ltd. v. Challa Bharathamma***[14], this Court similarly directed the insurer to satisfy the award despite finding that it was not legally liable to indemnify the insured. The Court also prescribed safeguards for recovery, including the entitlement of the insurer to initiate execution proceedings without instituting a separate suit and the furnishing of security by the vehicle owner. The decision recognises both the need to protect claimants and the importance of safeguarding the insurer's recovery rights.

[14] (2004) 8 SCC 517

49. The question arose again in ***National Insurance Co. Ltd. v. Saju P. Paul***[15]. While holding that the insurer was not liable for injuries sustained by a gratuitous passenger travelling in a goods vehicle, this Court directed the insurer to satisfy the award and recover the amount from the owner. The Court placed particular emphasis upon the prolonged pendency of the proceedings, the permanent disability suffered by the claimant and the fact that compensation had remained unpaid for several years.

50. The approach adopted in ***Saju P. Paul (supra)*** was subsequently followed in ***Manuara Khatun v. Rajesh Kumar Singh***[16]. This Court recognised that the insurer was not liable under the applicable policy but nevertheless directed payment and recovery, considering the circumstances of the claimants and the considerable time which had elapsed since the accident. Similarly, in ***Anu Bhanvara v. IFFCO Tokio General Insurance Co. Ltd.***[17], the Court invoked the principle having regard to the permanent disabilities suffered by the claimants, who were children at the time of the accident.

51. The reservations expressed by the referring Bench in **Parvathneni (supra)** assume particular significance

[15] (2013) 2 SCC 41
[16] (2017) 4 SCC 796
[17] (2020) 20 SCC 632

in the present context. The concern was whether an insurer, upon establishing that it had no liability under law, could nevertheless be compelled to satisfy an award merely because it was granted liberty to subsequently recover the amount from the vehicle owner. The Bench also recognised the practical difficulty that such recovery may take several years or may ultimately prove impossible.

52. These concerns raise a substantial question regarding the permissible limits of Article 142 of the Constitution. They require this Court to consider whether directing an insurer to satisfy an uninsured liability in exceptional circumstances would constitute an impermissible creation of liability, or whether such a direction may be justified as a measure for securing complete justice without disturbing the ultimate legal responsibility of the vehicle owner. We find that the objection in ***Parvathneni (supra)*** cannot be answered merely by observing that the insurer would be entitled to recover the amount. A right of recovery does not guarantee actual reimbursement. Equally, the absence of statutory or contractual liability cannot, by itself, be treated as an absolute prohibition upon the exercise of Article 142 of the Constitution. The question must be examined in the light of the constitutional principles

subsequently clarified by the Constitution Bench in ***Shilpa Sailesh (supra)***.

53. In our considered view, the distinction is between enlarging an insurer's liability as a matter of general law and exceptionally directing it to satisfy an established compensation award in the first instance, while preserving the ultimate liability of the person legally responsible.

54. That distinction does not, by itself, justify such a direction. Even a temporary obligation to pay imposes a financial burden upon an insurer who is otherwise not liable. The exercise of Article 142 of the Constitution must account for that burden as well as the interests of the claimant.

55. The constitutional position explained in ***Shilpa Sailesh (supra)*** provides the appropriate framework for resolving this question. The exercise of Article 142 of the Constitution is not necessarily prohibited merely because the relief contemplated is not expressly provided under ordinary legislation. The relevant consideration is whether the proposed exercise would contravene a fundamental principle underlying substantive law or amount to an impermissible substitution of the statutory framework.

56. Section 147 of the MV Act defines the extent of compulsory insurance coverage. It does not purport to regulate or restrict the constitutional jurisdiction of this

Court under Article 142 of the Constitution. Nevertheless, the statutory allocation of insurance liability remains an important consideration in determining what constitutes complete justice. The power cannot be exercised in a manner which makes the distinction between insured and uninsured risks practically meaningless.

57. We may, in this context, turn to some recent decisions of this Court. In ***Sunita v. United India Insurance Co. Ltd.***[18], the Court directed the insurer to satisfy the compensation award and thereafter recover the amount from the owner, notwithstanding the absence of coverage for a gratuitous passenger under a Liability Only Policy. On the other hand, in ***Sri Ranga Naik v. United India Insurance Co. Ltd.***[19], this Court declined to apply the principle of pay and recover where the risk of the injured passenger fell outside the coverage of the policy. The Court distinguished a breach of policy conditions from a case in which the insurer had not undertaken the particular risk. The decision did not, however, undertake a separate examination of the circumstances in which the extraordinary jurisdiction under Article 142 may be exercised.

58. These decisions demonstrate that pay-and-recover relief has been granted in certain cases involving uninsured

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risks, but cannot follow automatically. The constitutional question requires a principled justification for exceptional intervention to secure complete justice.

59. The object of the MV Act is not merely to determine compensation, but also to secure meaningful relief to motor accident victims and their dependants. An award which remains unrealised for an unreasonable period may, depending upon the circumstances, fail to achieve that object.

60. In ***Anita Kushwaha v. Pushap Sudan***[20], a Constitution Bench of this Court recognised access to justice as an integral facet of the rights guaranteed under Articles 14 and 21 of the Constitution. The Court emphasised that access to justice encompasses not merely the availability of an adjudicatory forum, but also an effective, affordable and reasonably expeditious process for the enforcement of legal rights. The principle assumes particular importance where compensation has already been adjudicated, but the claimant continues to be deprived of its benefit through prolonged proceedings. The constitutional concern also extends to whether the remedy remains capable of providing meaningful relief to the person for whose benefit it exists.

[20] (2016) 8 SCC 509

61. At this juncture, we also consider it necessary to reflect upon the responsibility of insurance companies in the administration of motor accident compensation. In ***United India Insurance Co. Ltd. v. Lehru***[21], this Court expressed serious concern over the practice of insurers pursuing appeals on questions of law which stood settled, thereby depriving claimants of the benefit of compensation for several years. Such observations underline a larger concern regarding the manner in which insurance claims are contested. While insurance is undoubtedly a commercial enterprise, it also performs an important social function, particularly in the context of compulsory motor vehicle insurance. The victims of motor accidents and their dependants frequently approach the adjudicatory process in circumstances of financial distress and personal vulnerability. The pursuit of untenable defences or the unnecessary prolongation of litigation may, in such circumstances, render the eventual award of compensation inadequate to remedy the hardship already suffered. Insurance companies must therefore remain conscious that their right to contest claims carries with it a corresponding responsibility to act fairly and to avoid conduct which unnecessarily obstructs the timely administration of justice.

[21] (2003) 3 SCC 338

62. We must, however, clarify that an insurer cannot be deprived of its legitimate statutory or contractual defences merely because the MV Act is a beneficial legislation. Nor can the pursuit of a bona fide defence concerning the extent of insurance coverage, by itself, be regarded as an abuse of the judicial process. Indeed, in the present case, we have concluded that the Insurance Company bears no statutory or contractual liability for the risk in question. Our observations are therefore not intended to attribute any improper conduct to the Insurance Company herein. Rather, they emphasise that the commercial interests of insurers must be pursued consistently with the broader social purpose of motor accident compensation legislation. The extraordinary jurisdiction under Article 142 of the Constitution must ultimately be exercised upon the constitutional principles discussed above, and not upon any general presumption against insurance companies.

63. A related principle of common law is embodied in the maxim ***actus curiae neminem gravabit***, which means that an act of the Court shall prejudice no one. In ***A.R. Antulay v. R.S. Nayak***[22], this Court recognised the principle that a litigant should not suffer injustice on account of an act of the judicial process. The maxim reflects the broader obligation of courts to ensure that

[22] (1988) 2 SCC 602

the administration of justice does not itself become a source of avoidable prejudice.

64. The maxim does not authorise the displacement of substantive rights or the imposition of liability upon another person merely because litigation has caused delay. Its relevance arises particularly where judicial orders have materially impeded the realisation of an established entitlement for a considerable period.

65. These considerations do not independently create liability against the insurer. They inform whether exceptional intervention under Article 142 of the Constitution is necessary and the permissible extent of such intervention.

66. We are therefore of the view that a direction requiring an insurer to first satisfy an award, despite the absence of statutory or contractual liability, must be governed by a structured and sufficiently demanding threshold. Such a direction should ordinarily be considered only where the following four requirements are satisfied.

67. **First**, there must be an established and enforceable obligation to compensate. The liability of the vehicle owner or other responsible person must have been judicially determined, and the compensation payable must be ascertainable. The absence of liability on the part of the insurer must also be established. Article 142 cannot be invoked to dispense with the ordinary adjudication of liability or to compel an insurer to pay

merely because a claim for compensation has been instituted.

68. **Second**, there must exist an exceptional necessity to prevent substantial injustice. The Court must be satisfied, on the basis of the record, that requiring the claimant to pursue the ordinary course of recovery would result in hardship of an exceptional character. Relevant considerations may include prolonged non-payment of compensation, serious financial or physical vulnerability, permanent disability, the circumstances of dependent family members and the effect of judicial proceedings upon the claimant's ability to obtain timely relief.

69. No single circumstance should ordinarily be treated as conclusive. The fact that an accident has resulted in death or injury cannot, by itself, justify exceptional intervention, since such consequences form the very foundation of claims under the MV Act. Equally, the passage of time, without regard to its causes and consequences, cannot automatically warrant relief. The circumstances, viewed cumulatively, must disclose a substantial injustice beyond the ordinary difficulties of enforcing a compensation award.

70. **Third**, the proposed direction must satisfy the requirements of necessity and proportionality. The Court must consider whether an equally effective and less burdensome remedy is reasonably available. It

must further examine whether directing the insurer to satisfy the award would materially advance the claimant's access to compensation and whether that benefit justifies the financial and procedural burden imposed upon the insurer.

71. Proportionality further requires consideration of the amount involved, the duration of non-payment, sums already deposited or received and the practical prospects of recovery from the person legally liable. The financial position of the insurer, by itself, cannot justify imposing an uninsured liability.

72. **Fourth**, the direction must preserve procedural fairness and provide appropriate safeguards for recovery. The insurer and the person ultimately liable must be afforded an opportunity to be heard. Any direction requiring payment must expressly preserve the insurer's entitlement to recover the amount from the legally responsible person and provide an effective mechanism for enforcing that entitlement.

73. The requirement of effective recovery safeguards also finds support in the equitable ***doctrine of subrogation*** and the related principle of restitution. The underlying object of these principles is to ensure that where a person discharges an obligation which legally rests upon another, the person ultimately responsible does not obtain an unjust benefit at the expense of the person making payment. In ***Krishna Pillai***

***Rajasekharan Nair v. Padmanabha Pillai***[23], this Court recognised that the doctrine of subrogation is founded upon principles of equity and natural justice, and not merely upon contractual relationships. The Court also referred to the principle of reimbursement embodied in Section 69 of the Indian Contract Act, 1872, under which a person interested in making a payment legally due from another may, upon satisfying the prescribed conditions, be entitled to reimbursement.

74. The equitable rationale underlying these principles assumes relevance in the present context. Where an insurer is directed to satisfy a compensation award despite the absence of statutory or contractual liability, the payment is made for the immediate benefit of the claimant, while the underlying obligation continues to rest upon the vehicle owner. The object of such a direction is not to relieve the owner of liability, but to ensure that the claimant is not deprived of meaningful compensation in circumstances warranting extraordinary intervention. If the owner were permitted to obtain the benefit of the payment without remaining answerable to the insurer, the relief intended to prevent injustice to one party could itself occasion injustice to another. Equity requires that the ultimate financial

[23] (2004) 12 SCC 754

burden should, as far as reasonably practicable, remain upon the person legally responsible for the compensation.

75. We must, however, clarify that the doctrine of subrogation does not, by itself, authorise this Court to compel an insurer to discharge an uninsured liability, nor does Section 69 automatically govern every payment made pursuant to a judicial direction. The source of such extraordinary intervention remains Article 142 of the Constitution. The principles of subrogation and restitution furnish an additional equitable justification for preserving the insurer's right of reimbursement once such intervention is found necessary. It is therefore incumbent upon this Court to ensure that a direction to pay and recover is accompanied by an effective mechanism through which the insurer may enforce its entitlement against the person ultimately liable. In this manner, the exercise of Article 142 of the Constitution may secure timely relief to the claimant without unnecessarily disturbing the substantive allocation of financial responsibility under the MV Act.

76. The adequacy of the recovery mechanism must receive genuine consideration. The mere preservation of a right to recover cannot be regarded as sufficient where its enforcement is demonstrably impracticable. Equally, the safeguards contemplated for the insurer must not be so onerous as to defeat the purpose of granting

exceptional relief to the claimant. The Court must therefore ensure that the mechanism of recovery is both effective and proportionate, maintaining a reasonable balance between the competing interests of the parties.

77. These four requirements must be considered together, rather than as independent or automatic grounds for relief.

78. Even where these requirements are met, Article 142 of the Constitution remains extraordinary and discretionary. Its exercise must rest upon reasons specific to the case, demonstrating why constitutional intervention is necessary to secure complete justice.

79. The power cannot be exercised so frequently that an exceptional constitutional remedy becomes an alternative system of compulsory insurance, thereby undermining the statutory distinctions between different classes of insurance policies.

80. This restraint protects not merely the commercial interests of insurers, but also legal certainty in the allocation of responsibility. The beneficial object of the MV Act must be pursued consistently with its statutory framework and the rights of all affected parties.

81. It is also necessary to clarify that Article 142 of the Constitution confers a constitutional power upon this Court alone. The principles discussed above do not authorise Tribunals or High Courts to invoke an equivalent extraordinary jurisdiction where no statutory

or contractual liability exists. This does not affect their power to direct payment and recovery where such relief is otherwise permissible under the MV Act and the binding precedents governing breaches of policy conditions.

82. We accordingly answer the second question by holding that the absence of statutory or contractual liability does not constitute an absolute bar to the exercise of Article 142 of the Constitution. In exceptional cases, where an established compensation award remains unrealised and the requirements of exceptional necessity, proportionality and procedural fairness are satisfied, this Court may direct an insurer to first satisfy the award and thereafter recover the amount from the person legally liable.

83. Such a direction does not enlarge insurance coverage or alter the ultimate liability under the MV Act. It remains an exceptional constitutional measure and does not establish a general entitlement to payment from insurers in respect of uninsured risks.

**Application of the aforesaid principles to the present case**

84. At the outset, we find that the risk of the deceased, who was travelling as an occupant of a private vehicle insured under an Act Only Policy, was not covered under the statutory insurance requirements. The Tribunal had also recorded that no additional premium

had been paid towards coverage of passengers. The High Court was therefore justified in holding that the Insurance Company was not liable to indemnify the owner of the vehicle.

85. As regards the first requirement, the liability to compensate the appellants stands judicially determined. The Tribunal held that the accident occurred due to the rash and negligent driving of respondent No. 2 and awarded compensation of ₹7,79,800/- (Rupees Seven Lakh Seventy-Nine Thousand Eight Hundred only), together with interest at the rate of 7.5 per cent per annum from the date of filing of the claim petition until realisation. Neither the finding of negligence nor the quantum of compensation was disturbed by the High Court. There thus exists an established and enforceable obligation upon the owner of the vehicle.

86. Turning to the second requirement, the prolonged pendency of the proceedings is of particular significance. The accident occurred on 15.04.2012 and the Tribunal passed its award on 28.08.2017. More than fourteen years have thus elapsed since the accident.

87. The High Court stayed execution of the award on 18.01.2018, subject to deposit of the awarded amount with accrued interest. Subsequently, it exonerated the Insurance Company and directed the return of any

amount deposited. The appellants were consequently left to pursue recovery from the owner.

88. In Interlocutory Application No. 273720 of 2025 filed before this Court, the first appellant has stated that she is a widow without any independent source of income and is suffering from medical infirmities associated with her advanced age. The appellants have further asserted that they have not received compensation under the award. While the precise position regarding payment requires verification, these circumstances, considered alongside the prolonged litigation, disclose a substantial concern regarding the effective realisation of compensation.

89. Although the appellants retain the remedy of executing the award against the owner, that remedy must be considered in light of the prolonged litigation and the hardship which further delay may occasion. Exceptional intervention is therefore warranted to ensure that compensation does not remain merely an enforceable right without meaningful relief.

90. As regards the third requirement, directing the Insurance Company to first satisfy only the outstanding compensation and accrued interest, after adjusting amounts already received, would facilitate payment of an adjudicated liability without altering the statutory allocation of responsibility.

91. Such a direction would impose a financial burden upon the Insurance Company despite the absence of coverage. Nevertheless, having regard to the prolonged proceedings, the established liability of the owner and the circumstances of the appellants, we consider exceptional relief proportionate, provided that the right of recovery is effectively protected.

92. The fourth requirement concerning procedural fairness and recovery safeguards must also be satisfied. The Insurance Company shall retain its right to recover the amount paid from respondent No. 2, who remains legally responsible for compensation. The mechanism for such recovery, including recourse to execution proceedings before the Tribunal without instituting a separate suit, shall be specified in the operative directions.

93. On a cumulative consideration of these circumstances, we are satisfied that the present case warrants exceptional relief under Article 142 of the Constitution, subject to verification of any amounts already paid or disbursed and appropriate recovery safeguards. Such relief does not impose statutory or contractual liability upon the Insurance Company or establish a general entitlement in cases involving uninsured risks.

## Conclusion and operative directions

94. In view of the foregoing discussion, we answer the first question by holding that compulsory insurance under Section 147 of the MV Act does not automatically extend to gratuitous occupants of private vehicles or pillion riders under an Act Only Policy. As regards the second question, we hold that the absence of statutory or contractual liability does not constitute an absolute bar to the exercise of the extraordinary jurisdiction of this Court under Article 142 of the Constitution.

95. However, the exercise of such jurisdiction must remain exceptional and must ordinarily satisfy the following four requirements:

I. **Established liability.** There must be an established and enforceable obligation to compensate, with the liability of the person responsible having been judicially determined.

II. **Exceptional necessity.** The circumstances must disclose a compelling necessity to prevent substantial injustice which cannot adequately be remedied through the ordinary process of enforcement.

III. **Necessity and proportionality.** The proposed direction must be necessary and proportionate to the injustice sought to be remedied, having due regard to the rights and interests of the insurer.

IV. **Procedural fairness and recovery safeguards.** The affected parties must be afforded an opportunity of being heard, and appropriate safeguards must be provided to secure recovery from the person ultimately liable.

96. Satisfaction of these requirements does not confer an automatic entitlement to relief under Article 142. The power must remain exceptional and cannot become a substitute for the statutory framework governing insurance liability.

97. The established liability of the owner, the prolonged proceedings and the hardship pleaded by the first appellant justify exceptional intervention, subject to verification of the outstanding amount and preservation of the Insurance Company's recovery rights.

98. Accordingly, we affirm the finding of the High Court that the Insurance Company bears no statutory or contractual liability. However, in exercise of our jurisdiction under Article 142 of the Constitution, we modify the impugned judgment dated 05.08.2019 and issue the following directions:

(i) The Insurance Company shall satisfy the outstanding compensation awarded by the Tribunal on 28.08.2017, together with interest at the rate of 7.5 per cent per annum from the date of filing of the claim petition until realisation, after adjusting any amount already received by the appellants.

(ii) The Tribunal shall ascertain the outstanding amount within four weeks from receipt of this judgment. The Insurance Company shall deposit the amount so determined within eight weeks thereafter for disbursement to the appellants in accordance with the award.

(iii) The Insurance Company shall be entitled to recover the amount paid from respondent No. 2, being the owner of the offending vehicle, through execution proceedings

before the Tribunal without instituting a separate suit. The Tribunal shall afford the owner an opportunity of being heard and may adopt appropriate measures to secure recovery in accordance with law.

99. The appeal is accordingly disposed of in the aforesaid terms.

100. Pending applications, if any, shall also stand disposed of.

**.....J.**
**[VIKRAM NATH]**

**.....J.**
**[SANDEEP MEHTA]**

**.....J.**
**[APARESH KUMAR SINGH]**

**NEW DELHI;**
**NOVEMBER 25, 2026**