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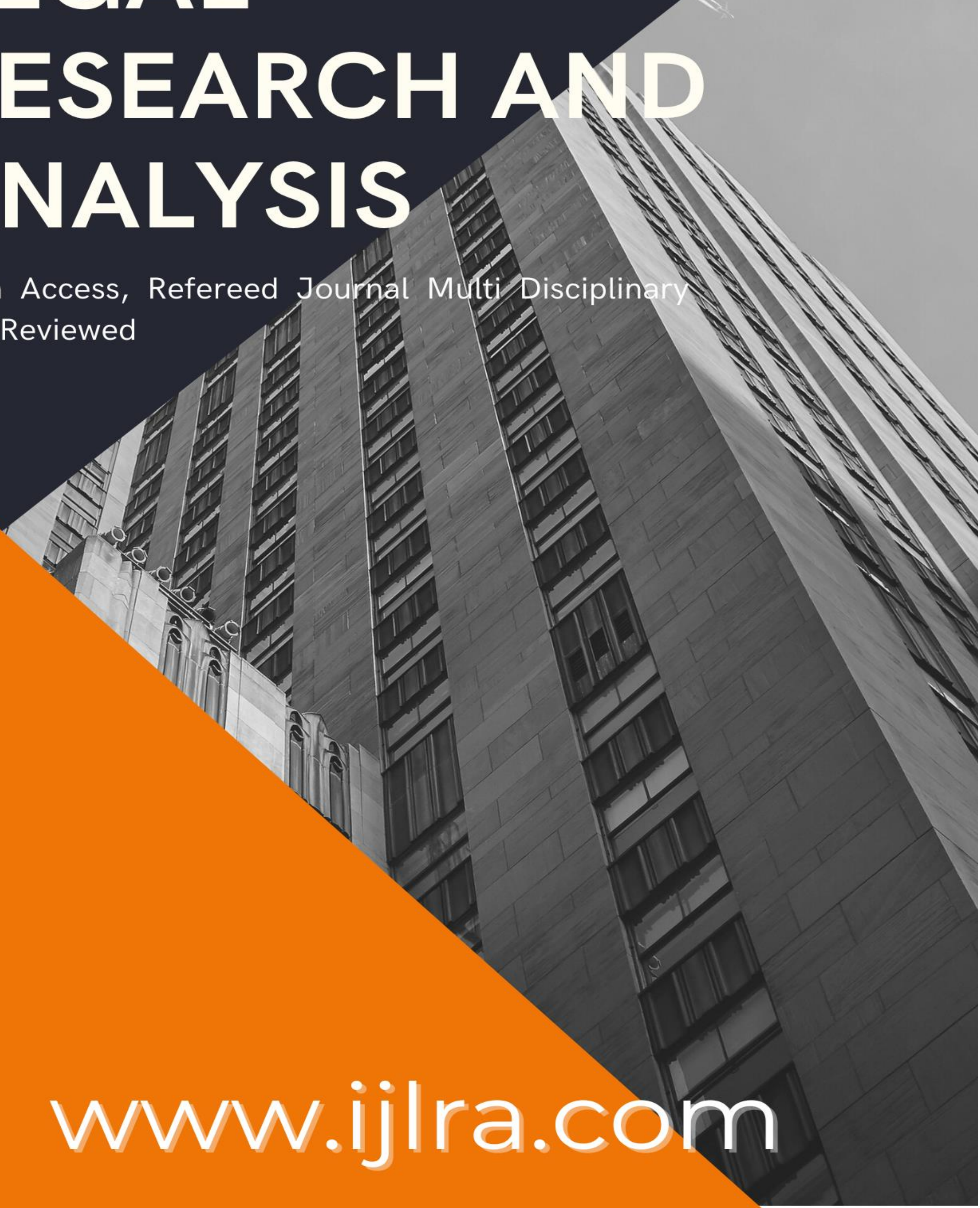

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CASE COMMENT ON NEW INDIA ASSURANCE COMPANY LIMITED v. DOLLY SATISH GANDHI, S.L.P. (C) No.18267 OF 2025

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BENCH: JUSTICE SANJAY KAROL & JUSTICE VIPUL M. PANCHOLI
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Abstract

One may think that creating a strict rule between statutory benefit and contractual benefit as something of very ease, but in fact the said drawing of a boundary is of the most difficult task. As it can be seen and found when it comes to a situation where the law involved is the Motor Vehicles Act 1988 (hereinafter referred to as 'Act of 1988'). More than a decade the question as to, whether the Motor Accidents Claims Tribunal (MACT) in an application filed under Section 166 of the Act of 1988 is legally permitted to grant compensation to the claimant under the head 'medical expenses' when the very same expenses are covered or reimbursed under a separate Mediclaim / medical insurance policy or to deduct the said 'medical expenses' incurred while awarding compensation under Section 168 of the Act of 1988? As various High Courts across India were taking differing stand on the same, finally the Hon'ble Supreme Court had decided to settle the said issue in final. The Hon'ble Apex Court had finally settled the issue by stating that the amount received as part of Mediclaim / medical insurance is not deductible from compensation as calculated by the concerned MACT adjudicating the claim for compensation under the motor vehicle accident and may also include compensation under the head of medical expenses, if claimed by the claimant. This article discusses the positive implications of the much-awaited decision on the life of the motor vehicle accident victims / claimants.

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I. INTRODUCTION

The above is a case in which a person met with an accident and has filed a claim petition under Section 166 of the Act of 1988 before the jurisdictional MACT seeking compensation. Various amount was claimed as compensation under the heads viz. loss of income, future prospects, special diet, transportation, medical expenses. Simultaneously the said claimant had also set out claims with the insurance company under the medical insurance for the very same head 'medical expenses' and was granted by the MACT and money was received.

The said award was challenged before the Hon'ble High Court of Judicature at Bombay and a bench of three judges of the said High Court in deciding the conflict between the judgments of the said Court in *The New India Assurance v. Dineshchandra Shantilal Shah and Others*[1] on one hand, and *Vrajesh Navnitlal Desai v. K. Bagyam and Another*[2], *Royal Sundaram Alliance Insurance Co. Ltd., Kolkata v. Ajit Chandrakant Rakvi and Another*[3] on the other in terms of the judgment under challenge and held that the amount received by the claimant from his own Mediclaim is not to be deducted when such a claimant had approached the jurisdictional MACT seeking compensation for the injuries sustained by him as the result of the accident. The appellant motor vehicle insurance company viz. the New India Assurance Co. Ltd. had approached the Hon'ble Apex Court being aggrieved and challenges the correctness of the findings of the Hon'ble High Court of Bombay. As the factual background in which the said question of law arises does not have any impact on the conclusion to be made by the Apex Court, the Apex Court had not taken into consideration, the said facts for determination.

II. ISSUE BEFORE THE HON'BLE APEX COURT

Whether the amount of money received as Mediclaim, in terms of a Mediclaim policy, is deductible from an award passed by a Claims Tribunal or not'?

III. JUDGMENT OF THE HON'BLE APEX COURT

The Hon'ble Apex Court after hearing in detail the arguments put forward by the appellant insurance company and the respondent claimant had found that the single judges as also division benches even of the same High Court, have taken opposite views across the High Courts in the country. The Hon'ble Apex Court had gone through various judgments of the High Court including five rendered by the High Court of Bombay, two by the High Court of

[1] 2013 (09) BOM CK 0240 (First Appeal No.657 of 2013).
[2] 2005 SCC OnLine Bom.156: 2006 ACJ 65.
[3] 2019 SCC OnLine Bom. 496: 2020 ACJ 691.

Madhya Pradesh, one each by the High Court of Karnataka, Punjab & Haryana High Court, High Court of Calcutta, High Court of Kerala and High Court of Delhi, wherein these Courts has taken a view that the Mediclaim, as a claim is independent from a claim under Section 166 of the Act of 1988 and the award received need not be deducted. The Hon'ble Apex Court had also gone through a different set of other judgments of the High Court including ten rendered by the High Court of Delhi, two by the High Court of Kerala, three by the Punjab & Haryana High Court, two by the High Court of Bombay, one each by the High Court of Madhya Pradesh and Madras High Court, wherein these Courts has taken a view that the Mediclaim is in fact deductible from the total compensation claimed. The Hon'ble Apex Court had found that the High Courts in favour of deducting the amount hold so in view of the principle of 'double benefit' since the very same 'medical expenses' would be compensated from two different sources. Those High Courts against the deduction is of the view that the origin of the two methods of compensating the same is different, hence it cannot be considered as excluding each other. The Hon'ble Court had found that the filing of claim petition before the MACT is a statutory remedy and seeking benefit of Mediclaim origins from a contract entered between concerned parties.

The Hon'ble Apex Court had analysed in detail the judgments of the Apex Court itself in *Reliance General Insurance Co. Ltd. v. Shashi Sharma*[4], *Helen C. Rebello v. Maharashtra SRTC*[5], *Oriental Insurance Co. Ltd. v. R. Swaminathan*[6], *United India Insurance Co. Ltd. v. Patricia Jean Mahajan*[7] *and Sebastiani Lakra v. National Insurance Co. Ltd.*[8]

The Hon'ble Apex Court had held that a Mediclaim policy is something that is purchased, accounting for the uncertainties of life and preparing a financial base for an unfortunate possible eventuality and it doesn't specifically deal with accidental coverage only. The reimbursement of the medical expenses arising from the contractual benefit of the policy is purely independent of any other claim. The provisions of the Act of 1988 arise only upon the happening of an injury or death as a result of a motor vehicle accident and when a motor vehicle accident occurs it cannot overshadow the contractual benefit to a person who had paid the premium to the medical policy. The Apex Court rejected the doctrine of double benefit and held that the Mediclaim is only the result of the premiums paid in the past and the amount received under the motor vehicle accident claim from the MACT arises from a beneficial

[4] (2016) 9 SCC 627
[5] (1999) 1 SCC 90
[6] CA. 2715 of 2002: 2006 ACJ 1398
[7] (2002) 6 SCC 281
[8] (2019) 17 SCC 465

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legislation and is guided by the principle of just and fair compensation.

The Hon'ble Apex Court had also considered the fact that the contrary positions of law being taken by the same High Court, whether it be by the benches of the same strength or by the benches of lesser strength in ignorance of pronouncements made by the benches of higher strength cannot be left unaddressed as they may lead to judicial inconsistency and uncertainty. The Apex Court highlighted its independent tri-fold duty, to apply correct law even if the counsel does not cite, ensure consistency with the precedent and avoid per incuriam decisions. The Apex Court finally hold that the amount received as part of the Mediclaim / medical insurance is not deductible from compensation as calculated by the concerned MACT, adjudicating a claim for compensation under the motor vehicle accident which may also include compensation under the head of medical expenses, if claimed by the claimant. The Court further clarified that the claim under Mediclaim / medical policy is 'contractual' as it is only a *sequitur* of premiums paid in the past while claim under the Act of 1988 is a 'statutory' one.

IV. ANALYSIS

The judgment brought a clarity to the long pending confusion among the counsels and the courts as to whether the claimant in a motor accident claims case is to be given the compensation under the head of medical expenses when the claimants medical expenses were already covered vide his or her Mediclaim or medical insurance, sometime fully or partly in extent. The distinction between the statutory benefit and the contractual benefit is well defined as it was the need of the hour. As many reports in various platforms suggest that the number of persons taking medical insurance in India is increasing day by day. The denial of benefit to a person holding valid medical insurance who had met with a motor vehicle accident, under the head of medical expenses when a claim petition is filed before the concerned MACT, is nothing but denial of his contractual benefit / right and this category of claimants have been suffering for long. The fruit of Mediclaim reimbursement generates only upon the payment of premium and treating grant of both MACT compensation and Mediclaim as 'double benefit' is held to be not appropriate by the Hon'ble Apex Court, is much to be appreciated. The observation of the Hon'ble Court that deducting Mediclaim amounts from MACT awards would grant an unearned windfall to the wrongdoer's insurer and penalize the victim for taking out personal insurance is admirable. The Court had also clarified that the employment benefits such as provident fund, gratuity and pension are also not deductible and represent deferred earning or accrued rights. The Hon'ble Court had clarified that there exists a duty upon the bar and bench to ensure consistency with the precedent and to avoid per incuriam decisions, when conflicting

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judgments are delivered by the coordinate and unequal benches of the same High Court. Through this judgment, the Hon'ble Court had reiterated that the Act of 1988 is beneficial in nature and the only guide is the broad principle of just and fair compensation and it should never be overlapped with any contractual and employment rights / benefits.

V. CONCLUSION

The decision in *New India Assurance Company Limited v. Dolly Satish Gandhi*[9] is an important breakthrough to the particular legal arena dealing the motor accidents claims compensation under the Act of 1988 wherein the observation of the Hon'ble Apex Court stating that claimant holding valid Mediclaim / medical insurance can claim compensation under the head of medical expenses before the MACT in addition to the medical reimbursement received vide the medical insurance can be very much supportive to the victims. As the injuries sustained in a motor accident can be of varying intensity and the burden that the concerned persons face may also varies from financial to physical and mental wellbeing. Getting a financial compensation from the MACT in addition to the medical insurance can be very much supportive to the person and also to his family. The long-lasting confusion among various constitutional courts had finally evaporated in view of the dictum laid by the Hon'ble Apex Court and is much needed. Though the judgment was much late to reveal and will act only prospectively, the involvement of the Apex Court is much to be appreciated.

[9] 2026 INSC 498