[2025] 7 S.C.R. 474 : 2025 INSC 822

The Oriental Insurance Co. Ltd.
v.
Niru @ Niharika & Ors.

(Special Leave Petition (C) No. 11340 of 2020)

14 July 2025

[Sudhanshu Dhulia and K. Vinod Chandran,* JJ.]

Issue for Consideration

Whether any interference is required in the multiplier adopted by the Tribunal and affirmed by the High Court; Whether the 9% interest rate granted by the Tribunal is perfectly in order.

Headnotes†

Motor Vehicle Accident claim – Victim-deceased collided with a truck in the year 1995 – Victim died – Deceased was working as an Engineer with the Brtish Telecom and was paid in pounds – The wife and two minor children of the deceased sought compensation – Tribunal found the driver of the truck negligent – The income stood proved and the Tribunal adopted a multiplier of 13 and reduced 1/3rd of the income for personal expenses – Loss of dependency was computed at Rs.78,33,540/- to which award, Rs.40,000/- as loss of consortium and Rs.15,000/- each for loss of estate and funeral expenses were added – The total compensation awarded was Rs.79,04,540/- – The High Court affirmed the negligence of the truck driver and interfered with the quantum only to the extent of reducing the average exchange rate as existing in the years 1995 & 1996 – Whether the order of the High Court requires interference:

Held: Presumably the family pension was only payable to the wife and when she got remarried, the same was stopped – However, it cannot be said that the minor children were not entitled to the multiplier as adopted by the Tribunal – In such circumstances, there is no reason to interfere with the multiplier adopted by the Tribunal & affirmed by the High Court – The compensation for loss of dependency would thus be; Rs.56,165 x 130% x 12 x 13 x 2/3rd = Rs.75,93,508/- – To the said amount would be added Rs.70,000/-,

* Author

being the amounts granted by the Tribunal for loss of consortium, loss of estate and funeral expenses – The total award hence would be Rs.76,63,508/-, as determined by the High Court too – Further, 9% interest rate granted by the Tribunal is perfectly in order – No illegality in awarding interest for future prospects – In SLP(C) No.11340 of 2020, the multiplier applied looking at the life span of the deceased and the claimants is 13 – Before the Tribunal itself, the case was pending for 12 years and the only amount received by the claimants was Rs.50,000/- – Hence though amounts are awarded for future prospects taking the multiplier of 13; in effect, the money is received only after the period for which the multiplier is adopted – Similar is the case in SLP(C) No.22136 of 2024 where the accident occurred in 2018, the multiplier applied is 17 and seven years have passed from the date of accident – The order of the High Court in both the cases is upheld and there is no reason to interfere with the same. [Paras 6, 8, 9, 12]

List of Keywords

Motor Vehicle Accident claim; Compensation; Multiplier; Loss of dependency; Loss of consortium; Loss of estate; Funeral Expenses; Rate of interest; Awarding interest for future prospects.

Case Arising From

CIVIL APPELLATE JURISDICTION: Special Leave Petition (C) No. 11340 of 2020

From the Judgment and Order dated 11.10.2019 of the High Court of Gujarat at Ahmedabad in FA No. 1789 of 2019

With

Special Leave Petition (C) No. 22136 of 2024

Appearances for Parties

Advs. for the Petitioner:
Aditya Kumar, Ms. Ila Nath, C. George Thomas, Abhishek Gola, Viresh B. Saharya, Anshul Mehral, Akshat Agarwal, Rishabh Sahai Mathur, Nishant.

Advs. for the Respondents:
Mohit D. Ram, Ms. Sthavi Asthana, Dr. Linto K.b., Sanjib Khandayatray, Duvvada Ramesh.

Judgment / Order of the Supreme Court

Judgment

K. Vinod Chandran, J.

1. The wife and two minor children of the deceased in a motor vehicle accident were before the Motor Accident Claims Tribunal for compensation on loss of dependency. The accident occurred on 18.11.1995 when the deceased was travelling in a car which collided with a truck. On the allegation of rash and negligent driving of the truck, the claimants were before the Tribunal seeking compensation of Rs.1,00,00,000/- which was later amended and enhanced to Rs.1,30,00,000/-. The deceased alongwith his family, the claimants were residing in the United Kingdom. The deceased was a person with several academic achievements working as an Engineer with the British Telecom and was paid salary in Pounds.

2. The Tribunal found negligence of the driver of the truck relying on the F.I.R. as also the award passed in a claim petition filed by the driver of the car, wherein negligence was clearly found on the truck driver. The income stood proved and the Tribunal adopted a multiplier of 13 and reduced 1/3rd of the income for personal expenses. Loss of dependency was computed at Rs.78,33,540/- to which award, Rs.40,000/- as loss of consortium and Rs.15,000/- each for loss of estate and funeral expenses were added. The total compensation awarded was Rs.79,04,540/-.

3. The Insurance Company filed an appeal before the High Court against the award amounts raising multifarious contentions. It was first contended that the accident occurred only due to the rashness and negligence of the car driver. On the quantum, it was submitted that admittedly the wife married in the year 2002 and the multiplier should have been only 7, taken from the death of the first husband. The exchange rate as adopted by the Tribunal, was also assailed together with the interest granted at the rate of 9%, which it was contended was against the existing interest rates. Specific contention was taken against the long delay in disposing of the claim petition, which was filed in the year 1995 and disposed of in the year 2017. The allegation was that the claimants who were residing in the U.K.

were solely responsible for the delay occasioned. We see the said contention having been taken relying on Annexure A-4 produced in the memorandum of SLP filed.

4. The High Court affirmed the negligence of the truck driver and interfered with the quantum only to the extent of reducing the average exchange rate as existing in the years 1995 & 1996. The exchange rate of Indian Rupee per Pound was determined at Rs.52.3526 as against the determination of Rs.54.2601 by the Tribunal. The Insurance Company has filed the appeal to cause further interference to the quantum on the various other grounds taken before the Tribunal which according to the Insurance Company was not considered at all by the Tribunal.

5. The Insurance Company has specifically stated in the appeal memorandum that based on the exchange rate applicable at the time of the accident, the monthly income of the deceased should only have been Rs.56,168 (1072.94 x 52.35); which was accepted by the High Court. The Tribunal and the High Court were correct in having deducted 1/3rd for personal expenses and the addition made of 30% for future prospects.

6. One other compelling contention taken by the Insurance Company before the High Court and this Court is that the first respondent-wife of the deceased admitted that she got remarried in 2002 and after that she alongwith her children was living with her second husband. She also admitted that the pension she received from the deceased husband's employer was stopped after that. Obviously, the loss of dependency of the claimants could be assessed only for 7 years; i.e. from 1995-2002, argues the insurer. Presumably the family pension was only payable to the wife and when she got remarried, the same was stopped. However, it cannot be said that the minor children were not entitled to the multiplier as adopted by the Tribunal. In such circumstances, we find absolutely no reason to interfere with the multiplier adopted by the Tribunal & affirmed by the High Court. The compensation for loss of dependency would thus be; Rs.56,165 x 130% x 12 x 13 x 2/3rd = Rs.75,93,508/-. To the said amount would be added Rs.70,000/-, being the amounts granted by the Tribunal for loss of consortium, loss of estate and funeral expenses. The total award hence would be Rs.76,63,508/-, as determined by the High Court too.

7. Yet another contention taken up is the interest granted at the rate of 9%. The Insurance Company relies on Annexure P-1 history of the case to contend that there was undue delay caused by reason of the claimants having not entered their evidence. From Annexure P-1, we see that the claim petition was filed on 28.12.1995 and it first came up for hearing on 11.09.2012. It is seen from Annexure P-1 that the case was posted for applicants' evidence on various dates from 2012 to 2016. However, there is nothing to indicate that it was only by reason of the claimants' absence that the consideration was delayed. Merely because, on various dates, for 4 years, the case was posted for the claimants' evidence, it does not necessarily mean that the claimants were responsible for the delay. Laws delays cannot, without proper substantiation, be cast upon the shoulders of one or other party to the lis. We hence do not find any reason to find the delay to be the sole responsibility of the claimants and in that circumstance necessarily interest must run from the date of filing of the claim petition, to the date of payment; for which precedents are legion, and we need not refer to them.

8. Further contention taken is the higher rate of interest of 9%, in challenge of which several precedents were placed before us. From the decisions perused what emanates is that in the 1980's, Courts were awarding 12% interest which stood reduced to 9% in the 1990's. With the advent of the 21st century and the economic recession world over, the interest rates fell considerably. But even now the rates offered by National Banks for long term deposits are 7% or more. Considering the over-all circumstances especially the long delay caused, we are of the opinion that 9% interest rate granted by the Tribunal is perfectly in order especially noticing the accident having occurred in the year 1995.

9. A very relevant issue agitated by the Insurance Company is the illegality in awarding interest for future prospects, which in any event is an amount received in advance, normally inuring to the benefit of the claimants only in future. This is the only contention taken in the connected appeal bearing SLP(C) No.22136 of 2024. We find absolutely no reason to accept this argument. In SLP(C) No.11340 of 2020, the multiplier applied looking at the life span of the deceased and the claimants is 13. Before the Tribunal itself, the

case was pending for 12 years and the only amount received by the claimants was Rs.50,000/-. Hence though amounts are awarded for future prospects taking the multiplier of 13; in effect, the money is received only after the period for which the multiplier is adopted. Similar is the case in SLP(C) No.22136 of 2024 where the accident occurred in 2018, the multiplier applied is 17 and we are seven years from the date of accident.

10. We cannot but observe that there was nothing stopping the Insurance Company from settling the claim on a computation, on receipt of intimation of the accident, especially since the determination of compensation for loss of dependency, on death being occasioned in a motor vehicle accident, can be determined as evident from the judicial precedents; at least provisionally.

11. In fact, it is due to the repudiation of or refusal to consider the claim that the claimants are driven to the Tribunal. When the matter is pending before the Tribunal or in appeal before the higher forums, the claimants are deprived of the compensation for future prospects. If they are paid in time, it could be utilized by the claimants and on failure, the loss of dependency would force the claimants to source their livelihood from elsewhere. This is sought to be compensated at least minimally by award of interest, which oftener them ever is nominal also since only simple interest is awarded. If the amounts were disbursed to the claimants on a rough calculation, on intimation of the accident to the Insurance Company, subject to the award of the Tribunal, necessarily there would not have been any interest liability atleast to the extent of the disbursement made. Hence, we reject the contention and direct that the entire award amounts would be paid with interest at the rate of 9% from the date of filing of the claim till the date of disbursement, deducting only Rs.50,000/- granted as interim compensation, in SLP(C) No.11340 of 2020 and 6% in SLP(C) No.22136 of 2024 as awarded by the High Court; deduction to be made for the amounts already paid.

12. We uphold the order of the High Court in both cases and find no reason to interfere with the same. The amounts awarded, if not paid, shall be paid within a period of 3 months and if defaulted shall carry 12% interest on the total amount of award with interest from the date of default.

13. The Special Leave Petitions stand rejected.

14. Pending applications, if any, shall stand disposed of.

Result of the case: Special Leave Petitions Rejected.

†*Headnotes prepared by:* Ankit Gyan