

2025 LiveLaw (SC) 231

**IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION
J.B. PARDIWALA; J., R. MAHADEVAN; J.**

12 February, 2025

**CIVIL APPEAL NO.2387 OF 2025 (@Special Leave Petition (C) No. 23158/2022)
M/S TARAPORE AND CO. *versus* UNITED INDIA INSURANCE COMPANY LIMITED**

Vehicle Insurance - Insurance Policy Condition - Crane Accident - Insured Premises - Absurd Condition - Substantial Justice - Held, a condition in an insurance policy limiting liability to accidents occurring solely within the insured's premises is absurd, especially for a vehicle like a crane, typically used at construction sites. The appellant had insured a Tata Hitachi Heavy Duty Crane, which was damaged in an accident in 2007 at Tata Steel's powerhouse in Jamshedpur. The insurer rejected the claim, citing the policy condition that the accident occurred outside the insured's premises. Both the Commercial Court and the High Court upheld the rejection. The Supreme Court criticized the parties for overlooking this impractical condition at the time of insuring the crane and noted the insurer's delay in communicating the rejection. To ensure substantial justice, the Court directed the insurer to pay Rs. 40–45 lakh, including taxes, to settle the claim. The appeal was accordingly disposed of. (Para 21, 22, 24)

[Arising out of impugned final judgment and order dated 05-07-2022 in OSA No. 286/2019 passed by the High Court of Judicature at Madras]

For Petitioner(s): Mr. Rajiv Shakdher, Sr. Adv. Ms. Priya Kumar, Sr. Adv. Mr. Mohit D. Ram, AOR Mr. Anubhav Sharma, Adv. Mr. Arnav Chaudhary, Adv. Mr. Karan Khetani, Adv. Mr. Jonathan Ivan rajan, Adv. Ms. Nayan Gupta, Adv. Ms. Roma Bedi, Adv.

For Respondent(s): Mr. A.k.de, Adv. Mrs. Ananya De, Adv. Mr. Anjan Sinha, Adv. Ms. Chandini Sharma, Adv. Mr. Rameshwar Prasad Prandey, Adv. Ms. Rebbecca Dias, Adv. Mr. Pramit Saxena, AOR

ORDER

1. Leave granted.
2. This appeal arises from the judgment and order dated 05.07.2022 passed by the High Court of Judicature at Madras in OSA No.286 of 2019 by which the appeal filed by the appellant herein came to be dismissed thereby affirming the judgment and order passed by the learned Single Judge in C.S. No.440 of 2012 dated 10.06.2019.
3. It appears from the materials on record that on 17.07.1999, the appellant purchased a Tata Hitachi Heavy Duty Crane from M/s Telco construction for a sum of Rs.3,01,80,509/- (Rupees three crore one lakh eighty thousand five hundred and nine only).
4. After the purchase of the crane, the appellant got it insured through the respondent herein M/s. United India Insurance Co. Ltd.
5. The policy was being renewed by the company from time to time. The crane was being used at the Steel Complex, Jamshedpur. On 27.08.2005 the appellant herein addressed a letter to the respondent as regards the renewal of the policy by enclosing the invoice and valuation report and sought advice on the premium to be paid. It is the case of the appellant herein that at the relevant point of time, it was made very clear to the Insurance Company that the crane was being used and operated within the precincts of the Tate Steel Complex at Jamshedpur.

6. On 6.9.2005 in response to the quotation offered by the respondent company dated 29.08.2005 the appellant herein paid the premium amount as calculated by the Insurance Company.
7. The policy was further renewed for the period between 06.09.2006 to 05.09.2007.
8. The problem cropped up when on 14.06.2007 the crane, in question, met with an accident at the power house no.6 under Tata Steel Jamshedpur. It appears that while lifting material, the Boom of the crane collapsed and got damaged. On the same day, the regional office of the appellant informed about the accident to the head office of the respondent-company.
9. On 15.06.2007 the appellant requested the insurance company to undertake spot survey.
10. On 20.06.2007 the crane was inspected by the Surveyor. The estimate cost of repair of the crane was assessed at Rs.70,15,972.38/-. On 12.03.2008 the final survey report was issued by the Surveyor. On 24th July, 2008 the insurance company inquired with the appellant whether the necessary repair of the crane was undertaken or not.
11. On 22.09.2008 the appellant informed the insurance company that the repair work had been undertaken. Thereafter many reminders were sent by the appellant-company to the Insurance company for the purpose of releasing the insured amount.
12. On 17.04.2009, i.e., almost after seven months of the submission of all the relevant documents for the purpose of the claim under the policy the respondent-company asked for the Driving License, Original Bills and No Objection Certificate from the bankers.
13. Almost 2 years passed by thereafter but the appellant did not hear anything at the end of the Insurance Company.
14. It is for the first time on 31.03.2011 that the respondent company informed the appellant that since the accident had not occurred within their own premises but outside the premises, i.e., at the address mentioned in the policy, it would be difficult for the Insurance Company to sanction the claim.
15. The aforesaid stance of the Insurance Company ultimately compelled the appellant herein to prefer a C.S.(Commercial Division) No.440 of 2012.
16. The Commercial Court vide a judgment and order dated 10.06.2019 held that the claim put forward by the appellant was unsustainable and accordingly dismissed the suit.
17. Being dissatisfied with the dismissal of the suit the appellant preferred OSA No. 286 of 2019. The appeal also came to be dismissed thereby affirming the judgment and order passed by the Commercial Court dismissing the suit.
18. In such circumstances, referred to above, the appellant is here before this Court with the present appeal.
19. We heard Mr. Rajiv Shakhder, the learned senior counsel appearing for the appellant and Mr. A.K. De, the learned counsel appearing for the Insurance Company.
20. Indisputable in the policy the address of the insured i.e. the appellant is stated to be M/s. Tarapore & Co., Patel Building, Main Road Bistupur, Jamshedpur, Dist. Singhbhum East, Jharkhand.
21. The understanding of the Insurance Company is that it is only in the event of the accident occurring within the premises i.e. the place mentioned in the insurance policy that the claim is liable to be sanctioned.

22. *Prima facie* it appears that neither of the parties paid attention to such an absurd condition. The appellant at the time of purchase of the crane and while getting it insured could have pointed out to the insurance company that how do you accept us to use the crane in our office. A crane is always used at the construction sites. At the same time even the Insurance Company kept themselves silent in this regard. Even the Insurance Company could have said that how do you intend to use the crane in your office.

23. Both the courts went strictly by the terms of the insurance policy and thereby rejected the claim.

24. There is no dispute as regards the accident. There is no dispute as regards the damage caused due to the accident. There is no dispute even as regards the quantum of damage. To that extent that it took quite a long time before the Insurance Company itself realised that they cannot sanction the claim because the accident did not occur at the address shown in the insurance policy.

25. In the peculiar facts and circumstances of the case and with a view to doing substantial justice between the parties we made a fervent appeal to the learned counsel appearing for the insurance company to speak to his client so as to consider payment of some reasonable amount to give a meaningful interpretation to the policy more particularly the terms of the policy.

26. The learned counsel appearing for the insurance company was quick in responding saying he would definitely talk to the company and try to find out a way out.

27. Today when the matter was taken up for further hearing the learned counsel appearing for the Insurance Company submitted that company is ready and willing to pay an amount of Rs.40 lakh plus the applicable taxes but not exceeding Rs.45 lakh. Of course, the appellant would expect something more but we appreciate the stance of the Insurance Company and would like to close the matter directing the Insurance Company to pay an amount of Rs.40 lakh plus the applicable taxes but in any event not exceeding Rs.45 lakh. Let this amount be paid to the company within a period of six weeks' from today.

28. With the aforesaid this appeal stands disposed of.

29. Pending application(s), if any, stands disposed of.

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