

MVA S. 149(1) — Policy issued on 8.11 — Payment of premium made by cheque — Third party accident the same day at midnight — Cheque dishonoured on 16.11 — Insurance Policy cancelled — Insurance Company held liable — The subsequent cancellation of the Insurance Policy would not affect the rights of the third party which had accrued on the issuance of the Policy on the date when the accident took place.

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“We are not oblivious of the distinction between the statutory liability of the insurance company vis-a-vis a third party in the context of sections 147 and 149 of the Act and its liabilities in other cases. But the same liabilities arising under a contract of insurance would have to be met if the contract is valid. If the contract of insurance has been cancelled and all concerned have been intimated thereabout, we are of the opinion, the insurance company would not be liable to satisfy the claim.”

(S. Saghir Ahmad and R.P. Sethi, JJ.) New India Assurance Co. Ltd. v. Rula. (2000-2)125 PLR 765 (SC)