

**Insurance company is not statutorily liable to indemnify the insured for compensation awarded to gratuitous passengers travelling in a goods vehicle, and the liability under Section 147 of the Motor Vehicles Act, 1988, does not extend to such passengers**

Emphasising the liability of the insurance company vis-à-vis the insured on the matter of gratuitous passenger carried in a goods vehicle, the **High Court of Himachal Pradesh** in the case of **United India Insurance Company vs Puran Chand [FAOs No. 87 to 90 of 2013] dated March 05, 2026**, has ruled that the insurance company is not statutorily liable to indemnify the insured for compensation awarded to gratuitous passengers travelling in a goods vehicle, and the liability under Section 147 of the Motor Vehicles Act, 1988, does not extend to such passengers.

The High Court pointed out that a Motor Accidents Claims Tribunal (MACT) does not have the jurisdiction to direct an insurance company to 'pay and recover' compensation in cases where there is no statutory liability on the insurer, such as in the case of gratuitous passengers in a goods vehicle.

Such a direction is beyond the powers of the Tribunal, as the power to issue such directions in the interest of justice is an extraordinary power vested in the Supreme Court under Article 142 of the Constitution, added the Court, while concluding that the entire liability to satisfy the award and pay the compensation rests solely with the owner of the vehicle.

The Court observed that it is undisputed that the deceased and injured individuals were gratuitous passengers in the offending vehicle, which was a goods vehicle. The Bench analysed the definitions under the Motor Vehicles Act, 1988, noting that a 'goods carriage' is a motor vehicle constructed or adapted for use 'solely for the carriage of goods' and that the definition of 'goods' explicitly excludes 'living person'.

The Court examined Section 147 of the 1988 Act and the impact of the 1994 amendment, which inserted the words 'including owner of the goods or his authorized representative carried in the vehicle'. Citing the Supreme Court's decision in *New India Assurance Co. Ltd. vs. Asha Rani [(2003) 2 SCC 223]*, the Court noted that this amendment was not merely clarificatory but was intended to bring the owner of goods or their representative within the sweep of compulsory insurance coverage for a goods vehicle.

Further, relying on *National Insurance Company Limited vs. Baljit Kaur [(2004) 2 SCC 1]*, the Court reiterated that even after the 1994 amendment, the legislative intent was not to cover all persons travelling in a goods carriage. The statutory liability of the insurer does not extend to passengers in a goods vehicle, especially gratuitous passengers, for whom no premium was paid to cover such a risk.

Thus, the Court concluded that since the deceased and injured were gratuitous passengers for whom no additional premium was paid, the insurance company has no liability under the law to pay the compensation.