

Amount received by a claimant under a Mediclaim/medical insurance policy is not deductible from compensation awarded under the Motor Vehicles Act, 1988, even where compensation under the head of medical expenses is also claimed before the Motor Accidents Claims Tribunal

The **Supreme Court** in the case of **New India Assurance Company vs Dolly Satish Gandhi [Special Leave Petition (Civil) Nos.18267 of 2025]** dated **May 15, 2026**, has held that amount received by a claimant under a Mediclaim/medical insurance policy is not deductible from compensation awarded under the Motor Vehicles Act, 1988, even where compensation under the head of medical expenses is also claimed before the Motor Accidents Claims Tribunal.

The Court held that the two receipts stand on different footings: compensation under the Motor Vehicles Act is a statutory and beneficial entitlement arising out of the accident, whereas Mediclaim reimbursement is a contractual benefit flowing from premiums paid earlier by the claimant. Since the Mediclaim amount is an independent contractual entitlement and not a substitute payment by the wrongdoer or under the same legal regime, its receipt cannot be used to reduce MACT compensation.

The Court observed that the governing principle against “double benefit” in motor accident claims is that there should be no duplication for the same head of loss, since compensation under the Motor Vehicles Act is meant to be “just compensation” that fairly makes good the loss suffered and not to create a windfall. However, the Court clarified that the real inquiry is into the source and nature of the benefit: if the additional payment is a substitute for the same loss, it may be deductible; if it is independent or an accrued entitlement, it is not. Employment-related benefits such as provident fund, gratuity and pension were cited as illustrations of non-deductible benefits because they arise from independent rights and not as compensation for the accident.

The Court drew a clear distinction between statutory benefits and contractual benefits. It explained that a statutory benefit flows from legislation and becomes available upon fulfilment of statutory conditions, whereas a contractual benefit flows from a private agreement and is enforceable because the parties have consented to its terms. On this basis, the Court treated Mediclaim as a contractual entitlement purchased by a person through payment of premiums to prepare for medical contingencies and not as a benefit arising solely because of the motor accident.

The Court reiterated that amounts lacking correlation with the accidental death or injury, or amounts receivable independently of the accident, cannot be deducted from compensation under the Motor Vehicles Act. It further observed that if Mediclaim reimbursement were to be deducted from MACT compensation, it would denude the claimant of the benefit of premiums paid from his or her own resources, confer an undue advantage upon the Mediclaim insurer who collected premiums, and equally grant an unjust benefit to the insurer of the offending vehicle by reducing its liability because of the claimant’s prudence in obtaining insurance.

The Court also emphasized that the two regimes operate on different yardsticks: Mediclaim is limited by the policy amount, whereas compensation under the Motor Vehicles Act is guided by the beneficial principle of just and fair compensation without such strict monetary limits.

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