

INSURANCE

INSIGHT

Supreme Court sets aside repudiation of marine insurance claim for breach of monsoon warranty; directs reassessment by NCDRC

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Supreme Court sets aside repudiation of marine insurance claim for breach of monsoon warranty; directs reassessment by NCDRC

The Supreme Court in the case of *Sohom Shipping (P) Ltd. v. New India Assurance Co. Ltd.*, 2025 SCC OnLine SC 746 which involved a vessel insured for a voyage from Mumbai to Kolkata held that the insurer was not entitled to repudiate the claim on the ground that the vessel set sail during the monsoon or foul weather season, allegedly breaching the special warranty clause in the insurance policy. The policy required the voyage to commence and complete before the monsoon sets in. The insurer argued this was not complied with, supported by a surveyor's report and the policy condition.

The Court analysed the policy terms, the timetable of the monsoon season as delineated by the Directorate General of Shipping, and the assured's proposal form. It found the "before monsoon sets in" clause unambiguous on its face and requiring literal interpretation. However, the Court held that due to the logistics of the voyage and the timing of policy coverage, strict enforcement of such a warranty would lead to an absurd result depriving the assured of any remedy. The Court held the special condition was impliedly waived by the parties as non-material and could not be treated as a condition precedent to liability. The insurer's repudiation was, therefore, set aside and the matter remanded to the NCDRC for determination of the insured sum payable.

Supreme Court clarifies deduction of government compensation in motor accident claims; enhances compensation for dependents

In *New India Assurance Co. Ltd. v. Kamlesh & Ors.* (SLP (C.) No. 12235 of 2019), the Supreme Court addressed the issue whether financial assistance provided under the Haryana Compensation Assistance to the Dependents of Deceased Government Employees Rules, 2006, is deductible from motor accident compensation awards.

The Court reiterated settled principles on deduction of pecuniary benefits not directly connected to the motor accident from compensation under the Motor Vehicles Act. It emphasized that payments such as provident funds, pensions, or ex-gratia government benefits may not always be deductible. The Court endorsed the method whereby the dependency loss is calculated as per multiplier principles but the financial assistance payable under the government scheme is to be deducted proportionately to avoid double benefits. The court upheld the enhanced compensation computation reflecting future prospects and personal expenses, while ensuring dependents received just compensation.

The Supreme Court refined interpretation of insurance warranties and rules on double recovery in motor accident claims, ensuring balance between contractual certainty, good faith, and equitable relief for insured parties and claimants.





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