

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION
CIVIL APPEAL NO. _____ OF 2025
(@Special Leave Petition (Civil) No. 8563 of 2025)

NATIONAL INSURANCE COMPANY LIMITED PETITIONER(S)

VERSUS

SMT. THUNGALA DHANA LAXMI & ORS. RESPONDENT(S)

ORDER

1. Leave Granted.
2. Heard learned counsel for the parties at length. This Court is of the considered view that the present matter raises substantial issues relating to the interest of the motor-vehicle policyholders. The legislative mandate regulating motor-vehicle insurance is ultimately directed towards safeguarding the policyholders and to ensure that the sector grows in an orderly manner.
3. Two issues arise for consideration. The first being, the lack of compliance of Section 146 of the Motor Vehicles Act, 1988 which requires all vehicles to have a valid insurance policy covering third-parties. Secondly, whether there should be a uniform motor-vehicle policy structure covering all occupants of a vehicle, in addition to the statutorily mandated coverage of third-party risks.

4. We had issued notice in the present matter on 24.03.2025. *Vide* Order dated 09.09.2025, this Court had impleaded twenty-two insurance companies as party respondents, given the nature of the issue before this Court:

“We are of the considered view that larger issue of issuance of various policies by the different Insurance Companies covering the motor vehicles is pending consideration before us, in this view of the matter, we implead the following insurance companies.”

5. Thereafter on 13.10.2025, after hearing the learned counsel for the insurance companies, this Court impleaded the Insurance Regulatory and Development Authority (hereinafter ‘IRDA’) constituted under the IRDA Act, 1999. The Ministry of Road Transport and Highways was added as a party respondent *vide* Order dated 30.10.2025.
6. On the first issue, it has been brought to the notice of this Court that more than 50% of the vehicles plying on roads in India do not possess a valid motor-vehicle insurance policy. As per the answer of the Government of India to Lok Sabha Unstarred Question No. 3211 on 20.03.2023, a total of 16.54 crore vehicles out of 30.48 crore vehicles¹ are uninsured. Moreover, the Report of the Standing Committee on Finance 2024 - 25² had highlighted that the percentage of uninsured vehicles was nearly 56%.
7. This is a matter of utmost concern. The ignorance of a statutory mandate results in motor accidents involving uninsured vehicles, which directly cause innocent victims having to run from pillar to post for compensation. Therefore, in furtherance of public interest, this Court seeks the response of the Ministry of Road Transport and the IRDA, on what steps can be taken to ensure that all

¹ except vehicles from Madhya Pradesh, Andhra Pradesh and Lakshadweep.

² titled “Action taken by the Government on the Observations/Recommendations contained in Sixty Sixth Report on the subject - Performance Review and Regulation of Insurance Sector.”

vehicles have a valid insurance policy. Valuable suggestions have been made by counsel for all other parties during the course of the hearings. Therefore, they are also permitted to file their suggestions/responses in this regard.

8. Coming to the second issue, the IRDA Act was enacted to “*protect the interests of holders of insurance policies, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto.*” The IRDA came to be established under Section 3 of the Act. Section 14 of the Act, spells out the duties, powers and functions of the Authority. Section 14(2)(b) states that the powers and functions of the Authority extend to “*protection of the interests of the policy-holders in matters concerning assigning of policy, nomination by policy-holders, insurable interest, settlement of insurance claim, surrender value of policy and other terms and conditions of contracts of insurance.*” Section 26 empowers the Authority to make regulations consistent with this Act, to carry out the purposes of the Act.
9. From a reading of the above, it is clear that the IRDA has been tasked with the protection of consumer interest when it comes to matters involving insurance.
10. Respondent No. 25 is the General Insurance Council of India. It has been established under Section 64C of the Insurance Act, 1938. Section 64L spells out the functions of the General Insurance Council, as:

“(a) to aid and advise insurers, carrying on general insurance business, in the matter of setting up standards of conduct and sound practice and in the matter of rendering efficient service to holders of policies of general insurance;”

11. Considering the functions of the above two statutory bodies and in furtherance of its statutory mandate, this Court seeks the response of IRDA, the General

Insurance Council of India, and the impleaded insurance companies on why a uniform policy should not be prescribed to ensure that all occupants of a private vehicle are mandatorily covered, in addition to third-party risks. This Court also seeks response on whether the act-only policy or a comprehensive coverage policy is presented to the prospective consumer first.

12. Responses be filed positively filed within two weeks. List on 09.12.2025 at 2 PM.

.....**J.**
(SANJAY KAROL)

.....**J.**
(PRASHANT KUMAR MISHRA)

New Delhi,

18th November 2025