



INSURANCE

Punjab & Haryana High Court Reaffirms Statutory Grace Period for Expired Driving Licences: Insurer Denied Recovery Rights

AUTHOR Rahul Sundaram

PUBLISHED 3 December 2025

The Punjab and Haryana High Court has once again ruled that a driving licence which has formally “expired” remains legally effective for the thirtyday statutory grace period provided under the proviso to Section 14(1) of the Motor Vehicles Act, 1988. Delivered on 21 November 2025, the judgment dismisses an appeal by National Insurance Company Limited and refuses the insurer any right to recover the compensation it had paid to accident victims.

The dispute arose from an award dated 4 January 2003 passed by the Motor Accident Claims Tribunal, Jind. The Tribunal had awarded compensation to the claimants, respondents Satbir and others and had fastened entire liability upon the insurer without granting recovery rights against the owner or driver of the offending vehicle. Feeling aggrieved, the insurer approached the High Court through the present first appeal.

Mr. Harjinder Singh, learned counsel for the appellant insurer, contended that the driver's licence had expired on 4 June 2001, whereas the accident had occurred on 4 July 2001. Renewal was affected only on 6 August 2001, well after the mishap. According to the insurer, the driver was therefore unlicensed on the date of the accident, constituting a breach of policy conditions and entitling the company to reimbursement from the insured.

Mr. M. K. Sood, appearing for respondent No. 4 the owner of the vehicle countered the plea by relying on the proviso to Section 14(1) of the Motor Vehicles Act. He submitted that the statute itself keeps an expired licence alive for thirty days beyond the date of expiry. Commencing on 5 June 2001, the grace period expired at midnight on 4 July 2001. Since the accident took place at 10:45 a.m. on 4 July 2001, the driver was still legally licensed and no breach of policy had occurred.

Justice Virinder Aggarwal, examining the plain language of the provision, observed that the legislature has expressly deferred the cessation of an expired licence by thirty days. The Court computed the period meticulously: expiry on 4 June 2001, grace until 4 July 2001, and the accident squarely within that window. Precedents from coordinate Benches were pressed into service to fortify the conclusion.

In *State of Haryana & Anr. v. Karkor & Ors.*, FAO No. 2975 of 2005 decided on 24 May 2018, the same High Court had already held that during the thirty day grace spell the licence retains legal efficacy and an insurer cannot claim recovery. The Allahabad High Court, in *Oriental Insurance Co. Ltd. v. Smt. Santosh Kumari*, 2018 (4) ADJ 527, had interpreted the identical proviso to like effect, emphasising that an expired licence remains statutorily alive and the insurer is precluded from alleging breach of policy conditions.

Applying these rulings, Justice Aggarwal found no merit in the insurer's plea. The driver was duly licensed on the date of the accident by operation of law, and the Tribunal's refusal to grant recovery rights was perfectly consonant with statutory mandate and judicial precedent.

The appeal was accordingly dismissed and the award dated 4 January 2003 passed by the Motor Accident Claims Tribunal, Jind was affirmed. All pending applications were directed to stand disposed of.

The judgment reiterates that the thirty day extension conferred by the proviso to Section 14(1) is not a mere procedural courtesy but a substantive continuation of licensing validity. Insurers must therefore factor this legislated continuum into their risk assessment and subrogation strategies; failure to do so will not entitle them to shift the compensatory burden back to the insured or the driver.

For further details write to contact@indialaw.in

Related Practice Areas

Insurance