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DISTRICT JUDGE
SIA AIK KOR
31 AUGUST 2026

IN THE STATE COURTS OF THE REPUBLIC OF SINGAPORE

[2026] SGMC 103

Magistrate Court Originating Claim No 5466 of 2024

Between

AIG Asia Pacific Insurance
Pte. Ltd.

... Claimant

And

- (1) Tay Kim Bock t/a Areo
Services
- (2) Paul Wong Hang

... Defendants

JUDGMENT

[Insurance — Motor vehicle insurance — Whether insurer obliged to pay damages awarded to third party against driver under policy and pursuant to legislation — whether s 9(1) of the Motor Vehicles (Third-Party Risks and Compensation) Act 1960 applies]

[Insurance — Motor vehicle insurance — whether s 9(9) of the Motor Vehicles (Third-Party Risks and Compensation) Act 1960 constrains the contractual right of recovery]

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AIG Asia Pacific Insurance Pte Ltd
v
Tay Kim Bock t/a Areo Services & anor

[2026] SGMC 103

Magistrate Court Originating Claim No 5466 of 2024
District Judge Sia Aik Kor
3 March, 6 May, 22 August 2026

31 August 2026

Judgment reserved.

District Judge Sia Aik Kor:

1 This is the claim of AIG Asia Pacific Insurance Pte Ltd (the “Claimant”) for the sum of \$41,615.87 against the defendants. Default judgment for failing to enter a notice of intention to contest or not contest was entered against Paul Wong Hang (the “Second Defendant”) on 22 May 2025. Hence, the trial proceeded only as against Tay Kim Bock (the “First Defendant”).

2 The Claimant is a licensed life and general insurance company. The First Defendant was at all material times the sole proprietor of Areo Services and the registered owner of SFD 6816G (“Vehicle”). On 23 September 2013 at about 12:46 p.m., the First Defendant purchased a policy from the Claimant pursuant to which the Claimant agreed to indemnify the First Defendant and authorised drivers against liability to third parties in the event of an accident caused by or through or in connection with the use of the Vehicle in Singapore for the period of 23 September 2013 to 22 September 2014 (both dates inclusive)(“Policy”).

3 The Second Defendant was the driver of the Vehicle when he was involved in an accident with a pedestrian, Ms Luo Li Mei (“Ms Luo”) along Geylang Road on 23 September 2013 between 6 to 7 a.m. (“Accident”).

The Claimant’s case

4 Sometime on or about 6 March 2014, the Claimant was notified that the Vehicle was involved in an accident. On 24 May 2016, Ms Luo commenced a property damage and personal injury claim against the Second Defendant in MC/MC 9259/2016 (“MC Suit”).

5 The Claimant claimed that the First Defendant had acted in breach of the terms of the Policy by (a) failing to report the Accident at any of its designated reporting centres within 24 hours and did so only after 8 months; and (b) renting the Vehicle to the Second Defendant when the Policy does not cover use for hire and reward. The former was in breach of General Condition 5 of the Policy.

6 In addition, the Claimant claimed that the First Defendant had purchased the Policy after the occurrence of the Accident solely to obtain retrospective cover. Accordingly, the Claimant was entitled to and had validly exercised its right of repudiation under the Policy. On 3 March 2017, the Claimant, via its solicitors, Tan Kok Quan Partnership (“TKQP”), put both the defendants on notice of its decision to repudiate liability under the Policy.

7 Notwithstanding that the Claimant had repudiated liability under the Policy, the Claimant would still be liable to satisfy any judgment sums obtained by Ms Luo in respect of her claim for personal injuries against the Second Defendant in the MC Suit, pursuant to the Claimant’s statutory liability found

in section 9(3) of the Motor Vehicles (Third-Party Risks and Compensation) Act 1960 (“MVTPRCA”).

8 On 6 October 2020, judgment was entered in the MC suit for Ms Luo against the Second Defendant. By virtue of the Claimant’s statutory obligations under the MVTPRCA, the Claimant was obliged to and paid a total of \$36,409.01 to Ms Luo. Over and above, the Claimant had also incurred additional costs and disbursements in the sum of \$5,206.86 in appointing TKQP to represent the Claimant’s interest in the MC Suit. Accordingly, the Claimant claimed that the total sum of \$41,615.87 is owing by the Second Defendant to the Claimant.

9 But for the Claimant’s statutory obligation pursuant to section 9(3) of the MVTPRCA, the Claimant would not have been required to satisfy the judgment sum obtained by Ms Luo in the MC Suit. Pursuant to the “Avoidance of Terms and Right of Recovery” clause in the Policy, the Claimant claimed that the First Defendant is liable to repay the sum of \$41,615.87 to the Claimant.

The Defence

10 The First Defendant claimed that the repudiation of liability by the Claimant in their letter of 3 March 2017 in so far as it relates to the breach of General Condition 5 of the Policy is applicable solely to the Second Defendant and does not apply to him. The First Defendant was not the driver of the Vehicle and had no knowledge about the circumstances leading to the Accident. Hence it was unreasonable to expect or require him to make the report of the Accident. There is nothing in the Policy that requires the First Defendant to make the accident report regardless of whether he is aware of or privy to the accident. If the Second Defendant had made the accident report only after eight months, the

Claimant should have issued the Notice of Repudiation earlier, instead of only on 3 March 2017.

11 The First Defendant denied that the Second Defendant was or has been an employee of the First Defendant. He also denied renting the Vehicle to the Second Defendant. The First Defendant claimed that he was made aware of the Accident by the Second Defendant around early November 2013. The Second Defendant had told the First Defendant that he would file a police report for the Accident and would deal with the matter. The First Defendant reminded the Second Defendant that he needed to file the accident report to the insurer and that the Second Defendant could attach a copy of the police report to his accident report. Not having received any advice from the Second Defendant or the insurer or the police, the First Defendant took it that the relevant reports have been made by the Second Defendant.

12 It was stated in the Schedule of Policy that the period of insurance is from 23 September 2013 to 22 September 2014 (both dates inclusive). The First Defendant averred that the Claimant could state when the cover should have started. Having chosen and agreed to commence coverage on the basis of “both dates inclusive”, there was no basis for the Claimant to allege or insinuate that the First Defendant had intended to obtain retrospective cover.

13 The First Defendant denied acting in breach of the Policy. He claimed that he was never involved in the Accident so there was no basis for him to seek indemnity under the Policy. The First Defendant averred that the decision of the Claimant to repudiate liability or to deny indemnity may be applicable to the Second Defendant but the decision cannot apply to him.

14 The First Defendant had no knowledge about Ms Luo having commenced proceedings against the Second Defendant. He was not advised by the Second Defendant nor the Claimant about the suit and was not a party or co-defendant to the suit. Neither did he have knowledge about the appointment of TKQP to intervene in the MC Suit or about the final judgment being entered against the Second Defendant and the payment made and incurred by the Claimant.

15 The First Defendant averred that unless the payment made and incurred by the Claimant has been in respect of the discharge of his liability, he has no obligation to make any repayment to the Claimant. There was no liability attached to the First Defendant for the Accident nor was judgment entered against the First Defendant. As such, the First Defendant denied being liable to the Claimant for the sum of \$41,615.87.

16 The First Defendant also alleged that the Claimant's action is time-barred.

17 The First Defendant contended that pursuant to section 8(3) of the MVTPRCA, any sum paid by an insurer in or towards the discharge of any liability of any person which is covered by the policy by virtue only of section 8 is recoverable by the insurer only from that person.

The Reply

18 The Claimant claimed that the First Defendant is similarly subject to Clauses 5(a) and (c) of the General Conditions of the Policy. By the notice of repudiation on 3 March 2017, the First Defendant would have been aware of the MC Suit, the Claimant's intention to repudiate liability under the Policy and the Claimant's intention to seek an indemnity from the First Defendant in the event

that the Claimant is made liable for damages, legal costs and disbursements in MC/MC 9259/2016. The First Defendant would also have been aware of TKQP's appointment as the Claimant's solicitors and the Claimant's decision to intervene in the MC Suit. Pursuant to clause 11 of the Policy, it is stipulated that if the Claimant rejects liability for any claim made under the Policy and it is not referred to arbitration within 12 calendar months from the date of their rejection, then the claim shall for all purposes be deemed to have been abandoned and shall not be recoverable under the Policy. The Claimant claimed that as the First Defendant had not disputed the Claimant's right to repudiate liability under the Policy vis-à-vis the First Defendant by 2 March 2018, the First Defendant is precluded from raising any issues pertaining to the same. The Claimant's right to seek an indemnity from the First Defendant is contractually provided for by virtue of and pursuant to clause 13 of the Policy.

19 In relation to the time-bar argument, the Claimant averred that it has 6 years from the date on which the cause of action accrued to commence proceedings against the First Defendant. As the Claimant only paid out the judgment sums in the MC Suit on 22 December 2020, the Claimant's right to seek an indemnity from the Defendants only accrued after that and not any earlier. The Claimant's position is that section 8 of the MVTPRCA is not relevant or applicable.

Issues

20 One of the issues raised by the First Defendant which should be dealt with as a preliminary issue related to General Condition 10 of the Policy which reads as follows:

Arbitration

All differences arising out of this Policy shall be referred to arbitration by a single arbitrator to be appointed by the parties

in writing. If the parties cannot agree on an arbitrator within one calendar month of a request for arbitration by either party, the arbitrator shall be appointed by the Singapore International Arbitration Centre (SIAC). Arbitration shall be in Singapore under the SIAC rules. The making of an award shall be a condition precedent to any right of action against us.

21 The First Defendant averred that the Claimant should refer the matter to an arbitration instead of instituting a suit against the First Defendant. The First Defendant argued that breach of General Condition 10 was a serious breach which should disqualify the Claimant from proceeding with the suit against him.

22 The First Defendant's objection to this suit was raised too late in the day. As the clause was raised in the Defence, the First Defendant was well aware of the clause. However, he failed to contend that the Court has no jurisdiction over the case or that the Court should not exercise jurisdiction over the case. Neither did he apply for a stay of the proceedings so that the dispute can be referred to arbitration. Instead, he proceeded to file the defence, participate in case management, file his affidavit of evidence-in-chief as well as participate in the trial by cross-examining the Claimant's witness and filing closing and reply submissions. The First Defendant has by his conduct elected to proceed in court and waived reliance on the arbitration agreement and cannot now argue that the suit cannot be proceeded with or that the matter should be re-litigated before an arbitral tribunal.

23 The Claimant's right to seek an indemnity from the First Defendant for the sums paid out by the Claimant in the MC Suit stems from a contractual right provided for in clause 13 of the Policy which reads:

13. Avoidance of certain terms and right of recovery

You must repay us all amounts, if we are not liable to pay under this Policy but are obliged to pay under the following Acts or Agreements: -

- a. the Motor Vehicles (Third Party Risks and Compensation) Act of Singapore; or
- b. the Road Traffic Act 1987 of Malaysia; or
- c. the Agreement between the Minister of Finance (Singapore) and the Motor Insurers' Bureau of Singapore dated 22 February 1975; or
- d. the agreement between the Minister of Transport (Malaysia) and the Motor Insurers' Bureau of West Malaysia dated 15 January 1968; or
- e. any subsequent revisions to the above Acts and Agreements.

24 It is the Claimant's pleaded case that it was statutorily liable to pay the sum of \$41,615.87 under section 9(3) of the MVTPRCA¹. More accurately, the statutory duty to pay can be found in section 9(1) of the MVTPRCA. The Claimant did not plead that it was obliged to pay under the Agreement between the Minister of Finance (Singapore) and the Motor Insurers' Bureau of Singapore ("MIB") dated 22 February 1975 ("Principal Agreement") or any subsequent revisions to such agreement. As such, the Principal Agreement and any subsequent revisions to the same were not in the evidence and were only tendered in the Claimant's bundle of authorities submitted together with the Claimant's closing submissions.

25 The issues to be determined in this claim were therefore as follows:

- (a) Was the Claimant not liable to pay the sum of \$41,615.87 under the Policy?
- (b) Was the sum of \$41,615.87 an amount which the Claimant was obliged to pay under the MVTPRCA?

¹ Statement of Claim (Amendment No. 1) at [14]

- (c) Can the Claimant recover from the First Defendant the sum of \$41,615.87 pursuant to clause 13 of the Policy?

Was the Claimant not liable under the Policy?

26 The Claimant claimed that it was not liable under the Policy for a number of reasons. First, the First Defendant has rented the Vehicle to the Second Defendant when the Policy does not cover use for hire and reward. Secondly, the First Defendant had purchased the Policy after the occurrence of the Accident solely to obtain retrospective cover. Thirdly, the First Defendant has breached General Condition 5 by failing to report the Accident within 24 hours.

27 I did not accept that the First Defendant has rented the Vehicle to the Second Defendant, given that this was denied by the First Defendant and the Claimant did not produce any evidence in support of its bare allegation.

28 Secondly, given that it was the Claimant who was asserting that the First Defendant had purchased the policy to obtain retrospective cover, it was the Claimant who was asserting that the First Defendant was aware of the accident and failed to disclose a material fact. However, the Claimant did not produce any evidence that the First Defendant was aware of the Accident at the time he purchased the Policy. In his affidavit, the First Defendant stated that he had lent the Vehicle to the Second Defendant on the evening of 22 September 2013 and the Second Defendant was due to return the Vehicle on 24 September 2013². The Second Defendant was not called and there is no evidence whether the Second Defendant had informed the First Defendant before the Policy was

² First Defendant's affidavit of evidence-in-chief ("AEIC") at [12]

procured that the Vehicle had been involved in an accident in the early morning of 23 September 2013.

29 The Claimant argued that the First Defendant is deemed to have knowledge of the Accident. The Claimant argued that as the policyholder and the owner of the Vehicle, the First Defendant ought to have known or reasonably could have known that the Vehicle was involved in the Accident at the time of the purchase of the policy. The Claimant does so by seeking guidance from *MacGillivray on Insurance Law, 15th Ed (Sweet & Maxwell)* in relation to its commentary on section 18(1) of the Marine Insurance Act 1906 as well as the case of *Marina Offshore Pte Ltd v China Insurance Co (Singapore) Pte Ltd & anor* [2006] 1 SLR(R) 800, a shipping case which involved section 18(1) of the Marine Insurance Act. However, section 18(1) of the Marine Insurance Act 1906 is not applicable in the present case. While the First Defendant is a sole proprietor, whether the Vehicle is involved in an accident while it is loaned to the Second Defendant is not something which ought to be known by him in the ordinary course of business. No evidence was adduced as to any circumstances that may have alerted the First Defendant to the possibility of an accident. In the circumstances, I find that the Claimant has failed to prove that the First Defendant purchased the Policy after the occurrence of the Accident solely to obtain retrospective cover.

30 In this regard, I note that the Claimant was at liberty, pursuant to section 9(7) of the MVTPRCA, to obtain a declaration, within 3 months after the commencement of the MC Suit, that they were entitled to avoid the policy on the ground that it was obtained by the non-disclosure of a material fact. In other words, the Claimant could have applied for a declaration to avoid the Policy on the ground that it was obtained by the First Defendant's non-disclosure that the

Accident had already happened and avoid paying pursuant to section 9(1) of the MVTPRCA. However, it did not do so.

31 I will turn next to deal with the breach of General Condition 5. General Condition 5 provides:

Notification of Accidents and Claims Procedure

- a) In the event of any accident involving the Motor Vehicle, irrespective of whether it would give rise to a claim, you must report the accident to our Approved Reporting Centre and convey or cause to be conveyed the Motor Vehicle to our Approved Reporting Centre for inspection within 24 hours of the accident or by the next working day thereof.
- b)
- c) Every letter, claim, writ, summons and process shall be notified or forwarded unanswered to us immediately upon receipt. Notice shall also be given to us immediately after you or any person claiming to be indemnified shall have knowledge of any impending prosecution, inquest, inquiry or offer of composition in connection with any such accident and/or occurrence.

This condition in its entirety is a condition precedent to liability and failure to comply with any of the above requirements in respect of an accident and/or an occurrence will result in you being denied indemnity under both Section 1 and Section 2 of the Policy in respect of that particular accident and/or occurrence.....

32 While the First Defendant argued that Clause 5 was not applicable to him, given that he was not involved in the Accident, this was not borne out by the plain wording of General Condition 5(a). The reporting requirement applies “[i]n the event of any accident involving the Motor Vehicle”. The reporting requirement is not limited to situations where the First Defendant is involved in the accident but extends to any accident involving the Vehicle, regardless of who the driver of the Vehicle is. “You” is defined as the named insured in the Policy Schedule which is stated as Areo Services, the First Defendant. Clause 5

also requires the Vehicle to be conveyed to the approved reporting centre for inspection, which is well within the ability of the owner of the Vehicle to comply with. The Policy therefore imposes an obligation on the First Defendant to report any accident involving the Vehicle. It should not be read as exempting the policy holder from making a report if he or she is not the driver. Such an interpretation is fortified by the reference to “you or any person claiming to be indemnified” in General Condition 5(c).

33 It was the First Defendant’s evidence that sometime in early November 2013, the Second Defendant told him that he was required to make a police report for a minor accident at Geylang Road but it was not his fault as the pedestrian had chosen to run across the road instead of taking the pedestrian crossing. Hence, on the First Defendant’s own case, he was aware of the Accident in early November 2013 and that a police report would have to be made. It must have been clear to him by then that there would be an impending inquiry or inquest. However, the First Defendant did not give notice to the Claimant. The Claimant was only notified that the Vehicle was involved in an accident on or about 6 March 2014 when it received a letter of demand for a personal injury claim from Centro-Legal Law Corporation (“CLC”), the solicitors of Ms Luo³. There is therefore a clear breach of General Condition 5(a) and 5(c) by the First Defendant.

34 The First Defendant argued⁴ that the Claimant’s witness, Mr Tan, has testified that the accident report must be made by the driver of the Vehicle⁵, the Second Defendant, and that the Claimant would not accept a report of accident

³ Tan Kok Leong Wilson’s AEIC at [9]

⁴ First Defendant’s closing submissions at [55]

⁵ Notes of Evidence (“NE”), 6 May 2026, 67/4

by the First Defendant where such report does not contain the full circumstances of the accident⁶. I do not think this was an accurate characterisation of Mr Tan's evidence. Mr Tan made it clear that if the driver of the vehicle cannot report the accident for some reason, the policy holder will have to inform them so that they can advise the policy holder on the necessary requirements for accident reporting⁷. If a policy holder were to report an accident but had no knowledge of the accident, they would contact the person to gather more information pertaining to the accident⁸. When asked if the result of a failure to report the traffic accident was the driver being denied indemnity, Mr Tan disagreed and said that it was also the policy holder's responsibility⁹.

35 In the circumstances, I find that the First Defendant has breached General Condition 5(a) and 5(c) of the Policy. As General Condition 5 was stated as a condition precedent to liability and failure to comply would result in the denial of indemnity, the Claimant was entitled to repudiate liability under the Policy and was not liable to pay under the Policy.

Whether the First Defendant was estopped from challenging the validity of repudiation

36 For completeness, I did not accept the Claimant's arguments that the First Defendant was estopped from challenging the validity of the repudiation issued by the Claimant on 2 December 2015 and 3 March 2017.

37 General Condition 11 reads:

⁶ NE, 3 March 2026, 120/28

⁷ NE, 6 May 2026, 67/14 - 20

⁸ NE, 6 May 2026, 67/25 - 29

⁹ NE, 6 May 2026, 69/4 - 8

11. Rejection / Forfeiture of your Claim

If we reject liability for any claim made under this Policy and it is not referred to arbitration within 12 calendar months from the date of our rejection, then the claim shall for all purposes be deemed to have been abandoned and shall not be recoverable under this Policy.

38 While General Condition 11 may be applicable to the Second Defendant, the First Defendant was not involved in the Accident, was not a party to the MC Suit and did not make any claim or seek indemnity under the Policy. There was therefore no claim by the First Defendant in respect of which the Claimant can be said to be rejecting liability in so far as the letter dated 3 March 2017 was concerned and no claim that the First Defendant was seeking to recover under the Policy which he could refer to arbitration.

39 The Claimant also argued that the First Defendant is estopped from challenging the grounds of repudiation issued on 3 March 2017 due to his silence or inaction for a prolonged period of almost 7 to 9 years. In this regard, the Claimant relied on *Fook Gee Finance Co Ltd v Liu Cho Chit* [1998] 1 SLR(R) 385 where the Court set out at [28] three elements to found an estoppel: (a) the acknowledgement must be clear and unambiguous; (b) the party acknowledging the fact must have conducted himself such that a reasonable man in the other party's position would take it to be true and believe that it was meant that he should act on it; and (c) the party relying on the acknowledgement made by the other party must in fact have believed it to be true and be induced by such belief to act on it.

40 In my view, none of these elements were satisfied. The First Defendant did not reply or respond to the letters dated 2 December 2015 or 3 March 2017. There was therefore no acknowledgement to speak of, much less a clear and unambiguous one. There is no duty or obligation to speak up in the context of

TKQP's letter of 3 March 2017. The First Defendant's silence or inaction was equivocal at best and does not lead to the inference that there is final and unqualified assent on his part to the Claimant's grounds of repudiation. Even if the First Defendant had received the letters of demand of 10 March 2021 or 5 March 2024, which he disputes, his silence or inaction could not be said to have induced the Claimant to pay out the monies, given its obligations under the MVTPRCA. The First Defendant's silence or inaction could also not be said to have induced the Claimant to commence this suit, which the Claimant would have to do in any event if it wishes to enforce its alleged right of recovery.

Was the Claimant obliged to pay under the MVTPRCA?

41 The Claimant claimed that it was obliged to pay the sum of \$41,615.87 pursuant to section 9(3) of the MVTPRCA. As set out earlier, the correct statutory provision is section 9(1) of the MVTPRCA which provides

Duty of insurers to satisfy judgments against persons insured in respect of third-party risks

9.—(1) Subject to this section, if after a certificate of insurance has been issued under section 4(9) to the person by whom a policy has been effected, judgment in respect of any liability required to be covered by a policy under section 4(1)(b) (being a liability covered by the terms of the policy) is obtained against any person insured by the policy, then, even though the insurer may be entitled to avoid or cancel or may have avoided or cancelled the policy, the following apply to the insurer:

- (a) where the sum payable (excluding any amount payable in respect of costs and interest by virtue of any written law relating to interest on judgments) under the judgment to any person entitled to the benefit of the judgment in respect of the liability does not exceed the relevant amount, the insurer may pay that sum, together with any amount payable in respect of costs and interest on the sum by virtue of any written law relating to interest on judgments, to the person;
- (b) where the sum payable (excluding any amount payable in respect of costs and interest by virtue of any written law relating to interest on judgments) under the

judgment to any person entitled to the benefit of the judgment in respect of the liability exceeds the relevant amount, the insurer must pay that sum, together with any amount payable in respect of costs and interest on the sum by virtue of any written law relating to interest on judgments, directly to —

- (i) the Public Trustee as trustee for the person if the person is a specified person and the judgment requires the sum to be paid to the Public Trustee as trustee for the person; or
- (ii) in any other case, the person in accordance with the judgment and with any rules made under this Act.

42 In essence, section 9(1) of the MVTPRCA provides that, if after a certificate of insurance has been issued under section 4(9) of the MVTPRCA to the person by whom a policy has been effected, judgment in respect of any liability required to be covered by a policy under section 4(1)(b) (being a liability covered by the terms of the policy) is obtained against any person insured by the policy, then, even though the insurer may be entitled to avoid or cancel or may have avoided or cancelled the policy, the insurer must pay the sum payable under the judgment to any person entitled to the benefit of the judgment in respect of the liability.

43 In the present case, it is not disputed that a certificate of insurance has been issued under section 4(9) of the MVTPRCA to the First Defendant. The judgment in the MC Suit in respect of Ms Luo's personal injuries caused by or arising out of the use of the Vehicle in Singapore was a liability required to be covered by a policy under section 4(1)(b). However, to satisfy section 9(1) of the MVTPRCA, the liability had to be covered by the terms of the Policy and the judgment had to be obtained against a person who is insured by the policy. As set out earlier, there is no evidence that the Vehicle was rented to the Second Defendant or that the use of the Vehicle was not covered under the Policy. As the Second Defendant was driving with the First Defendant's permission and

was an authorised driver, there is no issue about him being a person who is insured by the policy if the liability is covered by the terms of the policy.

44 Under section 9(14) of the MVTPRCA, “liability covered by the terms of the policy” means “a liability which is covered by the policy or which would be so covered but for the fact that the insurer is entitled to avoid or cancel or has avoided or cancelled the policy.”

45 While the Claimant claimed that the Policy did not cover the accident as it was incepted after the Accident and the First Defendant failed to disclose the Accident at the time of purchasing the Policy, the Policy Schedule stated that the period of insurance was from 23 September 2013 to 22 September 2014 (both dates inclusive). The liability of the Second Defendant would therefore be covered by the terms of the policy but for any fact which may entitle the insurer to avoid or cancel the policy such as on the ground of misrepresentation or where premiums are not paid. As set out earlier, the Claimant was unable to prove that the First Defendant purchased the Policy after the occurrence of the Accident to obtain retrospective cover and did not take any action to obtain a court declaration under section 9(7) of the MVTPRCA that it was entitled to avoid the Policy on the ground that it was obtained by non-disclosure of the Accident at the time the Policy was procured. Even if the insurer may be entitled to avoid or cancel the policy, it remains liable under section 9(1)(b) of the MVTPRCA to pay the judgment sum, unless it complies with section 9(7) and (8) of the MVTPRCA. Not having done so, the Claimant remained liable under section 9(1)(b) of the MVTPRCA to pay the sum payable under the judgment.

46 In this regard, the First Defendant argued that the Claimant had initially taken the position that the Policy was not engaged for the Accident because the Policy was only incepted at 12:46 p.m. on 23 September 2013, after the

Accident had already occurred. However, the Claimant subsequently reversed its position and took the position that the Policy was in force which meant that it was liable to pay under the Policy and not under the MVTPRCA¹⁰.

47 I did not accept the First Defendant's argument. Just because a policy is in force did not mean that the insurer is liable to pay under the policy, especially if there is a breach of a condition precedent. Even if the Claimant had made an about-turn on whether the Policy is in force, it did not mean that the Claimant would therefore be liable to pay under the Policy and that the Claimant made payment pursuant to the Policy. In so far as the First Defendant was trying to argue that the Claimant should have obtained a declaration pursuant to section 9(7) of the MVTPRCA to avoid payment under section 9(1) of the MVTPRCA, I could not conclude that this was an action that the Claimant would have succeeded on, given the lack of evidence as to whether the First Defendant was aware of the Accident prior to procuring the Policy. Hence, I am of the view that the Claimant was obliged to pay under the MVTPRCA.

48 The First Defendant suggested that the Claimant did not deal with Ms Luo's claim in a satisfactory manner as it chose not to accept service of the writ and was thus unable to challenge the issue of liability. The First Defendant also claimed that the Claimant did not perform due diligence in assessing and reviewing the quantum of the third party claim¹¹.

49 However, it is clear that the Claimant had, by way of TKQP's letter dated 2 December 2015, indicated to the First Defendant and the Second Defendant that the Policy would not be engaged for the Accident and that they

¹⁰ First Defendant's closing submissions at [85]

¹¹ NE, 6 May 2026, 123/30 – 124/2

may wish to engage solicitors on the matter. It was therefore made clear to the First Defendant and the Second Defendant that they had to deal with any claims arising from the Accident. If the Second Defendant chose not to contest liability such that interlocutory judgment was entered against him in MC/MC 9259/2016, this was fault which could not be laid at the door of the Claimant.

50 Pursuant to TKQP's letter dated 3 March 2017, the First Defendant was also informed that the Claimant was repudiating liability in respect of the Accident due to a breach of Clause 5(a) and (c) and reserved its rights to look to him for indemnity in the event that it was made liable for damages, legal costs and disbursements claimed in respect of the Accident. The First Defendant could therefore have sought legal advice, as suggested by TKQP, to ascertain the best way to protect his legal interest. Any failure to do so and the corresponding consequences should not be attributed to the Claimant.

51 As regards the quantum of the third party claim¹², I note that Wilson Tan had said on the stand that the Claimant's claim settlement process would be on a without prejudice and without admission of liability basis¹³. However, it is quite clear from the judgment (MC/JUD 6893/2020) in MC/MC 9259/2016 that the sums assessed to be damages or fixed as costs and disbursements were pursuant to a judgment of the court and not a settlement on a without prejudice and without admission of liability basis. There is therefore a standing judgment under which a stated sum is payable, fulfilling one of the conditions set out in section 9(1) of the MVTPRCA.

¹² NE, 6 May 2026, 123/30 – 124/2

¹³ NE, 6 May 2026, 9/28

Can the Claimant recover from the First Defendant the sum of \$41,615.87 pursuant to clause 13?

52 It is clear in section 9(1) of the MVTPRCA that the duty of the insurer to pay is subject to the other subsections. Section 9(9) of the MVTPRCA provides:

If the amount which an insurer becomes liable to pay under this section in respect of a liability of a person insured by a policy exceeds the amount for which the insurer would apart from this section be liable under the policy in respect of that liability, the insurer is entitled to recover the excess from that person.

53 A plain reading of section 9(9) of the MVTPRCA indicates that an insurer's entitlement to recover the amount which it was liable to pay under the section is limited to recovery only from the person whose liability payment was made to discharge. While Clause 13 is a contractual provision between the parties, I am of the view that section 9(9) of the MVTPRCA constrains the interpretation of Clause 13 in restricting the persons from whom the Claimant can recover sums which it would not have to pay under the policy, if not for section 9. The insurer may do so only from the person whose liability payment was made to discharge. If the insurer remained free to contractually recover the amounts paid from any other person, the subsection would have been rendered otiose.

54 In the present case, the payment under section 9(1) of the MVTPRCA was made in respect of the liability of the Second Defendant. Apart from section 9(1), the insurer would not be liable to pay under the Policy in respect of that liability. Section 9(9) of the MVTPRCA restricts the recovery of the payment to the Second Defendant and the Claimant is not entitled to recover the payment from the First Defendant. It is also clear in section 9(1) of the MVTPRCA that the amount which an insurer is liable to pay under the section is the sum payable

under the judgment together with any amount payable in respect of costs and interest on the sum by virtue of any written law relating to interest on judgments. The reference to costs therefore refers to costs payable to the person entitled to the benefit of the judgment and not to the solicitor and client costs incurred by the insurer.

55 The above-mentioned reading of section 9(9) of the MVTPRCA is consistent with the conceptual treatment of the policy as two separate covers being provided by the insurer, one for the policy holder and the other for the authorised driver. It is also consistent with the position where an insurer becomes liable to pay pursuant to the Principal Agreement.

56 In *Cosmic Insurance Corp Ltd v Ong Kah Hoe (trading as Ong Kah Hoe Industrial Suppliers) & anor* [1997] 3 SLR(R) 1 (“*Ong Kah Hoe*”), it was common ground between the parties that the payment made by the plaintiffs to the estate of the third-party victim was not pursuant to any statutory provision but pursuant to the agreement entered into between the MIB and the Minister for Finance dated 22 February 1975 (the “Principal Agreement”) and an even-dated agreement between the MIB and a group of insurers in Singapore (the “Domestic Agreement”).

57 Clauses 3 and 4 of the Principal Agreement read as follows:

3 If judgement in respect of any liability which is required to be covered by a policy of insurance under the Act is obtained against any person or persons in any court in Singapore and either at the time of the accident giving rise to such liability there is not in force a policy of insurance as required by the Act or such policy is ineffective for any reason (including the inability of the insurer to make payment) and any such judgement is not satisfied in full within 28 days from the date upon which the person or persons in whose favour such judgment was given became entitled to enforce it then the Bureau will, subject to the provisions of this part of this

Agreement, pay or cause to be paid to the person or persons in whose favour such judgement was given any sum payable or remaining payable thereunder in respect of the aforesaid liability including taxed costs (or such portion thereof as relates to such liability) or satisfy or cause to be satisfied such judgement.

4 Nothing in this part of this Agreement shall prevent the insurers (or any of them) from providing by conditions in their contracts of insurance or by collateral agreement that all sums paid by them on behalf of the Bureau or by the Bureau by virtue of this part of this Agreement in or towards the discharge of the liability of their policyholder shall be recoverable by them or by the Bureau from the policyholder or from any other person.

58 The right of recovery clause in *Ong Kah Hoe* reads as follows:

Nothing in this policy or any endorsement hereon shall affect the right of any person entitled to indemnity under this policy or of any other person to recover an amount under or by virtue of the legislation or the agreement executed between the Minister of Transport of the Government of Malaysia and the Motor Insurers' Bureau of West Malaysia on 15 January, 1968, or the agreement executed between the Minister for Finance of the Republic of Singapore and the Motor Insurers' Bureau of Singapore on 22 February 1975.

But the insured shall repay to the corporation all sums paid by the corporation which the corporation would not have been liable to pay but for the legislation or such agreement.

59 At [25] – [26], the High Court was of the view that clause 4 of the Principal Agreement which gives the green light to the insurers to provide for a right of recovery in their policy terms circumscribes the intended right to only those payments made “in or towards the discharge of the liability of the policyholder”. Implicit also in the said clause is the rubric that the liability of the policyholder is an all-important requisite to any such recovery. Not every payment made by the insurer under the “agreements” can be recovered from the policyholder. For instance, if the vehicle was stolen from the policyholder or if it happened to be in the hands of the tortfeasor without the consent and authority of the policyholder, the insurer who might well have been liable to pay the

victim as the insurer concerned, cannot however, within the four walls of the “agreements” have recourse to the policyholder for any reimbursement. There must first be a judgment against the policyholder for the acts of the tortfeasor before an action for recovery or recoupment could be maintained against him. There, the Court accepted that the second defendant had driven the vehicle without the knowledge and consent of the first defendant at the time of the accident and held that the plaintiffs had not established their claim that they had discharged the liability of the first defendant.

60 In the Claimant’s closing submissions, the Claimant argued that *Ong Kah Hoe* can be distinguished because in that case, there was no breach of the policy terms and conditions by the policy holder. Without a breach of policy terms and conditions on the part of the policyholder, there is no basis why the insurer can look towards the policyholder for reimbursement based on the recovery provision. I did not accept this argument given that the High Court was interpreting clause 4 of the Principal Agreement in respect of liability for the accident which payment was made to discharge and not a breach of policy terms and conditions. I did not accept the Claimant’s arguments that the Court’s reasoning was *obiter* in nature, given that it was central to the disposal of the case. The Court was setting out how contractual recovery provisions should be interpreted in the light of the Principal Agreement and how the liability of the policyholder was a requisite to any contractual recovery. The facts in *Ong Kah Hoe* were but an example of possible instances in which the payment under the Principal Agreement would not be recoverable from the policy holder.

61 The facts in the present case can be distinguished from the facts in *Liberty Insurance Pte Ltd v Powerplus Group Pte Ltd & anor (BW Automobiles Pte Ltd, third party)* [2018] SGDC 189. In *Liberty Insurance*, the first defendant was the owner of a car which was insured by the plaintiff. He allowed his son,

the second defendant, to drive the car. The second defendant was subsequently sued in negligence for damages for causing personal injuries. The plaintiff repudiated liability and the second defendant eventually allowed consent judgment to be entered against him. The plaintiff subsequently made payment pursuant to the Principal Agreement. The District Judge found that the policy clearly required that the first defendant be the only driver of the car. Hence the District Judge found at [77] that the first defendant acted in breach of the policy in allowing his son, the second defendant, to drive the car and in doing so, caused the plaintiff's loss in that the plaintiff's payment in fact was mandated by its obligations under the MIB agreements. The plaintiff's payment discharged the first defendant's liability in that its breach of the policy led to the second defendant driving the car and injuring the victim when there was no effective insurance cover within the terms of the recovery clause. The first defendant is thus liable under the recovery clause to repay the plaintiff's loss.

62 Here, the breach of the First Defendant was in not reporting the Accident in good time in breach of General Condition 5. The breach had no causative link to the Accident. The Claimant's payment was not in discharge of the First Defendant's liability and the Claimant could not recover from the First Defendant the monies paid in discharge of the Second Defendant's liability pursuant to Clause 13 as a result of section 9(9) of the MVTPRCA.

63 For completeness, the Claimant would not have been able to recover the monies paid under the principles of restitutionary recoupment, which was not pleaded in any event. As set out in *Ong Kah Hoe*, the general principle is that a claimant should recover in restitution whenever he has made under legal compulsion a payment which has discharged the defendant's liability to a third party. Here, the payments were made to discharge the Second Defendant's liability and not the First Defendant's liability.

Other Issues

64 Given my findings above, it is not necessary, strictly speaking, to deal with the other arguments raised by the parties. However, I proceed to do so for the sake of completeness.

Whether the Claimant was estopped from making its claim given its letter of 22 December 2020

65 I did not think that the Claimant was estopped from making its claim given its letter of 22 December 2020.

66 The First Defendant did not deny that he had received the letters from the TKQP dated 2 December 2015 and 3 March 2017 as well as the Claimant's letter of 22 December 2020. The First Defendant argued that the Claimant was estopped from the suit, given the letter dated 22 December 2020 informing the First Defendant that the third party claim has been settled and closed.

67 By way of TKQP's letter dated 2 December 2015¹⁴, the Claimant informed the First Defendant and the Second Defendant that in respect of MC/MC 20901/2015 in an accident involving SFD 6816G and a pedestrian on 23 September 2013 along Geylang Road where the pedestrian, one Luo Limei was the claimant, TKQP had been instructed by the Claimant to act for them. TKQP stated that they had instructions to inform the First Defendant and the Second Defendant that the policy will not be engaged for the matter as the accident took place before the inception of the policy. The First Defendant did not follow up on this letter. On his own case, he sought friendly advice from his lawyer friend who told him that if there was a defect in the insurance making it inoperable, the third party's claim would be referred to the Motor Insurers'

¹⁴ CBD 24

Bureau¹⁵. The First Defendant was therefore aware that what was in issue was a third party claim involving the Vehicle.

68 By way of TKQP's letter dated 3 March 2017¹⁶, the First Defendant and the Second Defendant were informed, in respect of MC/MC 9259/2016 in an accident involving SFD 6816G and a pedestrian on 23 September 2013 along Geylang Road where the plaintiff was one Luo Limei, that TKQP acted for the Claimant, the insurers for the Vehicle. TKQP stated that they had instructions that the driver of the Vehicle, the Second Defendant, was involved in the accident before the policy was issued and that the Claimant was not informed of the accident when the Policy was purchased. Further, the Claimant was not notified within 24 hours of the accident and the accident was only reported after 8 months on 23 May 2014. There was therefore a breach of General Conditions 5(a) and 5(c) for which notice is given that the Claimant is repudiating liability. TKQP also informed the First Defendant and the Second Defendant that the Claimant was going to apply to intervene in MC/MC 9259/2016 under Order 15 Rule 6(2)(b) without prejudicing its legal rights against them, namely the right "to recover all loss and damage from the you under the Policy". The Claimant reserved its rights to look to them for indemnity in the event it, as insurer, was made liable for damages, legal costs and disbursements claimed by the plaintiff arising out of the accident. TKQP also stated that the First Defendant and the Second Defendant may wish to seek legal advice on the same. The First Defendant did not respond even though he disagreed with the Claimant's position as he was not a claimant and was not a party to the suit and he believed

¹⁵ First Defendant's AEIC at [16]

¹⁶ CBD 25 - 26

that he would not be liable for the claim given that the matter would be referred to MIB¹⁷.

69 The Claimant's letter of 22 December 2020¹⁸ was a computer-generated letter by the Claimant informing the First Defendant that in respect of the accident involving the Vehicle on 23 September 2013, the third party claim has been settled and closed and that he is to contact their customer service representatives if he required more information about the claims settlement or policy.

70 The Claimant's letter of 22 December 2020 clearly states that it is the third party claim in respect of the accident involving the Vehicle which has been settled. In the context of TKQP's letters dated 2 December 2015 and 3 March 2017, which the First Defendant had read and sought to understand, it was unlikely that he would have misunderstood the 22 December 2020 letter to mean that the Claimant would no longer be looking to him for recovery. The Claimant's letter of 22 December 2020 only mentions closure of the third party claim. There is no mention in the letter of the Claimant's recovery of loss and damage from the First Defendant under the Policy or the Claimant's right to look to the First Defendant for indemnity or that such claims were closed or had been abandoned or waived. If the First Defendant was unsure of the implications of the letter, the avenues of contacting the Claimant were stated on the letter. There is no reason why the Claimant should be estopped from pursuing its claim simply because of the First Defendant's erroneous interpretation of the letter dated 22 December 2020, which I did not accept in any event. The Claimant

¹⁷ NE, 6 May 2026, 99/18-26

¹⁸ CBD 76

was therefore not estopped from making its claim by its letter of 22 December 2020.

Was the claim time-barred?

71 I did not accept the First Defendant’s argument that the claim was time-barred. As the cause of action only accrued at the earliest when there is a judgment in the MC Suit on 6 October 2020, the Claimant’s claim which was commenced on 21 June 2024, being less than 6 years from 6 October 2020, was not time-barred under the Limitation Act.

Does section 8(3) of the MVTPRCA apply?

72 For completeness, I did not think section 8(3) of the MVTPRCA is applicable in the present case.

73 Section 8 of the MVTPRCA sets out the following:

Avoidance of restrictions on scope of policies covering third-party risks

8.—(1) Where a certificate of insurance has been issued under section 4(9) to the person by whom a policy has been effected, so much of the policy as purports to restrict the insurance of the persons insured by the policy by reference to any of the following matters:

- (a) the age or physical or mental condition of persons driving the vehicle;
- (b) the condition of the vehicle;
- (c) the number of persons that the vehicle carries;
- (d) the weight or physical characteristics of the goods that the vehicle carries;
- (e) the times at which or the areas within which the vehicle is used;
- (f) the horsepower or value of the vehicle;
- (g) the carrying on the vehicle of any particular apparatus;

(h) the carrying on the vehicle of any particular means of identification other than any means of identification required to be carried by or under the Road Traffic Act 1961,

is, as respects such liabilities as are required to be covered by a policy under section 4(1)(b), of no effect.

(2) Nothing in this section requires an insurer to pay any sum in respect of the liability of any person otherwise than in or towards the discharge of that liability.

(3) Any sum paid by an insurer in or towards the discharge of any liability of any person who is covered by the policy by virtue only of this section is recoverable by the insurer from that person.

74 Section 8(3) is only applicable in respect of a sum paid in or towards the discharge of any liability of any person which is covered by the policy “by virtue only of this section”. Correspondingly, it is only applicable where a sum is paid because section 8(1) renders certain restrictions in the Policy to be of no effect. As none of the restrictions apply in the present case, section 8(3) is not applicable in the present case. It nevertheless is consistent with section 9(9) of the MVTPRCA which restricts the right of recovery to the person whose liability payment under the MVTPRCA was made to discharge.

Conclusion

75 In the circumstances, the Claimant’s claim against the First Defendant is dismissed.

76 The parties are to file and exchange written submissions on the issue of costs (limited to 10 pages) within 14 days of this judgment.

Sia Aik Kor
District Judge

Christopher Fernandez and Low Huai Pin (TKQP Law LLP) for the
claimant;
The first defendant in person;
The second defendant absent and unrepresented.
