

SULTANI DECREE NO. 34 / 94

ISSUING THE LAW OF VEHICLE INSURANCE

We, Qaboos Bin Said, Sultan of Oman

After perusal of royal Decree No.26/75 promulgating the law on the organisation the Administrative apparatus of the state and the amendments thereto; and

Sultani Decree No. 12/79 promulgating the law of the Insurance Companies, and the amendments thereto; and

Royal Decree No. 28/93 promulgating the Traffic law

And in accordance with the requirements of the public interest

Article (1) The provisions of the attached law shall take effect with respect to vehicle insurer and in respect to such insurance the above said law of insurance companies shall apply in so far as it does not contradict the provisions of this law

Article (2) : The Minister of Commerce and Industry shall issue the necessary decisions for the implementation of this Law

Article (3) : Whatsoever contradicts the provisions of this law shall be repealed.

Article (4): This decree shall be published in the official Gazette, and shall take effect from the day following the elapse of four months from the date of publication.

QABOOS BIN SAID

Sultan of Oman

Promulgated on 22 Shawal 1414 AH

Corresponding to 3 April 1994

THE LAW OF VEHICLES INSURANCE

Article (1): For the purposes of implementation of this Law, the following words shall have the meaning attributed to each, unless the context requires otherwise:

The Minister: The Minister of Commerce & Industry.

The Vehicle: Any vehicle used in transporting passengers or goods or otherwise (except using animals for pulling) and is used or intended to be used on the road within the borders of the Sultanate.

The Passenger: Is any person seated into the vehicle (in the range of the permitted seats), or is getting on into it or getting out of it.

The Road: Any land passage available for vehicles driving at any place within the borders of the Sultanate.

The Insurer: Is the Insurance Company licensed to operate in the Sultanate.

The Insured: Is the owner of the vehicle, whose vehicle is covered by the Insurer against accidents it makes on the road, pursuant to the provisions of this law, and shall be deemed as good as the insured; any person drives the insured vehicle.

The Family: Are the parent of the insured, his wife and children.

Others or Third party : Any person other than the insured, other than the person who is as good as the insurer and other than their families, even though such person works for the owner of the vehicle.

Comprehensive insurance: The insurance of the vehicle itself together with third party insurance.

The accident: whatsoever occurs due thereto or resulting from the thereof or from the scattering or falling of any thing therefrom or from its explosion fire or theft even though it was not than in the state of being driven.

Article (2): A. All the vehicles should be insured in favour of the third parties, in accordance with the provisions of this law and to the rules issued by decisions from the Minister for the organization of its concession. Such Insurance should cover all what occurs to third parties, (of whom may be the passengers of the insured vehicle) including death, bodily injuries, medical expenses of treatment related to the accidents, and the material damage which occurs to third parties' properties (excluding the goods which are held by in his custody, or possession), provided the accident occurs the Sultanate or within the geographic area agreed to extend the insurance to.

* All vehicles must be insured to cover medical treatment costs related to injuries to the insured and the alike and the members of their family due to such an accident pursuant to the provisions of this law and any rules of a Ministerial decision made in connection with this law. The premium in this case shall be specified in coordination with the ministry of commerce and industry.

B. Any insurer shall not refuse an application for such Insurance or for renewal thereof for a vehicle subject to the provisions of this Law as far as the vehicle satisfies the stipulations stated by the traffic law. Should the insurer intend to benefit from this provisions of the law with respect to policies which are valid at the time when the law have effect this can be for payment of further premium, provided he submits the application before to the occurrence of an accident which gives rise to a claim.

C. This mandatory Insurance does not cover the material damage which results directly during and from using the vehicle in digging or lifting works, or in other engineering, constructing and agricultural works, or in contracting or other similar works. The vehicle's running on the road from and to the site of such works shall not be a usage within the scope of this clause

Article (3) 1. This law shall apply to the insurance policies issued or renewed on the date of this law taking effect. The insurance policies which have been issued before such date shall be valid until they are due for renewal. The Minister may issue a decision for standard forms which the Insurance Company shall be bound to follow when issuing the Insurance policies, their annexes, application certificates and notice of such insurance in pursuance of the provisions of the law.

2. The insurer has got the right to amend the premiums in accordance with any legislation which increases its obligations provided for in the current policies, before its renewal

Article (4) The registration authority concerned at the R.O.P shall not register any vehicle subject to the provisions of this law, renew its registration or licence it for driving, or conduct any other transactions related thereto, unless the owner submits a valid insurance certificate for the whole period of its registration in accordance with the provisions of this law and the aforesaid law of the insurance companies.

Article (5)** A. Neither the insurer nor the insured may cancel the compulsory insurance of the vehicle provided for by this law during the validity of the insurance as long as the vehicle is validity registered .Any such cancellation ,however it occurs ,will have no effect ,unless a fresh insurance policy or certificate is presented to cover the remaining duration of the original insurance.

B. If the duration of compulsory insurance of the vehicle has expired, the owner shall remain solely responsible for any claim against the vehicle resulted from any accident, which took place during the discontinuance of that insurance.

*Added by Royal Decree No.5/98

**Replaced by Royal Decree No.5/98

Article (6) : If the vehicle is sold before expiry of its insurance, and without prejudice to the provision of the para (B) of the preceding article, the principal insured and insurer shall be held responsible for any claim raised by a third party against the vehicle. If the insurance is comprehensive, the principal insurer shall stand responsible also for any material damage caused to it within the scope of this law. All the above applies until the name of the new owner has been notified to the registration authorities of Royal Oman Police.

Article (7): If it is proven by investigations that the responsibility; or a car accident, is jointly between two or more vehicles, then the bodily injured person or the heirs of the deceased from the third part due to this accident are entitled to receive the amounts decreed by the Oman Courts against the insurers of all vehicles involved in the responsible for the accident each for the percentage of the responsibility of the vehicle insured therewith. However, if the investigation does not specify the percentages of the vehicles which are involved in the responsible for accident, then the responsibility shall be distributed among them equally

Article (8): The Minister with the approval of the Cabinet of Ministers - may issue a decision creating the compensation fund to indemnify the bodily injured persons and the heirs of the persons who die because of the car accidents, in the following cases:

- A. Failure to identify the vehicle which is responsible for the accident
- B. Lack of third party insurance for the vehicle.
- C. Absolute or partial insolvency of the insurer

The decision which will be issued in this respect shall regulate the basis and rules for the operation of the fund, its financing sources, and the percentages or amounts which each source may undertake without prejudice to the provisions of this law.

Article (9): The Minister, by a decision he issues, may determine:-

- A. The minimum limits for the advantages and conditions which shall be satisfied with respect to the discretionary insurance by the insurers and those who are as good as the insured's and their families against the bodily injuries and death accidents which may occur to them due to their car accidents.

The Insurance Companies are bounded to offer such insurance to those who demand it, even if it may not be a comprehensive one. Further more, the Insurance Companies are bounded to disclose the advantages and the terms and conditions of such discretionary Insurance, without prejudice to the minimum limits as mentioned in each car insurance policy application, together with providing for the choice of the insured in this respect on each certificate and on the notice and insurance policy.

- B. The basis for assessment and payment of the indemnity for the material damage caused to vehicles due to traffic accidents, the insurers responsibilities for such indemnity and the methods of distribution of the same among the parties entitled thereto. The provision of this clause shall apply in particular to the damages

which occurs to the vehicles, which are proven to be involved in the responsibilities for the occurrence of the traffic accident and the damage which occurs to the vehicles which are sold through instalments deals.

Article (10): The Authority for the settlement of Commercial Disputes shall have Jurisdiction to consider claims that arise from the implementation and interpretation of this law.

Article (11): A. The insured shall not offer or accept any offer for the indemnification of the injured party without the written consent of the insurer. Any settlement between the insured and the injured party shall not be binding upon the insurer, if it has been concluded without its consent.

B. Whoever suffers damage from an accident covered by an insurance according to the provision of this law, may join the insurer to his lawsuit for indemnity, before any law courts or judicial authority. The joinder shall take place by service of a motion which particularly states the date of the accident, the name of the insurer, the registration number of the vehicle and the number of the insurance policy and its duration.

The insurer is not bound to make payment of any amounts decreed by law court as compensation unless it has been joined to the suit and within the limits of this law and the insurance policy.

Article (12) : A. If the party injured in the accident dies due to the same incident, according to a certified medical certificate, and within six months from the date of the accident, while he has been paid indemnity less than death compensation, his heirs are entitled to an amount which completes the death compensation. In case the injury compensation is equal or more than the death compensation, the paid compensation shall be deemed as death compensation.

B. The injured person and the heirs of the deceased who dies in a traffic accident may join between the compensation stipulated by this Law and any other amounts payable to the same injured or deceased person pursuant to discretionary insurance policies which were concluded and obtained to cover his bodily injuries or death due to accidents.

C. Without prejudice to the provisions of this law the insured's responsibility towards third party or death or bodily injuries caused by the accident is limited to the full extent of what shall be judicially decreed.

Article (13): The victim of a traffic accident shall have a direct claim against the insurer. The defence which insurer may argue against the insured shall not affect the injured person.

Article (14): The insurer, subrogates the injured person and his rights against the party responsible for the occurrence of the damage caused by persons unauthorised to drive the vehicle, to the extent of the amount paid by the insurer to the victim.

Article (15): Without prejudice to the insurer's obligation in all cases to pay the compensation due (in accordance with the provisions of this law) to third party for his bodily injuries, death, or material damages to his property, the insurer is entitled to reimburse from the insured and/or the person who is as good as the insured, the amounts which the insurer has paid pursuant to this obligation. Further, the insurer may refuse to indemnify for the bodily injuries or death which occur to them or to the members of their families (in case the vehicle insurance policy covers such risks), or the damages which may occur to the body of the insured vehicle (in case the insurer is comprehensive); all the above in the following cases:-

- A. In case the insurance has been concluded upon false substantial particulars or the insured has concealed substantial particulars, which affect the companies acceptance to cover the risk or affect the price or terms of insurance.
- B. If the accident occurs due to using the vehicle in jobs for which the vehicle is not licensed or in race, competition or speed test, or due to accepting passengers more than permitted or due to over loading the vehicle or due to technically improper packing of the load or due to the load's extending beyond the authorized dimension of length, width or height.
- C. If the driver, whether he is the insured or another person driving the vehicle with the consent of the insured, is not holding a valid license for the type of the vehicle but not if he has been deprived of it or it has been withdrawn from him by an order issued by the competent authorities - or he has been under the influence of intoxicating material or drugs.
- D. If the accident, the death or the bodily injury has been proved to have occurred because of an act committed by the insured with the intention of causing damage the right of reimbursement of this article does not jeopardize the right of the victim towards the insurer.

Article (16): A. Cases with respect to the implementation of this law shall not be heard after the elapse of two years from the date of the accident however, in case of concealing substantial particulars concerning the insured risk or providing substantial false particulars making misrepresentation, the said limitation period starts from the date of the party interested in filing the case becoming aware about the concealed or false particulars.

- C. The limitation referred to in the preceding clause shall cease to run by a registered letter, or by submitting the documents relating to the claim, to the concerned insurer, within the aforesaid period.

Article (17): A. The fine of not less than Omani Rials five hundreds and not more than Omani Rials Five thousand shall be imposed upon each insurance company violate the provisions of this law or the decisions or orders which are issues to implement the same.

- B. In case the repeation of the same offence by the same company the Minister may, temporarily for a period not exceeding six months preclude the company

from carrying on the insurance business on vehicles as referred to in the first article (clause 1/E) of the aforesaid law of insurance companies.

The imposition of the penalties referred to in the two precedent clauses shall be rendered by a reasoned decision by the Minister after notifying the violating company in writing in order for it to submit its defence in writing within two weeks from the date it received the notice. The aforesaid decision of preclusion shall be published in the official gazette. In this case the company subject to the decision shall honour its obligations with respect to insurances which are valid at the issue date of the decision and also with respect to the claims arising before the issue date of the same.