

MINISTRY OF COMMERCE & INDUSTRY
MINISTERIAL DECISION NO. 99/95 ON VEHICLE INSURANCE REGULATIONS

By virtue of the Royal Decree No. 12/79 promulgating Insurance Companies Law and amendments thereto; and

The Royal Decree No. 50/77 ratifying the agreement on the unified insurance card for motor car traffic across Arab countries; and

the Royal Decree No. 28/93 promulgating Traffic Law; and the Royal Decree No. 34/94 promulgating Vehicle insurance Law; and

in pursuance of public interest

- Decided -

Article (1):

The attached vehicle insurance regulations shall apply.

Article (2):

Insurance department at the ministry shall exercise exclusive enjoyment of issuing necessary circulars to insurance companies or implementation of the aforesaid vehicle insurance regulations.

Article (3):

The authority for the settlement of commercial Disputes shall exercise exclusive enjoyment of hearing the cases that arise out of the application and interpretation of the unified vehicle insurance policy, its scheduled and the present accidents schedules.

Article (4):

The provisions of article (17) of the aforementioned vehicle insurance law shall apply as regards contraventions of their present decision.

VEHICLE INSURANCE REGULATIONS

Article (1):

Third Party Vehicle compulsory insurance and comprehensive insurance shall be effected according to a unified insurance policy issued with the policy table provided that the policy is accompanied by the personal accident insurance addendum in the case of agreement on the extensions of coverage to include such addendum as voluntary insurance; however, the policy, its table and the personal accident addendum may be accompanied by a foreign translation.

Article (2):

A. Third Party Compulsory Insurance:

Third Party Compulsory insurance shall cover, within the geographical boundaries, all that befalls fee third party such as death, physical injuries, treatment expenses including the first aid expenses whatever may be the decree of the injury, as well as damage to property.

B. Comprehensive insurance:

In addition to the damage provided in the previous Clause, comprehensive insurance shall cover the natural damages caused to the comprehensively insured vehicle for the person responsible for the accident.

C. personal Accident addendum:

Personal accident addendum shall cover the death or physical injuries that happen to the owner, the driver of the vehicle and their families within the limits agreed.

Article (3):

- A. The insurer shall include in the vehicle insurance application a question to the insurance applicant on his wish as to the type of coverage or any of other risks which are not included in the policy or the addendum except on the applicant's request. The insurer shall obtain applicant's explicit answer in the application as well as such applicant's signature.
- B. The insurer shall deliver to the insured a copy of the policy or any addendum thereto within a period of not more than thirty days from the date of the insurance or the addendum. If it is difficult to deliver the policy or the addendum on conclusion of renewal of such policy or addendum, the insurer shall immediately issue a provisional cover note to the insured in the form approved by the Ministry in writing.

Article (4):

- A. Neither the insurer nor the insured shall cancel the vehicle's third party compulsory insurance while it is valid as long as the license of the vehicle is valid also. Such cancellation, should it happen, shall not have any effect on the third party. Exception to this is the case of presenting a new insurance policy (or certificate) for the remaining validity of such insurance and the vehicle's ownership which indicates the name of the new insurance company.
- B. Should the third party insurance period expires, the owner of the vehicle shall remain solely liable for any accident against that occurs to such vehicle during the insurance break period.

Article (5):

The injured party of an accident shall have a direct claim against the insurer and the pleas that insurer may involve against the insured shall not apply to injured party.

Article (6):

- A. the owner of the vehicle shall notify the concerned insurer of the accident prior to any action he takes towards the repair of the vehicle. However, the repair or the payment of its value shall be made pursuant to instructions contained in the circulars issued by insurance department at the Ministry.
- B. If the vehicles become total loss and is cancelled by the police or if such vehicle suffers damages that make it all but total loss "aposteriors loss" whenever the actual cost of repair exceeds (if new spare parts are counted) 75% of the value of such vehicle prior to the occurrence of the accident, indemnity shall be calculated as follows.

First:

1. The vehicle's value in cash on the purchase date shall be determined according to such vehicle's purchase invoice for the first time. If such invoice is unavailable, a certificate indicating the basic value of the vehicle in cash at purchase time shall be ordered from the relevant agency.
2. Depreciation shall be calculated according to the approved depreciation table.
3. The difference between (1&2) shall be considered the insurance value of the vehicle at the beginning of the insurance in the years that follow the first year, and shall, also, be considered the basis for the settlement of the quantum in the case of the occurrence of the accident covered by the insurance policy as regards the comprehensive or third party insurance.

Second:

In exception to the rule provided in clause (First) of this article, in the case of an agreement in writing between the insurer and the insured to insure the vehicle comprehensively for more than its actual value, the insurer liable for the accident, and to whom the insured is considered a third party, shall pay the quantum according to the rules specified in clause (first) of this article. The insurer with whom the said vehicle is comprehensively insured shall be liable for the excess amount (after taking into consideration the specified depreciation).

Article (7):

If it is established from investigation that the responsibility for an accident is joint between two or more vehicles, the quantum shall be determined as follows:

A. Material Damages:

The liability of each vehicle for the material damages towards the other in proportion to the mistake of its owner. If such proportion is not determined, the liability shall be equally divided between the two vehicles, and the insurer of each vehicle shall, consequently, bear 50% of the material damages of the other vehicle while the owner of the insured vehicle shall bear, personally, the other 50% of his vehicle's damages unless such vehicle is covered by a comprehensive insurance when the insurer shall indemnify the owner for the other 50%. The same principle shall apply if the responsibility for the accident is shared by more than two vehicles.

B. Physical injuries or Death to third party.

A person who suffers physical injuries and the heirs of a third party who dies as a result of the joint traffic accident shall be entitled to the full sum adjudged from the insurers of all the vehicles that have participated in the accident each in proportion to the responsibility of the vehicle insured with him. If such proportion is not determined, then liability shall be equally shared by them.

C. Physical injuries and Death to the owner of the vehicle or a person who is as good as him or to one or more members of their families.

The liability of each vehicle for physical injuries and death shall be in proportion to the mistake of its driver. If such mistake is not determined, the mistake shall be equally divided between the two

vehicles. Hence, the insurer of each vehicle shall bear 50% of the physical injuries or death that befalls the owner of the other vehicle or a person who is as good as the owner or one or more members of their families who are injured in the accident. The owner if the vehicle personally, or a person who is as good as him shall bear the other 50% of the indemnity adjudged for such injuries or death, unless the owner of the vehicle is insured according to personal accidents addendum, in which case his insurer shall pay the said 50% pursuant to the provisions and limits of such addendum. The same foregoing principle shall apply if the responsibility for the accident is shared by more than two vehicles.

Article (5):

All that contradicts the provisions of the present Decision shall be repealed.

Article (6):

This Decision shall be published in the Official Gazette and shall come into force as from the date of its publication.

Maqbool bin Ali bin Sultan
Minister of Commerce & industry

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