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**Law No. (61) of 2014 regarding the Compensation Fund for Vehicle Accidents Victims**

We, Hamad bin Isa Al Khalifa, King of the Kingdom of Bahrain.

Having reviewed the Constitution;

Legislative Decree No. (15) of 1976 promulgating the Penal code as amended;

Legislative Decree No. (9) of 1979 regarding the Traffic Law, as amended by Legislative Decree No. (2) of 1985;

Legislative Decree No. (3) of 1987 regarding the Compulsory Insurance for Civil Liability Resulting from Vehicle Accidents, as amended by Legislative Decree No. (7) of 1996;

Legislative Decree No. (19) of 2001 regarding Civil Law;

And Law No. (64) of 2006 promulgating the Central Bank of Bahrain and Financial Institutions Law;

The Shura Council and the Council of Representatives have approved the following law, which we have ratified and enacted:

**Chapter One**

**Definitions and General Provisions**

**Article (1)**

In applying the provisions of this Law, the following words and expressions shall have the meanings assigned to them below, unless the context requires otherwise:

**Kingdom:** kingdom of Bahrain.

**Governor:** Governor of the Central Bank of Bahrain.

Fund: Compensation fund for vehicle accidents victims.

**Board:** The Board of Directors of the Fund.

**President:** President of the Board of Directors of the Fund.

**Vice President:** Vice President of the Board of Directors of the Fund.

**Committee:** The Fund Executive Committee.

**Secretary:** The Secretary of the Board.

**Insurer:** Every insurance company or Takaful company licensed to operate in general insurance in the Kingdom.

**Compensation Claimant:** The person directly affected by the accident or his heirs, as the case may be.

**Vehicle:** Each means of transportation to which the description of the vehicle applies in applying the provisions of the Traffic Law promulgated by Legislative Decree No. (9) of 1979, and subject to compulsory insurance by virtue of Legislative Decree No. (3) of 1987 regarding the Compulsory Insurance for Civil liability arising from vehicle accidents.

**Vehicle Driver:** Every person who drives a vehicle, whether he is its owner or not.

**Article (2)**

By virtue of this law, a fund called the “Compensation Fund for Vehicle Accidents Victims” shall be established as a legal person and enjoy financial and administrative independence, and shall be subject to the control and supervision of the Governor.

**Article (3)**

The headquarters of the Fund shall be in the location specified by the Board.

**Article (4)**

The President represents the fund before the judiciary and in its relations with third parties. The president may delegate some of the board members to perform some of his competencies stipulated in this law.

**Chapter Two**

**Fund Objectives**

**Article (5)**

The fund aims to cover damages resulting from vehicle accidents, in any of the following cases:

**1)** Lack of insurance cover for the vehicle causing the accident at the time of its occurrence.

**2)** Failure to verify the identity of the vehicle causing the accident.

**3)**The insurer's bankruptcy, and the fund is considered one of the creditors of the bankrupt insurer for the amount of compensation paid.

**4)** If there is no other party that is required to pay the compensation in accordance with the applicable laws.

**Article (6)**

The coverage guaranteed by the fund is limited to damages resulting from vehicle accidents such as death, total or partial disability, and the consequent moral damages, in accordance with the rules stipulated in Article (22) of this law. The fund is not obligated to cover damages to property.

**Chapter Three**

**Fund Administration**

**Article (7)**

The Fund shall have a Board of Directors to be formed by a decision of the Governor, and it shall consist of seven members, as follows:

**1)** Two members representing the Central Bank of Bahrain, to be selected by the Governor, one of whom shall be President and the other the Vice-President.

**2)** A member representing the General Traffic Administration, to be nominated by the Minister of Interior.

**3)** Two members representing Bahrain Insurance Association, to be nominated by the Association's Board of Directors. If the association does not nominate its representatives within thirty days from the date of its notification, and in the event that the association is dissolved, the governor undertakes this nomination.

**4)**Two members with specialization and experience in financial and insurance services, to be selected by the Governor. The term of membership in the Board shall be three years, renewable for one similar period, and the remuneration of the President and members shall be determined by a decision of the Governor. In the event that the position of any of the members of the Council becomes vacant for any reason, a replacement shall be appointed in the same manner stipulated in this Article.

**Article (8)**

The Board meets at the invitation of the President once every three months, and the President may invite it to an extraordinary meeting whenever he deems it necessary, or at the request of at least three of the members.

The Governor may request a meeting of the Board at any time to present what he deems to be topics related to any of the Fund’s affairs, and in this case he may attend the meeting without having a counted vote in the decisions or recommendations taken by the Board.

The invitation to the ordinary meeting shall be sent at least seven days prior to its date, and in the case of the extraordinary meeting, the invitation shall be sent at least forty-eight hours before its date.

The President may, when needed, invite experts and specialists to participate in the meetings of the Board, without having a counted vote in the decisions and recommendations taken by the Board.

**Article (9)**

The President presides over the meetings of the Board, and in his absentia, the Vice-President replaces him. The meeting of the Board is not valid unless attended by at least four of its members, provided that one of them is the President or the Vice-President. The decisions and recommendations of the Board are issued by the majority of the votes of those present, and when equal, the President’ side of the voting shall prevail.

**Article (10)**

The Board shall administers the Fund, manage its affairs and utilize its resources, and for this purpose it may exercise the following competencies:

**1)** Take the necessary decisions to manage the fund and determine its organizational structure.

**2)** Sett a safe policy for investing the Fund's money.

**3)** Approve the fund's budget, closing account and financial position.

**4)** Accept aid, gifts, donations and grants that come in the name of the Fund, in a manner that does not contradict the laws in force in the Kingdom.

**5)** Consider grievances against the decisions issued by the committee regarding the compensation stipulated in this law.

**6)** Form the committee.

**7)** Appoint a secretary for the Board and the committee and define his terms of reference.

**8)** Appoint an auditor for the fund's accounts.

**9)**Study and approv the annual and semi-annual periodic reports submitted to it by the committee on the fund's activities, workflow and financial position, and submitting them to the governor.

**10)** Examine all matters that the Governor or the President deems to be presented to him in connection with the fund's activities.

**Article (11)**

The committee shall be formed by a decision of the Board from among its members, consisting of a President and two members, and the Governor shall determine the remunerations received by its members.

The Committee meets at least once a month, or whenever the need arises, and takes its decisions on issues brought before it by the majority of its members.

**Article (12)**

The Committee shall be responsible before the Board for the progress of the Fund's business, within the limits of the Board's decisions and recommendations.

To that end, the committee exercises the following competencies:

**1)** Supervising the Fund's workflow.

**2)** Implementing the decisions and recommendations of the Board.

**3)** Deciding on compensation requests submitted to the fund.

**4)** Preparing a draft budget for the fund, its closing account and a statement on its financial position, and submitting all of that to the President within three months from the date of the end of the financial year, in preparation for presenting it to the board.

**5)** Preparing semi-annual periodic reports on the Fund's activity, workflow and financial position, and submitting them to the President in preparation for presenting them to the Board. Preparing a detailed annual report on the Fund's activities, and submitting it at the end of each year to the President in preparation for presenting it to the Board. This report is sent to the Governor once approved by the Board.

**6)** Any other competencies or tasks entrusted to it by the Board or the President .

The committee may seek the assistance of whomever it deems fit to be of expertise and competence, after the approval of the Board.

**Article (13)**

The Committee shall maintain, at the Fund's headquarters, the records and files related to the Fund's activity and the work of the Board, in particular the following:

**1)** Revenue record.

**2)** A record of compensation and expenses.

**3)** Investment record.

**4)** The accounting books required to clarify the fund's financial position, in accordance with the applicable rules.

**5)**The records and files of the Board’s sessions, reports of its meetings, decisions, recommendations, incoming and outgoing correspondence and so on, in the manner decided by the Board.

**6)** Any other records or files decided by the Board.

**Chapter Four**

**Fund Finances**

**Article (14)**

The Fund shall have an independent budget, and the Fund's financial year shall begin on the first of January and end on 31 December of each year.

As an exception, the first financial year of the Fund shall start from the date of commencement of the Fund's operations, and shall end on 31 December of the same year.

**Article (15)**

The fund's financial resources consist of the following:

**1)** 1% of the total insurance premiums subscribed on vehicles with each insurer, or an amount of five thousand dinars, whichever is greater, calculated at the beginning of each financial year on the basis of the elapsed financial year for each insurer, and due within ninety days from the date of the beginning of the first financial year of the Fund, and within Ninety days from the expiry of the financial year for each insured in relation to the following financial years of the Fund. The calculation of this percentage for the insurer begins after the end of the first financial year from the date of obtaining a license to work in the Kingdom. The board may increase the said percentage whenever it deems it necessary, after consultation with the insurers and the governor.

**2)**The aids, gifts, donations and grants received in the name of the Fund and the Board of Directors decides to accept them.

**3)** Returns on investing the Fund's money.

**4)** Compensations recovered in accordance with the provisions of the law.

The Fund retains its surplus revenues to finance its future activity.

**Article (16)**

The fund uses its financial resources in the following aspects:

**1)** Coverage of damages resulting from vehicle accidents, in the cases and conditions stipulated in this law and in the decisions issued for its implementation.

**2)** Facing the administrative and operational costs of the fund.

**3)** Paying the remuneration determined for the members of the Board and members of the Committee, and those decided by the Board for others who are sought for assistance in the activity of the Fund.

**4)** Any safe investments decided by the Fund's Board of Directors, in a manner that does not contradict the provisions of the Islamic Sharia.

**5)** Maintenance of real estate and movable property owned by the Fund.

**Article (17)**

The Fund shall have an account of revenues and expenses, and the financial resources of the Fund stipulated in Article (15) of this Law shall be recorded on the revenue side. As for the expenses side, the Fund’s expenditures stipulated in Article (16) thereof shall be recorded.

**Article (18)**

The auditor shall audit the fund's accounts and all the attached detailed data, and submit a report thereon to the Board within a period not exceeding three months from the date of the end of the fund's financial year. The fund shall bear the auditor's fees.

The Governor may delegate who he deems appropriate to examine the accounts and operations of the Fund.

**Chapter Five**

**Compensation Requests**

**Article (19)**

Compensation requests shall be submitted to the fund by the compensation applicant or his legal representative.

No claims will be accepted unless all the documents decided by the Board are completed.

In the event that the fund's resources are sufficient, the compensation amounts will be disbursed for all applications within a month from the date of completion of the required documents. In the event that the fund's resources are insufficient, the disbursement will be according to the precedence of the date of submitting the claim.

The right to claim compensation shall lapse after three years from the date of the accident.

**Article (20)**

The compensation applicant may appeal against the Committee’s decisions before the Board within two weeks from the date of his notification thereof, and the Board shall decide on the grievance within thirty days from the date of its submission. Those whose grievance is rejected may appeal the rejection decision before the competent court within thirty days from the date of its issuance or notification thereof, or from the date of the expiry of the deadline for deciding on the grievance without a response.

**Article (21)**

The Fund may, in accordance with the rules determined by the Board, claim the value of the compensation it has paid or part of it against the person harmed by the accident or the one who caused it, the insurer or the party obligated to compensate the damage, as the case may be, to recover the compensation paid, in the following cases:

**1)** The issuance of a final court judgement that the damage was entirely or partly due to an error on the part of the victim of the accident.

**2)** Identification of the vehicle causing the accident or its driver.

**3)** Discovering the existence of a valid insurance policy for the vehicle causing the accident at the time of the accident.

**4)** The emergence of another party that was required to pay the compensation, according to the applicable laws.

**5)** Recourse to the vehicle owner who did not insure his vehicle with the insurance companies.

**Article (22)**

Compensation provided by the fund is calculated according to the following rules:

**1)** An amount of 10,000 dinars for each death case to be paid to the legal heirs at the time of the accident.

**2)** An amount of 10,000 Bahraini Dinars for each case of total disability.

**3)** An amount of 10,000 Bahraini Dinars for each permanent partial disability multiplied by the percentage of the disability.

**4)** An amount of 1,000 Bahraini Dinars is paid to the person with total disability for moral damages.

**5)** An amount of 500 Bahraini Dinars will be paid to the person with permanent partial disability for moral damages.

**6)** An amount of 300 Bahraini Dinars is paid to each individual for moral damage resulting from death or total disability, and it is 200 Bahraini Dinar in the case of permanent disability, and it is paid to each of the father, mother, husband and children with a maximum of 3000 Dinars. The compensation contained in any of the clauses (1, 2, 3) and the compensation contained in any of the clauses (4, 5, 6) shall be combined.

**Article (23)**

It is not permissible for governmental or non-governmental agencies to claim compensation from the Fund for the compensation that it has paid to those affected by vehicle accidents, as it is obligated by the laws or by virtue of a contractual relationship.

**Chapter Six**

**Penalties**

**Article (24)**

The fund’s money are considered public funds in the application of the provisions of the Penal Code, and the Bureau of Financial and Administrative Control is in charge of monitoring them.

**Article (25)**

A prison term of not more than one year and a fine of not less than one thousand dinars and not more than three thousand dinars, or by either of these two penalties, shall be imposed on anyone who knowingly obtains any amounts from the fund as compensation based on documents or evidence contrary to the truth. In the event of a conviction, the court shall rule to return the aforementioned amounts to the fund.

**Chapter Seven**

**Final Provisions**

**Article (26)**

The governor issues the necessary decisions to implement the provisions of this law.

**Article (27)**

The Prime Minister and the ministers- each within his jurisdiction- shall implement this Law, and it shall come into force from the day following the date of its publication in the Official Gazette.

**King of the Kingdom of Bahrain**

**Hamad bin Isa Al Khalifa**

Issued at Riffa Palace:

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