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**Legislative Decree No. (3) of 1987 regarding the Compulsory Insurance on Civil Liability Arising out of Motor Accidents**

We, Hamad bin Isa Al Khalifa, Acting Emir of the State of Bahrain

Having reviewed the Constitution,

Emiri Order No. (4) of 1975;

Emiri Order No. (3) of 1987;

Motor Vehicles (Third Party Insurance) Law of 1957 amended by Legislative Decree No. (5) of 1985;

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

And Decree No. (8) of 1985 approving the accession of the State of Bahrain to the Unified Insurance Card on Motor Vehicles Crossing the Arab Countries Convention;

And upon the submission of the Minister for Commerce and Agriculture;

And after the approval of the Council of Ministers,

**Hereby Decree the following Law:**

**Article -1-**

Taking into account the provisions of the Traffic Law promulgated by Legislative Decree No. (9) of 1979 as amended by Legislative Decree No. (2) of 1985 and its implementing regulation, when registering any vehicle at the Directorate of Traffic and Licensing at the Ministry of the Interior, the registration request shall be accompanied by valid insurance policy for the registration term.

In the event of renewal of the vehicle registration, there must be a valid insurance policy for the renewal term, and every notification of its renewal shall be deemed as an insurance policy.

**Article -2-**

The insurance policy, provided for in the preceding article, shall cover the civil liability arising from physical and material damages of vehicles accidents, if such accidents occurred in Bahrain.

Taking into account the provisions of Article (12) of this law, the coverage of civil liability arising from vehicle accidents means that the insurer shall be liable to pay the amount of the sentenced compensation. Such compensation includes compensation for the death of any person or for any physical injury that damaged any person because of the accident of the insured vehicle, as well as the material damages resulting from this accident.

**Article -3-**

The insurance policy shall be issued by one of the insurance entities or companies registered in Bahrain for motor insurance in accordance with the provisions of the law. The said policy and any certificate issued in accordance with it, shall be drafted in Arabic and may be accompanied by a translation of it in English.

Nevertheless, a policy issued in accordance with the Convention on Unified Insurance Card, enacted by the accession of the State of Bahrain thereto under Decree No. (08) of 1985, shall be deemed as an insurance policy, provided that such policy is certified by the United Insurance Company (B.S.C closed)

**Article -4-**

The information contained in the policy shall be identical to the information contained in the book of the factory from which the vehicle was imported or to those contained in the vehicle’s inspection and ownership certificate issued by the Directorate of Traffic and Licensing.

The Directorate of Traffic and Licensing shall register the information of the insurance policy in the official records.

**Article -5-**

The insurer and the insured may not cancel the insurance policy during the term of its validity for any reason whatsoever if the vehicle registration is still valid. Such cancellation shall not have any effect even if it took place.

Upon the cancellation of the vehicle registration, the Directorate of Traffic and Licensing shall note the cancellation on the insurance policy. In the event of transferring the car ownership from its owner to a new owner, the previous insurance policy may also be transferred to the new owner, and, in this case, the Directorate of Traffic and Licensing shall approve such policy, provided that the insurance period covered by the said policy is the same as the period of registration of the vehicle in the name of the new owner.

**Article -6-**

If the compensation is made by amicable settlement between the insured and the damaged person, without the approval of the insurer, such settlement shall not constitute an argument before the insurer.

**Article -7-**

The minutes of investigation of any vehicle accident, that caused a death, a physical injury, or material damage, shall include the number of the insurance policy, and the name of the insurer and the insured as determined in the vehicle’s inspection and ownership certificate.

The insured or his representative shall notify the insurance entity or company of the accident

**Article -8-**

The policy may include reasonable duties on the insured and reasonable restrictions on using and driving the vehicle. If the insured has failed to fulfil such duties and restrictions, the insurer has the right to recourse against the insured to recover the compensations paid by the insurer.

**Article -9-**

The insurer may recourse against the insured to recover the amount of the compensation paid by the insurer, if it is proved that the insurance is concluded in accordance with false information submitted by the insured, or if the insured has concealed material facts that affected the decision of the insurer on approving risk coverage, or on the insurance price or conditions, or if the vehicle was used for purposes not authorized by the policy.

**Article -10-**

If the insurer has committed to pay compensation in the event of civil liability on a person other than the insured and other than the persons authorized to drive the insured vehicle, the insurer may recourse against the person responsible on the damages to recover the compensations paid by such insurer.

**Article -11-**

The right to recourse enjoyed by the insurer, in accordance with the provisions of the three precedent articles, shall not entail any prejudice to the rights of the damaged person. The insurance entity or company shall pay the required compensation to the damaged person.

**Article -12-**

If an injured from a vehicle accident, on which the provisions of the present law shall apply, was treated in one of the government’s health units or his treatment required travelling abroad upon the decision of the specialized medical committee, the ministry to which the health unit belongs, or the Ministry of Health, in case of treatment abroad, shall have the right to recourse directly against the insurer for the expenses paid by the ministry to treat injured, within a maximum limit of five hundred dinar for one injured and with no maximum limit for treatment abroad, provided that the ministry notifies the insurer of the admission of the injured to hospital for treatment.

**Article -13-**

In the event of compulsory or voluntary liquidation of the insurance entity or company, it shall delegate its documents, which were concluded in compliance with the present law, to an insurance company authorized to issue such type of documents.

**Article -14-**

The insurer shall notify the Ministry of Commerce and Agriculture, when the present law comes into force, of the lists of insurance prices laid down in its documents.

The insurer may not make any change to these prices, except with the approval of the Minister of Commerce and Agriculture.

**Article -15-**

Any person who works for or represent an insurance company or entity, if he concluded an insurance policy at a price violating the ones stipulated in accordance with Article (14) hereof, shall be subjected to imprisonment for a period not exceeding one year and a fine not exceeding one thousand dinars, or either of these two penalties. And any person who violates the provisions of Articles 1,2,3,4, section one, and Article 12 hereof, shall be subjected to a fine not exceeding five hundred dinars.

Penalties shall multiply in accordance with the number of the concluded insurance policies or the ones that violates the provisions of the present Law.

**Article -16-**

The Motor Vehicles (Third Party Insurance) Law of 1957 and the Legislative Decree No. (5) of 1985 amended it, and all provisions contrary to the provisions of this Law, are repealed.

**Article -17-**

The Minister of Commerce and Agriculture shall issue the necessary decisions to implement the provisions of the law.

**Article -18-**

The Ministers– each within his jurisdiction- shall implement this Law, and it shall be published in the Official Gazette, and shall come into force from the beginning of the month following the lapse of three months from the date of its publication.

**Emir of the State of Bahrain**

**Hamad bin Isa Al Khalifa**

Issued at Riffa Palace

On 17 Jumada al-Akhir 1407 A.H.

Corresponding to 16 February 1987