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**Legislative Decree No. (7) of 1996 amending certain provisions of Legislative Decree No. (3) of 1987 regulating the Compulsory Insurance on Civil Liability Arising out of Motor Accidents**

**We, Isa Bin Salman Al Khalifa, Emir of the State of Bahrain,**

**Having reviewed the Constitution,**

Emiri Order No. (4) of 1975,

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

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

And upon the submission of the Minister of Commerce,

And after consulting the Shura Council,

And after the approval of the Council of Ministers,

**Hereby Decree the following Law:**

**Article One**

The texts of Article (2) paragraph two, and Article (5) by paragraph two of Legislative Decree No. (3) of 1987 regulating the Compulsory Insurance on Civil Liability Arising out of Motor Accidents, shall be replaced by the following texts:

**Article (2) Paragraph Two:**

“Per the provisions of Article (12) of this law, the coverage of civil liability emerging from motor accidents, means that the insurer is entitled to compensation for the death of any person, or for any bodily injury to any person, with the exception of the one who caused the accident, their spouse, their minor children, the owner of the vehicle, their spouse, and their minor children. If they are using a private driver, and it is that driver who caused the accident, the insurance policy must be cover the compensation of material damages that emerge from motor accidents. Bearing in mind that, it is not permissible to grant more than five hundred thousand dinars as compensation for the damages of properties for a single vehicle accident”.

**Article (5) Paragraph Two:**

“The Traffic and Licensing Department, upon cancelling the registration of the vehicle, must mark the insurance policy to the effect of this. Cases of cancellation of the insurance policy include:

1 - If the vehicle is deemed unfit for use on public roads, resulting in the cancellation of the vehicle registration.

2 - In the event of a transfer of vehicle ownership to a new owner who procures voluntary insurance coverage with a different insurance provider registered within the jurisdiction of Bahrain.

3 - In the event of substitution of an insurance policy with another issued by an insurance provider registered within the jurisdiction of Bahrain, the policyholder is required to notify the Traffic and Licensing Department of such change.

4 - Should the insured vehicle be outside the territorial limits of Bahrain for a period exceeding thirty consecutive days, the policyholder shall have the right to terminate the insurance policy and notify the insurance provider, subject to providing evidence of such termination from the Traffic and Licensing Department.

**Article Two**

Supplemental to Legislative Decree No. (3) of 1987, a novel Article, denominated as Article No. (14) bis, has been inserted after Article (14), which stipulates the following:

**Article (14) bis**

“The Minister of Commerce promulgates a model insurance policy for guidance, incorporating the fundamental tenets of the respective duties of the insurer and the insured”.

**Article Three**

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

**Emir of the State of Bahrain**

**Isa Bin Salman Al Khalifa**

Issued at Riffa Palace:

On Shawwal 15, 1416 A.H.

Corresponding to 5 March 1996