

# Policy Specification

## Motor Insurance

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The first party Solidarity Company B.S.C. (c), is a company acting subject to the Islamic Shari'a, as an agent for the insured persons to manage insurance operations for fixed agency fees and investing their funds as a "Mudarib" against fixed percentage of the return thereof.

According to the application submitted by the Insured, and in consideration of the payment of the contribution mentioned in the scheduled by the insured or on his behalf Solidarity General Takaful B.S.C. (c) hereinafter called "the Company" hereby undertake to insure the vehicle/vehicles mentioned in the schedule during the stated period of insurance and in accordance with terms and conditions of the policy as hereinafter provided.



## SECTION 1- LOSS OR DAMAGE

If the cover stated on the schedule attached to this Policy reads "Comprehensive" then:

1. The Company will indemnify the insured against loss of or damage to the Motor Vehicle and its accessories and spare parts whilst thereon:
  - (a) By accidental collision or overturning or collision or overturning consequent upon mechanical breakdown or consequent upon wear and tear.
  - (b) By fire, external explosion. Self-ignition or lightning or burglary house-breaking or theft.
  - (c) By malicious act.
  - (d) Whilst in transit (including the processes of loading and unloading, incidental to such transit) by road, rail, inland waterway, lift or elevator.
2. At their own option the Company may pay in cash the amount of the loss or damage or may repair, reinstate or replace the Motor Vehicle or any part thereof or its accessories or spare parts. The liability of the insurers shall not exceed the value of the parts lost or damaged and the reasonable cost of fitting such parts. The insured's estimate of value stated in the Schedule shall be the maximum amount ' payable by the Company in respect of any claim for loss or damage.
3. If the Motor Vehicle is disabled by reason of loss or damage insured under this Policy the Insurers will subject to the Limits of Liability bear the reasonable cost of protection and removal to the nearest repairers and of delivery within the country where the loss or damage was sustained.

### EXCEPTIONS TO SECTION I

The Company shall not be liable to pay for:

- (a) Consequential loss, depreciation, wear and tear, failures or breakages.
- (b) Damage caused by overloading or strain.
- (c) Mechanical or electrical breakdown or failure.
- (d) Damage to tyres unless the Motor Vehicle is damaged at the same time.
- (e) Loss through theft of parts or accessories from misused vehicle, whilst left unlocked and unattended, unless in a locked garage or locked premises.
- (f) Any addition of parts or accessories or any amendments to the insured Vehicle other than that originally fixed in the car by manufacturer at the time of issuance of the insurance policy cover, and no appropriate additional premium for such additions or amendments was paid.



## SECTION II - LIABILITY TO THIRD PARTIES

1. The Company will subject to the limits of liability indemnify the insured in the event of the accident caused by or arising out of the use of the Motor Vehicle, or in connection with the loading or unloading of the Motor Vehicle against all sums including claimant's costs and expenses which the insured shall become legally liable to pay in respect of:
  - (a) Death or bodily injury to any person excluding members of his family or employees or servants.
  - (b) Damage to property, excluding those belonging to or held in trust by or in the custody of or control of the insured or a member of the insured's household or being conveyed by the motor Vehicle.
2. In terms of and subject to the limitations of and for the purposes of this section the insured will indemnify any authorized driver who is driving the Motor Vehicle provided that such Authorized Driver:
  - (a) Shall as though he were the insured observe fulfill and be subject to the Terms of this Policy in so far as they can apply.
  - (b) Is not entitled to indemnity under any other policy.
3. In the event of the death of any person entitled to indemnity under this Sections, the Company will irrespective of the liability incurred by such person indemnify his personal representatives in terms of and subject to the limitations of such section provided that such representatives shall as though they were the insured observe fulfill and be subject to the Terms of this Policy as they can apply.
4. The Company will pay all costs and expenses incurred with their written consent.
5. In the event of accident involving indemnity under this Section to more than one person the Limits of Liability shall apply to the aggregate amount of indemnity to all persons indemnified and such indemnity shall apply in priority to the Insured.
6. The company may at their own option:
  - a) Arrange for representation at any inquest or fatal inquiry in respect of any death which may be the subject of indemnity under this section.
  - b) Undertake the defense of proceedings in any Court of law in respect of any act or alleged offence causing or relating to any event which may be the subject of indemnity under this Section.



## EXCEPTIONS TO SECTION 2

### (COMMERCIAL VEHICLE)

#### **The Company shall not be liable in respect of:**

1. Death, bodily injury or damage caused or arising beyond the limits of any carriageway of thoroughfare in connection with the bringing of the load to the Motor Vehicle for loading thereon or the taking away of the load from the Motor Vehicle after unloading therefrom :
2. Death of or bodily injury to any person in the employment of the insured arising out of and in the course of such employment.
3. Death or bodily injury to any person being carried in or upon or entering on to or alighting from the Motor Vehicle at the time of the occurrence of the event out of which any claim arises.
4. Damage to property belonging to held in trust by or in the custody of or control of the insured or a member of the insured's household or being conveyed by the Motor Vehicle.
5. Damage to any bridge, weighbridge or viaduct or to any road or anything beneath by vibration by the weight of the Motor Vehicle or of the load carried by the Motor Vehicle.
6. Damage to property caused by sparks or ashes from the Motor Vehicle, if steam driven.
7. Damage to property, death or bodily injury caused by or arising out of the explosion of a boiler forming part of, attached to or on the Motor Vehicle.

### **AVOIDANCE OF CERTAIN TERMS AND RIGHTS OF RECOVERY**

Nothing in this Policy or any endorsement hereon shall affect the right of any person entitled to indemnity under this Policy of any other person to recover an amount under or by virtue of the Legislation. But the Insured shall repay to the Company all sums paid by the Company which the Company would not have been liable to pay but for the Legislation.



## GENERAL EXCEPTIONS

The Company shall not be liable in respect of:

1. Any accident, loss, damage or liability caused, sustained or incurred
  - (a) Outside the Geographical Area of the Kingdom of Bahrain
  - (b) Whilst any motor vehicle in respect of which indemnity is provided by this Policy is:
    - (i) Being used otherwise than in accordance with the Limitations as to Use
    - (ii) Being driven by or is for the purpose of being driven by any person other than Authorized Driver.
2. Any accident, loss, damage or liability caused, sustained or incurred whilst the driver of any motor vehicle insured under this policy is under the influence of intoxicating liquor or drugs.
3. Any accident, loss damage or liability (except so far as is necessary to meet the requirements of the Legislation) directly or indirectly proximately or remotely occasioned by contributed to by or traceable to or arising out of or in connection with flood, typhoon, hurricane, volcano eruption, earthquake or other convulsions of nature, invasion, the act of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, strike, riot, civil commotion, mutiny rebellion, revolution insurrection, military of usurped power, detention, seizure or confiscation or any attempt, threat or by any direct or indirect consequences of any claim hereunder, the insured shall prove that the accident, loss, damage or liability arose independently of and was in no way connected with or occasioned by, or contributed to by or traceable to any of the said occurrences or any consequence hereof and in default of such proof the Company shall not-be liable to make any payment in respect of such a claim.
4. Any liability which attaches by virtue of an agreement but which would not have attached in the absence of such agreement.
5. Any sum which the Insured would have been entitled to recover from any party but for an agreement between the Insured and such party.
6. Any accident loss or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss or any liability or whatsoever nature directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radio-activity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. For the purposes of this exception combustion shall include any self-sustaining process of nuclear fission.
- 7- Any accident, loss, damage or liability, directly or indirectly caused by or contributed to by or arising from nuclear weapons material.
8. If the driver of an Insured Vehicle has fled the accident location, the Company will not be responsible for any damage to the comprehensively insured vehicle, mean time the Company reserves its full rights to revert against the insured in order to recover any



sums it may be obliged to pay to a third party for a material damage or a bodily injury.  
(Article No.8 of Law No.3 of 1987).

9. Accidents on airport premises and any other premises to which the public have no free vehicular access.



## CONDITIONS

1. Limitations as to use:

Use only for social domestic and pleasure purposes and for the Insured's business. The policy does not cover, use for hire racing competitions rallies or trials or the carriage of passengers for hire or reward.

2. Every notice or communication to be given or made under this policy shall be delivered in writing to the Company.

3. This Policy and the Schedule shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part of this Policy or of the Schedule shall bear such specific meaning wherever it appear.

4. The Insured shall take all reasonable steps to safeguard the Motor Vehicle from loss or damage and to maintain the Motor Vehicle in efficient condition and the Company shall have at all times free and full access to examine the Motor Vehicle or any part thereof or any driver or employee of the Insured. In the event of any accident or breakdown the Motor Vehicle shall not be left unattended without proper precautions being taken to prevent further loss or damage and if the Motor Vehicle been driven before the necessary repairs are effected any extension of the damage or any further damage to the Motor Vehicle shall be excluded from the scope of the indemnity granted by this policy.

5. In the event of any occurrence which may give rise to a claim under this Policy the Insured shall as soon as possible give notice thereof to the Company with full particulars. Every letter, claim, written summons and process shall be notified or forwarded to the Company immediately on receipt. Notice shall also be given to the Company immediately the Insured shall have knowledge of any impending prosecution, inquest or fatal inquiry in connection with any such occurrence. In case of theft or other criminal act which may give rise to a claim under this Policy, the Insured shall give immediate notice to the Police and co-operate with the Company in securing the conviction of the offender.

6. No admission offer promise or payment shall be made by or on behalf of the Insured without the written consent of the Company who shall be entitled if it so desires to take over and conduct in his name for its own benefit any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings and in the settlement of any claim and the Insured shall give all such information and assistance as the Company may require.

7. At any time after the happening of any event giving rise to a claim or series of claims under section II – 1 (a & b) of this policy the company may pay to the Insured the full amount of the Company's liability under Section II – 1 (a & b) and relinquish the conduct of any defence settlement or proceedings and the Company shall not be responsible for any damage alleged to have been caused to the Insured in consequence of any alleged action or omission of the Company in connection with such defence, settlement or proceedings or of the Company relinquishing such conduct or shall the



Company be liable for any costs or expenses whatsoever incurred by the Insured or any claimant or other person after the Company shall have relinquished such conduct.

8. The Company may cancel this Policy by sending seven days notice by registered letter to the Insured at his last known address and in such event will return to the Insured the contribution paid less the pro rata portion thereof for the period the Policy has been in force or the Policy may be cancelled at any time by the Insured or seven days notice and (provided no claim has arisen during the current Period of Insurance) the Insured shall be entitled to a return of contribution less contribution at the Company's Short Period rates for the period the Policy has been in force.
9. If at the time any claim arise under this Policy there is any other insurance covering the same loss damage or liability the Company shall not be liable to pay or contributed more than its rateable proportion of any loss, damage, compensation costs or expense provided always that nothing in this Condition shall impose on the Company any liability from which but for this Condition it would have been relieved under proviso (ii) of Section II – 2 of this Policy.
10. All differences arising out of this Policy shall be referred to the decision of an arbitrator to be appointed in writing by the parties in difference or if they cannot agree upon a single Arbitrator to the decision of two arbitrators one to be appointed in writing by each of the parties within one calendar month after having been required in writing so to do by either of the parties or in case the Arbitrators do not agree of an Umpire appointed in writing by Arbitrators before entering upon the reference. The Umpire shall sit with the Arbitrators and preside at their meetings and the making of an Award shall be a condition precedent to any right of action against the Company if the Company shall disclaim liability to the Insured for any claim hereunder and such claim shall not within twelve calendar months from the date of such disclaimer have been referred to arbitration under the provisions herein contained then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder.
11. The due observance and fulfilment of the Terms of this Policy insofar as they relate to anything to be done or not to be done by the Insured and the truth of the statements and answers in the proposal shall be conditions precedent to any liability to the Company to make any payment under this policy.

### **Limits of Liability of the Company**

- 12) Under Comprehensive Cover (Section I)
  - a) Own Damage: The Sum declared for insurance
  - b) Towage & Storage (Sec. 1-3): BD.50/-
- 13) Under Third Party Cover (Section II)
  - a) Third Party Bodily Injury (Sec. II-I a): Unlimited
  - b) Property Damage (Sec. II-I b): BD 500,000/-

**Legislation:** - This contract is subject to Bahrain Legislative Decree 3/1987



## NOTICE TO THE INSURED

No alteration in the Terms and Conditions of this Insurance nor any endorsement hereon will be held valid unless the same is recognised and initialled by the duly authorised Representative of the Company. No renewal receipts are valid unless they are on the Company's printed form and under the signature of a duly authorized Representative.

### **Endorsements attaching to and forming part of Policy**

#### 1. COMPULSORY DEDUCTIBLE:

It is hereby understood and agreed that in the event of any claim arising under Section 1 of the policy in respect of an accident occurring whilst the Motor Vehicle is being driven by:

- (i) Any person under the age of 25 years.
- (ii) Any person who is the holder of a learner's driving licence.
- (iii) Any person who is the holder of a full driving licence, which has been in force for less than one year.

The insured in respect of each and every event shall be responsible for the first BD150/- (or any less expenditure which may be incurred) of any expenditure for which provision is made thereunder it being understood that in relation to any such claim the above amount shall apply in addition to any other amount for which the insured may be responsible under the terms of this policy.

If the expenditure incurred by the Company shall include the amount of the deductible this amount shall be repaid by the Insured to the Company forthwith.

This endorsement shall not apply to loss or damage caused by fire, external explosion, self-ignition or lightning or burglary, house breaking or theft.

#### 2. VOLUNTARY DEDUCTIBLE

In Consideration of the rebate granted in the contribution the Insured shall bear the amount of the voluntary deductible mentioned in the schedule in respect of each and every claim. This shall be in addition to any compulsory excess as agreed upon.

If the expenditure incurred by the Company shall include the amount for which the Insured is responsible hereunder such amount shall be repaid by the Insured to the Company forthwith.

#### 3. SETTLEMENT OF CLAIM:

In the event of an accident giving rise to a claim under Section 1 sub section 2 the following procedure shall apply.

- (a) In the case of a partial loss where some damaged parts are to be replaced the making good of the loss shall be by fitting used parts from a similar model vehicle or, if not available, by new parts in which case the company shall charge a rateable allowance for betterment as follows:



<u>Age of Vehicle</u>	<u>Rate</u>
Up to: 1 years	Nil
2 years	Nil
3 years	Nil
4 years	10%
5 years	20%
6 years	30%
7 years	40%
Over 7 years	50%

(b) If the necessary damaged parts are not available in the Kingdom of Bahrain and if the Insured opt for having these parts purchased abroad, the company shall reimburse the cost of such parts including the reasonable cost of transport and import duty provided always total cost shall not exceed the latest price known on the local market.

(c) In case of an Actual or Constructive Total Loss, the maximum liability of the Company shall be the insured value or the pre accidental market value of the vehicle whichever is less. Further, once the claim is settled on actual or constructive total loss the remains of the vehicle shall become the property of the Company and the Company shall dispose of it the way it is deemed fit. For this purpose the Insured shall extend the required co-operation and shall surrender the necessary documents for doing so.

(d) It is also condition of this insurance that the restoring of the damage shall be carried out at any authorised car repair workshop the Company may see competitive to carry out such necessary repair. Should the Insured opt for a different workshop the Company's liability then shall be restricted to the lowest estimate obtained and reimburse the insured on presentation of his car for inspection after repair.

#### Takaful Principles and Conditions

1. The principles and provisions of the Islamic Sharia shall be applicable to this takaful policy as decided by the Company's Sharia Board.
2. A policyholder is considered jointly liable with the remaining policyholders for compensating the losses suffered by any policyholder. The company shall compensate the policyholder out of the takaful funds for losses and damages sustained according to the terms and conditions set forth in this policy.
3. A policyholder shall donate all or part of his contribution to pay for the losses suffered by any of the policyholders as per the cooperative or takaful principles.
4. The Company shall manage the takaful operation for benefit of the policyholders and will charge a fee based on a percentage of Gross Annual Contribution which will be calculated at the end of the financial year. This percentage will be announced in advance before the beginning of the financial year and will be mentioned in every policy or in renewal notices.

5. The Company shall invest policyholders' contributions collectively for the benefit of policyholders on a Mudaraba basis for a fee equal to a percentage of the realized profits calculated at the end of the financial year. This percentage fee will be announced in advance before the beginning of the financial year at the Company's offices and will be mentioned in every policy document or in renewal notices.
6. The insurance surplus shall be calculated as follows:
  - (i) In case the underwriting result of all the insurance branches together produces a loss then the result of all the branches will be treated as one fund and there will be no distribution of surplus for those branches that make a profit.
  - (ii) In case the underwriting result of all the insurance branches together produces a profit then this surplus will be distributed to the branches which produce a profit and in proportion to their contribution to the overall surplus.
7. The Company shall distribute from the underwriting surplus to eligible policyholders as follows:
  - (i) A policyholder will not have the right to receive any surplus from co-operative surplus, if he is compensated for damage sustained by him where the compensation is equivalent to or more than the contributions.
  - (ii) A policyholder will have the right to receive a part of his entitlement to the co-operative surplus or a pro-rated part after deducting the damages sustained if the compensation is less than the contributions.
8. The Policyholder's financial position shall be deemed as one position in respect of each type of Takaful insurance with the Company.
9. If the policyholder does not collect his share of surplus within a period of 5 years from the end of the financial year during which his policy expires that share of surplus shall be considered as a donation by the policyholder to a reserve takaful fund to protect the Policyholders' equity.
10. No more than 50% of the surplus shall be deducted as a donation for the Takaful reserve provision to protect the policyholders' equity up to a maximum of the Company's capital. In case of the Company's liquidation, this provision will be used for charity as decided by the Sharia Board after settlement of all the policyholders' right.