

PRIVATE VEHICLE THIRD PARTY ONLY INSURANCE POLICY

THE UNIFIED COMPULSORY MOTOR INSURANCE POLICY

Article 1 This Policy shall specify the minimum limit of civil liability coverage against third party for compulsory motor insurance in accordance with the terms, conditions and exceptions provided herein or attached hereto. Insurers and the insured shall not be entitled to agree on liability limits lower than those set herein.

Article 2

DEFINITIONS

The following words and phrases, wherever they occur herein, shall have the meanings assigned thereto, unless the context requires otherwise.

- 1. Compulsory Insurance Policy (Policy):**
A motor third party liability insurance policy that is deemed a contract under which an insurer undertakes to indemnify third parties in the event of damage caused by a motor accident and covered under the Policy, for a premium paid by the insured. The Policy shall include the terms, conditions, exceptions, Policy's schedule and appendices (if any), provided that they shall not contradict or otherwise violate any of the provisions set forth herein.
- 2. Insurer:**
Solidarity Saudi Takaful Company
- 3. The Insured:**
A natural or juristic person that has entered into an insurance contract and whose name is stated in the policy schedule
- 4. Driver of the vehicle (the Driver):**
Any person who is 18 years old or older (Hijri calendar) driving a vehicle and holding a driver's license.
- 5. The insured motor vehicle (the Vehicle):**
Any transport means designed to move by wheels or tracks or propelled using mechanical or animal power, as described in the Policy (trains are excluded).
- 6. Third Party:**
Any natural or juristic person sustaining loss or damage not excluded under the Policy, excluding the Insured and/or the driver, or the person responsible for the accident.
- 7. Accident:**
Any incident that causes damage to a third party due to the use of a vehicle, or as a result of an explosion or fire coming from the vehicle or its scattered debris, or due to its motion, caused the accident for damages excluded in the Policy or cases where the insurer has the right of recovery.
- 8. Physical damages:**
Death or physical injuries, which may be inflicted on a third party, including total or partial disability, whether permanent or temporary.

9. **Material damages:**
Destruction occurring to property belonging to a third party
10. **Expenses:**
All expenses borne by a third party due to a damage caused by a risk not excluded in the policy.
11. **Claim:**
A claim for indemnity for damages caused by a risk not excluded in the Policy.
12. **Claimant:**
Any natural or juristic person or their legal representatives who sustained a damage caused by a risk not excluded in the Policy.
13. **Indemnity:**
The amounts to be paid by the insurer to a third party within the maximum limit of civil liability specified herein.
14. **Premium:**
The amount paid by the insured to the insurer in exchange for the insurer's agreement to indemnify third parties for damage/loss resulting directly from a risk not excluded in the Policy.
15. **Civil Liability:**
The liability of the insured and/or the driver towards a third party for material/physical damages inflicted or expenses arising from the insured vehicle.
16. **Material fact:**
Any information which may affect the insurer's decision in specifying the premium amount by 25% or more, the terms of the Policy or the claim approval.
17. **Material change:**
Any change that leads to an increase in the likelihood or magnitude of risk.
18. **Right of recovery:**
The insurer's right to recover an indemnity paid to a third party from the insured, driver, or person who caused the accident for damages excluded in the Policy or cases where the insurer has the right of recovery.
19. **Policy schedule:**
The schedule annexed to the Policy containing some information about the insured and the vehicle, which is considered an integral part of the Policy.
20. **Appendix:**
An agreement between an insurer and the insured, subsequent to the issuance of the Policy, whereby items of coverage are added to, amended or removed from the basic coverage, and which should be attached to the Policy and deemed an integral part thereof

Article 3 Insurance coverage

Whereas the insured has submitted to the insurer an insurance proposal form, which is considered the basis for this Policy, and has paid (or has undertaken to pay) the required premium and the insurer has accepted this proposal, the insurer shall, in the event of an accident occurring within the borders of Saudi Arabia and causing damages not excluded under the Policy and within the terms and conditions set forth in the Policy, indemnify the third party for all the amounts that the insured, driver or the person responsible for the accident is committed to pay for:

- a. Physical damages caused to a third party inside or outside the vehicle
- b. Material damages inflicted on a third party outside the vehicle.
- c. Expenses.

Article 4 Coverage limits

In the event of an accident occurring and resulting in the payment of indemnity in accordance with the provisions of this Policy, the maximum limit of the insurer's liability for one event and during the lifetime of the Policy for physical damage, expenses and material damages shall not exceed together a total sum of SAR 10,000,000 (ten million Saudi riyals) as a maximum liability limit for coverage.

Article 5 Cases in which the company is not allowed to deny liabilities towards third parties

Subject to Article 9 hereof, an insurer may not deny liability for indemnity towards a third party because the insured, the driver or the person responsible for the accident has committed any violation, whether before or after the accident, or has not complied with the provisions hereof, without prejudice to the insurer's right of recovery against the insured, the driver or the person responsible for the accident after indemnifying the third party if the recovery is justified.

Article 6**CLAIM SETTLEMENT PROCEDURES**

1. Upon receiving a claim, the insurer shall provide the claimant with an acknowledgement of receipt and inform the claimant of any missing documents within (3) working days for individuals and (9) working days for companies from receiving the claim. The insurer may appoint an assessor or a loss adjuster, if necessary, within a period not exceeding (3) working days for individuals and (9) working days for companies from the date the claim is received.
2. Insurers shall settle claims with integrity and fairness without any bargaining, within a maximum period of (15) Hijri Calendar days for individuals and (45) Hijri Calendar days for companies from the date the claim is received, with all required documents. If the claim was based on an enforceable court judgement and was filed by the claimant, or the insurer has been informed thereof by the insured, the insurer shall comply with the aforementioned provision
3. The insurer shall notify the claimant of its acceptance or denial of the claim. In case of acceptance, whether fully or partially, the insurer must clarify the amount of indemnity and how it was reached

4. The insurer shall settle and pay insurance claims by transferring the indemnity amounts to beneficiaries' bank accounts directly through their respective international bank account numbers (IBAN).
5. With observance of the periods set forth in Paragraphs 1 and 2 of this Article, the insurer shall settle the claim when submitted after repairs to the vehicle are made, provided that the claimant furnishes the insurer with actual invoices of auto repairs and the accident scene is attended by the authorized entity. The insurer shall also be provided with a vehicle damage report from an authorized entity, prepared after the accident and before auto repairs take place.
6. If the insurer fails to settle the claim within the prescribed period for no legal reason, the claimant shall be entitled to submit a complaint at SAMACares website (www.Samacares.sa) or file a petition of dispute at the Committees for Resolution of Insurance Disputes and Violations to compel the insurer to settle the claim and indemnify the claimant for any expenses incurred as a result of the loss of use of their vehicle due to the insurer's delay in settling the claim.
7. In case of denial of the claim, whether fully or partially, the insurer shall:
 - a. Provide the claimant with the reasons for full/partial denial
 - b. Inform the claimant of their right to submit a complaint at SAMACares website (www.Samacares.sa) or refer their case to the Committees for Resolution of Insurance Disputes and Violations stated in article 20 of the Cooperative Insurance Companies Control Law, to be considered by these committees
 - c. Provide the claimant, upon their request, with copies of documents in support of the insurer's decision

Article 7

GENERAL CONDITIONS

1. **Changes:**

The insured shall notify the insurer, within 20 working days, of any material changes to the representations declared in the insurance proposal form. The insurer shall notify the insured in case it intends to increase the premium rate, or return part of the premium if the premium is reduced. If no notification is sent to the insured by the insurer, then this shall indicate the insurer's approval to continue providing the coverage at the premium rate agreed upon at the time of signing the policy.
2. **Insurers' right to conduct legal proceedings and settlement: The Insurer shall have the right to:-**
 - a. Represent the insured or driver in any investigation or interrogation related to a claim which is the subject of indemnity under this Policy.
 - b. Handle defense proceedings for the insured or driver before any judicial body against any allegation or accusation related to an accident, which is the subject of indemnity under this Policy
 - c. The insured shall notify the insurer as soon as they become aware of any claim, inquest or investigation relating to the said incident, unless the delay is justified by an acceptable excuse

3. The insurer's right to include the insured's name in the system of the company authorized to collect consumer credit information: The insurer has the right to include the name of the insured in the system of the company authorized to collect consumer credit information if the insured defaults on insurance premiums.
4. In the case of occurrence of a risk not excluded in the Policy, the insured or driver shall
 - a. Inform the concerned entities as soon as an accident occurs and not leave the accident scene until procedures are completed, except in cases where it is necessary to leave, e.g. in the case of physical injuries
 - b. Not to claim responsibility with the intention of harming the insurer, pay or undertake to pay any amount to any party involved in the accident except after obtaining a prior written approval from the insurer.
 - c. Cooperate with the insurer and issue powers of attorney enabling the insurer to carry out the proceedings, defending and settlement procedures on behalf of the insured or the driver
 - d. Perform, at the insurer's expense, all required actions to guarantee the insurer's right to recover, from any other party, any amounts due as a result of indemnity paid by the insurer under this Policy

5. **Fraud**

The rights arising from this Policy shall be forfeited if the claim involves fraud; if the insured, driver, an agent thereof, or a third party uses fraudulent approaches or methods to gain benefit from this Policy; or if liability or damage results from a deliberate act by, or collusion with, the insured, driver, or others. The insurer shall have the right to recover against any party found to be responsible for such fraud, whether as a conspirator or an accomplice, provided that the insurer shall indemnify the third party if it becomes clear that they acted in good faith.

6. **Cancellation**

Neither the insurer nor the insured has the right to cancel this Policy after its issuance, except in the following situations:

- a. The write-off of a vehicle's register
- b. Transfer of ownership of a vehicle to another owner
- c. The existence of an alternative policy that covers the remaining term of the insurance policy to be cancelled

The insurer shall refund the insured the due amount payable for the uncovered period by depositing the remaining amount to their bank account via IBAN, within three working days from the date on which the insurer becomes aware of the occurrence of any of the cases mentioned above. The due amount payable to the insured for the uncovered period is calculated by subtracting the elapsed days from the total policy term (in days) and then dividing the result by the total policy term. The result is then multiplied by the insurance premium less administrative fees (a maximum of SAR 25) to determine the return premium:

$(365 - \text{elapsed days}) / 365 \times \text{insurance premium less administrative fees (a maximum of SAR 25)} = \text{return premium.}$

The insurer is exempted from its obligation to pay the due amount in the case that

there is a claim—related to the policy to be cancelled and the exact vehicle covered by the policy—with a value exceeding the amount to be refunded as per the calculation formula mentioned above.

Notwithstanding the foregoing, insurers, insureds and drivers shall remain bound by the provisions of this Policy with respect to the obligations arising prior to its cancellation.

7. Policy issuance and renewal notification

Insurers may not issue the Policy unless they are electronically connected to the system of the company approved by SAMA to collect, maintain, and exchange insurance information. The insurer shall notify the insured of the expiry date of the policy (20) working days before it expires, so that the insured can renew or replace the Policy with another policy from another insurer.

8. Judicial jurisdiction and governing law

- a. Any dispute that arises concerning this Policy shall be subject to laws and regulations in force in the Kingdom of Saudi Arabia and shall be settled by the Committees for Resolution of Insurance Disputes and Violations, as set forth under Article 20 of the Cooperative Insurance Companies Control Law promulgated by Royal Decree No. (M/32) dated 02/06/1424H.
- b. Any dispute arising concerning this Policy shall not be looked into after the lapse of five years from the occurrence of the incident forming the basis of the claim, and of which the parties concerned are aware, unless the Committees for Resolution of Insurance Disputes and Violations are satisfied with the reason for considering the claim

Article 8 Cases where the insurer shall indemnify third parties while reserving the right of recovery against the insured, driver or person responsible for the accident

First: The insurer shall have the right of recovery against the insured or driver to recover the amount paid to a third party in any of the following cases:

1. Any liability or expenses arising from or incurred when the insured vehicle is:
 - a. Used in contravention of the restrictions set forth in the Policy schedule
 - b. Carrying a number of passengers exceeding the seating capacity of the vehicle, and it has been proved that the accident occurred because of such violation.
 - c. Driven against the direction of traffic
 - d. Driven under the influence of drugs, alcohol or medications that a person is not allowed medically to drive after taking it
 - e. Driven by a person under the age of 18 (according to the Hijri calendar) unless the said person is the insured or is included among the names of authorized drivers under the age of 18 in the Policy schedule
 - f. Driven by a person who does not hold a proper class of license corresponding to the type of vehicle driven, according to the relevant laws and regulations, or in the event that an order is issued by a competent entity for the forfeiture of the driver's license, or the license was expired at the time of the accident unless it was renewed within (50) working days from the date of the accident

- g. The driver escaped the scene of the accident for no acceptable reason
 - h. Running a red light
2. Submitting inaccurate information in the insurance proposal form or concealing material facts.
 3. If it is proved that the accident was deliberate.
 4. Failure on the part of the insured to notify the insurer, within (20) working days, of any material changes to their disclosures in the insurance proposal form, with consideration to Paragraph 1 of Article 7.

Second: The insurer may recover the amounts paid to third parties from the person responsible for the accident, or the insured in case the vehicle was stolen or taken forcibly and he/she has not reported the theft to the concerned entities.

Third: Insurance company shall notify the insured within 20 working days from the date of submitting the claim that apply to the company right of recovery against the insured. The company have the right of recovery within a maximum period of one year from the date of settlement the claim

Article 9

EXCEPTIONS (CASES NOT COVERED UNDER THE POLICY)

Insurers shall not be liable for paying any indemnities in any of the following cases

1. Loss or damage to the insured vehicle, properties inside or outside the vehicle which belong to either the insured or the driver, or goods transported in the vehicle or placed in the insured's or driver's custody, control or care;
2. Death or physical injury to the insured or the driver.
3. If the vehicle is used in any type of racing or for testing its speed or power;
4. If the vehicle is driven in areas that are normally off-limits to the public, such as airports or seaports, unless the vehicle is used for commercial purposes within the permissible scope;
5. Acknowledgement by the insured or the driver to bear the liability for the accident undeservedly for the purpose of harming the insurer;
6. If the accident is deliberately caused by an insured and a third party, which is proved in the accident report issued by the authorized entity to attend accident scenes.
7. Car drifting;
8. If the vehicle is being used or operated as working machinery.
9. Fines, financial penalties or bails, which may be imposed on the insured or the driver due to the accident; and
10. Any liability or expenses arising, directly or indirectly, from the following:
 - a. War, invasion, acts of foreign enemy, hostilities, warlike acts (whether war is declared or not), or civil war;

- b. Rebellion, military or popular uprising, insurgence, revolution, usurping authority, martial laws, siege, or any events or reasons leading to declaration or continuation of martial laws, siege, or acts of vandalism and terrorism committed by person(s) working individually, on behalf of, or in relation with any terrorist organization. Terrorism means the use of violence for political, intellectual, philosophical, racial, ethnic, social, or religious purposes. Such use of violence includes putting the public and/or a segment thereof under a state of terror, causing turmoil, affecting and/or intervening in any of the government's operations, activities and/or policies, and/or causing any disturbance that negatively affects the national economy or any related sectors;
- c. Strikes, riots, or civil or labor unrest;
- d. Damage directly or indirectly caused by nuclear weapons, ionizing radiation, radioactive contamination resulting from any nuclear fuel or waste, or contamination due to nuclear fuel combustion. For the purposes of this exclusion, combustion shall include any nuclear fission; and
- e. Natural disasters such as hurricanes, earthquakes, floods, or volcanoes.

Signed for and on behalf of
Solidarity Saudi Takaful Company

Authorized Signatory
Date:
Company Seal

TERMS AND CONDITIONS OF COOPERATIVE INSURANCE

In accordance with Sharia Supervision Board Resolution No. (03), the company is committed to the following: -

General Terms and conditions:

1. The Company will maintain accounts for insurance operations separate from the shareholders' accounts in accordance with the Implementing regulations provisions of the Law of Supervision of Co-operative Insurance Companies.
2. The Company undertakes to invest all funds, whether relating to shareholders or the policyholders strictly in accordance with the rules of Shariah principles and in consistent with the Company Investment policy approved by the Saudi Arabian Monetary Authority. The Company will add or subtract the investment return of the policyholder's invested funds, and subtracting the general expenses related to the policyholder's portion of the investment activities.
3. The Company, as the insurance administrator, will manage the insurance operations in favour of the policyholders. In case of net surplus in the insurance operations' account, it will be distributed in the following way
 - a. Ten percent (10%) of the annual net surplus shall be distributed to the policyholders directly or in the form of reduction in premiums for the next year.
 - b. From the remainder, if any, an amount equal to (5%) of the total written premiums shall be carried forward to the shareholders' account as a fee against the Company's management of the insurance operations and investment in favour of the policyholders. This management fee shall not exceed 90% of the net surplus
 - c. From the remainder, if any, following the distribution referenced (a) and (b) above, Company shall carry forward (10%) of the net surplus to the shareholders' account as performance incentive.

The Company may maintain the remainder of net surplus, if any, in the policyholders' account or distribute it wholly or partially to the policyholders following approval by the Saudi Arabian Monetary Authority and the Company's General Assembly.