

Autoridade Bancária e de Pagamentos de Timor-Leste

Banking and Payments Authority of Timor-Leste

Avª Bispo Medeiros, PO Box 59, Dili, Timor-Leste
Tel. Nº (670) 3 313 718, Fax. Nº (670) 3 313 716

**RESOLUTION OF THE GOVERNING BOARD
N.º 12/2010**

Concerning the Approval of the

**PUBLIC INSTRUCTION N.º 07/2010
On Compulsory Third Party Liability for Motor Vehicles Insurance**

THE GOVERNING BOARD

Pursuant to:

1. Decree-Law N.º 6/2003 of 14 February concerning the Highway Code.
2. Article 3 of the Insurance Law N.º 6/2005 of 6 July concerning the Objectives and Responsibilities of the Banking and Payments Authority.
3. Article 6 of the same law which gives the BPA power to set the common policy conditions for premium and claim requirements for the provision of compulsory insurance.

Taking into account that:

1. licensed insurance companies are obliged to conduct insurance business dealing with the insurance of compulsory third party liability of motor vehicles;
2. liability insurance is required for all motor vehicles which are registered or are in use in the territories of Timor-Leste;
3. the primary objective of liability insurance is to provide compensation for those suffering death or bodily injury caused by motor vehicles.

For the purpose of:

1. Establishing certain standards and conditions to ensure that the limitations of the insurance cover to third parties who suffer body injury or death resulting from traffic accidents are fair and non-discriminatory.
2. Establishing standards and conditions to ensure that a register of motor vehicles insured for liability insurance is maintained.
3. Ensuring affordable premium rates applicable to the general public.

HEREBY RESOLVES TO APPROVE THE FOLLOWING:

PUBLIC INSTRUCTION N.º 07/2010
On Compulsory Third Party Liability for Motor Vehicles Insurance

Chapter I
GENERAL TERMS AND PROVISION

Article 1
Scope

1. This Public Instruction shall apply to all insurance companies providing liability insurance business in Timor-Leste.
2. All motor vehicles, including foreign motor vehicles entering the territory of Timor-Leste, shall be subject to the provisions of this Public Instruction.

Article 2
Terms and definitions

In this Public Instruction, unless otherwise stated, the terms below shall have the following meaning:

- (a). “BPA” means the Banking and Payments Authority of Timor-Leste established under UNTAET Regulation 2001/30;
- (b). “Authorized Driver” means any driver authorized by the policyholder to use a motor vehicle.
- (c). “Insurance Company” means a company that carries on the business of insurance;
- (d). “Force Majeure Event” means:
 - i. a cyclone, storm, flood, earthquake, landslide and any natural disasters; or
 - ii. an act of public enemy, war, sabotage, blockade, revolution, riot, insurrection, civil commotion or any violent or threatening actions.
- (e). “Insured Event” means any occurrence causing damages to a third party arising from the use of the motor vehicle, explosion, burning, scattering of parts or falling there from;
- (f). “Injured Party” means any person not otherwise in charge of a motor vehicle who suffered damage caused by the operation of a motor vehicle and is entitled to compensation under this Public Instruction;
- (g). “Insurance Premium” means the amount payable by the policyholders in exchange for the insurer’s obligation to assume the risk;
- (h). Compulsory Third Party Liability for Motor Vehicles Insurance hereinafter referred to as “liability insurance” means insurance against liability arising of or caused by the use of a motor vehicle to a third party;
- (i). “Insured or Insured Party” is the person covered by the liability insurance;

- (j). “Insurer” means an insurance company authorized to provide liability insurance in the territory of the Timor-Leste;
- (k). “Third Party” means all parties which are not the insured, spouse, children, parent, direct relatives of the insured, person under the insured supervision and the related parties in case of a legal entity.
- (l). “Policyholder” means a person who is the legal owner of a Motor Vehicle;
- (m). “Motor Vehicles” means vehicles defined in the Highway Code.

Chapter II

REQUIREMENTS FOR LIABILITY INSURANCE

Article 3

General requirements

1. Liability Insurance shall be mandatory for all Motor Vehicles including foreign-registered Motor Vehicles enter in to in the territory of Timor-Leste.
2. Notwithstanding the requirement established in the previous paragraph, Motor Vehicles that are subject to other legislation issued by the Government in respect of their registration, licensing and operation shall be excluded from the provisions of this Public Instruction.
3. The Insured or the Authorized Driver shall keep the insurance identification card when using the Motor Vehicle and shall present it to the police or official from the National Transport Authority upon request.
4. The Insured shall inform the Insurer without delay if the Motor Vehicle has been sold or the ownership has been transferred.
5. Notwithstanding the requirement established in the previous paragraph, the insurance policy shall cover the new owner for a maximum period of 15 calendar days after the change of ownership, provided that the new owner has not purchased a new insurance policy for the motor vehicle.
6. Insurers shall notify the National Transport Authority on becoming aware that the owner of a Motor Vehicle has ceased to comply with the obligations required in the insurance contract and therefore the contract ceased to be valid.
7. An Insurer shall not refuse any application for Liability Insurance and is required to conclude such a contract.
8. The Insurers shall appoint its agent in relevant districts in Timor-Leste to facilitate claim settlements.

Article 4

Scope of Liability Insurance

1. The insurance policy shall cover every indemnity claim for damage caused by the use of a Motor Vehicle against a Third Party.

2. The damage against a Third Party defined in the previous paragraph shall cover death, bodily injury and physical impairment.
3. The Liability Insurance shall also cover liability for damage caused by the following accidents:
 - (a). a trailer connected to the Motor Vehicle including when it has become disconnected from it while in motion.
 - (b). objects falling from the Motor Vehicle or trailer.
4. The insurer shall not be liable for claims arising from the following:
 - (a). the insured, the Motor Vehicle of the insured, or the driver while driving the Motor Vehicle.
 - (b). passengers in the Motor Vehicle of the insured as a result of using the Motor Vehicle in instructed driving for which purpose the motor was not registered.
 - (c). goods or property of a third party carried by the vehicle of the insured.
 - (d). the third party arising from a Force Majeure Event.
 - (e). the special use Motor Vehicle as may be determined by the Government.

Article 5
Effective date of an insurance policy

1. The liability insurance contract shall be valid for a minimum period of one (1) year before the Motor Vehicle enters into use and shall be renewed periodically for the period during which the vehicle is in use.
2. The insurance policy enters into effect on the date specified in the policy or when the insurer or its agent has received the payment of insurance premium.
3. Unless otherwise stipulated, the insurance policy remains in force until 24.00 hours on the premium's next annual renewal date.

Article 6
Level of premium rate

1. The maximum level of premium for a liability insurance contract shall be as set out in annex 1 of this Public Instruction.
2. Insurers shall not apply insurance premium rate higher than the rate established in the previous paragraph.
3. The BPA may, from time to time, amend the premium rates in annex I by official notice in Jornal da República.

Article 7
Limitation of insurance cover

1. The liability of an Insurer arising from an Insured Event shall be limited to the compulsory amount established in this Public Instruction at the date an accident is occurred.
2. The liability limit of an Insurer to indemnify any claim to a Third Party in the event of an accident shall be determined based on the schedule provided in annex 2 of this Public Instruction.
3. The maximum aggregate liability of an Insurer in respect of a single Insured Event where more than one claimant is involved shall not exceed;
 - (a). USD 20,000 for a Motor Vehicle carrying passengers for hire and reward including heavy goods vehicles.
 - (b). USD 6,000 for all other Motor Vehicles.
4. In case of an accident involving several Motor Vehicles, the aggregate amount insured for the vehicles engaged in the same accident will be applied.
5. If there are several claimants and the total indemnity exceeds the amount determined in the paragraph 1 above, the rights of the claimants towards the insurer shall be reduced proportionately.
6. The BPA may, from time to time, review the liability insurance coverage determined in this Public Instruction.

Chapter III
INSURANCE CLAIM AND SETTLEMENT

Article 8
Claim settlement

1. The Policyholder or the Authorized Driver shall notify the Insurer within 5 business days from the day the accident occurred.
2. Claim shall be made by the damaged Third Party for compensation and shall not be subject to the defense made by the Insurer against the Policyholder or pleading the delay in notifying of the accident.
3. Indemnity claims shall be settled within a period of 30 business days counting from the date the submission was made using the forms approved by the Insurance Company together with relevant documentation including but not limited to correspondences, claims, summons and notifications.
4. The Insurer that fails to make a settlement of a valid claim within the period stated in the previous paragraph shall be liable for a penalty equal to 20% per annum rate of interest calculated from the date when the claim was reported until the date when indemnity was paid or settled, unless such delay was justifiable.
5. Payment(s) for the insurance claim shall be made by the Insurer limited to the amount of insurance coverage stated in the insurance policy or the amount determined in Article 7 of this Public Instruction, whichever is higher.

Article 9
Recovery claim

The Insurers shall have the right to recourse from the Policyholder and/or the driver to recover the compensation paid to the Third Party, in any of the following circumstances:

- (a). If the driver, at the time of the accident, was not holding a valid driving license in accordance with the requirements established in Highway Code.
- (b). The driver, at the time of the accident, is deemed unable to drive the vehicle safely due to his/her fall under the influence of alcohol, or the use of drugs according to Highway Code.
- (c). If the accident occurred while using the vehicles for purposes other than what it is licensed for.
- (d). If 15 days have elapsed from the date of the transfer of ownership, the policy has either lapsed due to nonpayment of the premium or the policy has been terminated.
- (e). If it is proved, as attested by the police that the accident was intentional by the driver.
- (f). If the damage was a result of an accident caused by a stolen or a usurped vehicle.

Chapter IV
FINAL PROVISIONS

Article 10
Entry into Force

The Public Instruction shall enter into force from the date of its publication.

Signed at Dili, this 17th day of December 2010

Abraão de Vasconcelos
Chairman

THIRD PARTY INDEMNITY LIMITS PER CLAIMANT

1.	Death	\$ 2,000.00
2.	Total loss of sight in one eye	\$ 1,000.00
3.	Total loss of sight in both eyes	\$ 2,000.00
4.	Loss by physical severance at or above the wrist or ankle :	
	(a). Both hands	\$ 2,000.00
	(b). One hand	\$ 1,000.00
	(c). Both feet	\$ 2,000.00
	(d). One foot	\$ 1,000.00
	(e). One hand and one foot	\$ 2,000.00
5.	Total and permanent loss of sight in one eye together with the total loss by physical severance of one hand (at or above the wrist) or one foot (at or above the ankle)	\$ 2,000.00
6.	Other minor injuries	up to \$ 250.00

MAXIMUM ANNUAL PREMIUM RATE FOR LIABILITY INSURANCE

№	Categories of Motor Vehicle	Premiums Rate (annual)
1.	Motorcycles	USD 25
2.	Passenger cars	USD 50
3.	Taxis	USD 50
4.	Busses/Minibuses/mikrolet	USD 50
5.	Light goods vehicle (with authorized carrying capacity not exceeding 2,000 kg)	USD 75
6.	Heavy goods vehicle (with authorized carrying capacity 2,000 kg or above)	USD 125
7.	Fuel oil transporters regardless of carrying capacity	USD 125
8.	Trailers	USD 75