

LAW PROVIDING FOR COMPULSORY THIRD PARTY INSURANCE ARISING FROM THE USE OF MOTOR VEHICLES

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The Motor Vehicles (Third Party Liability Insurance) Law of 2000 is issued by publication in the Government Gazette of the Republic of Cyprus in accordance with Section 52 of the Constitution.

Number 96 (I) of 2000

A LAW PROVIDING FOR THE COMPULSORY INSURANCE OF THIRD PARTY LIABILITY ARISING FROM THE USE OF MOTOR VEHICLES

PART ONE GENERAL PROVISIONS

The House of Representatives votes as follows:

Short title

1. This Law shall be referred to as the Motor Vehicles (Third Party Liability Insurance) Law of 2000.

Interpretation

2. – (1) In this Law, unless the context otherwise requires –

“Driving licence” means the licence to drive a motor vehicle, which is granted on the basis of the Provisions of the Motor Vehicles and Road Traffic Law;

“Alien International Motor Insurance Bureau” means the central organization that has been set up by overseas insurers in any state outside the Republic with the object of implementing international arrangements in relation to the insurance of drivers of motor vehicles against third party liability when visiting states where such insurance is compulsory and with which the Cyprus International Insurance Bureau has signed a contract;

“insurance policy” means the insurance contract of a motor vehicle and includes a covering note;

72 of 1984 114 of 1989 166 of 1990 47(I) of 1998

“insurer” means an insurance company or an insurer in the meaning of the Insurance Companies Law or of any law amending or replacing these, which carries on the business of third party liability insurance in the field of motor vehicles.

“International Motor Insurance Card,” known internationally as “green card,” means the motor vehicle insurance certificate, the type of which is published from time to time by the Minister in the Government Gazette of the Republic and which has been issued (a) outside the Republic by authorization of any Alien International Motor Insurance Bureau or (b) in the Republic by authorization of the Cyprus International Motor Insurance Bureau;

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“Republic” means the Republic of Cyprus; “court decision” means a decision or order issued by a competent Court in the Republic in the framework of any proceedings for the payment of any amount concerning compensation for the purposes of this Law and does not include a decision or order (judicial or arbitrational) related to the registration of alien court decisions, based on the provisions of the Alien Court Decisions(Reciprocal Enforcement) Law;

“Cyprus International Motor Insurance Bureau” means the Motor Vehicles Insurers’ Fund, which is a member of the Council of Bureaux, and is the office designated by the Minister to sign and implement the “Uniform Type Agreement” and the “Multilateral Guarantee Agreement”;

“motor vehicle” means any automotive vehicle designed to move on the ground by mechanical power or electric energy, does not move on rails and includes a trailer whether connected or not to the main automotive vehicle, but does not include wheel chairs and lawn-mowing machines.

“road” means any road, street, square, open space as well as any space accessible to the public, and includes any bridge used in relation to any road, and also any open space within the areas of ports and airports, excluding the areas for the take-off, landing and parking of aircraft.

*86 of 1972 37 of 1974 58 of 1976 20 of 1978 64 of 1978 72 of 1981 83 of 1983
75 of 1984 72 of 1985 134 of 1989 152 of 1991 44(I) of 1992 5(I) of 1993
28(I) of 1993 49(I) of 1994 5(I) of 1996 45(I) of 1996 95(I) of 1996 56(I) of
1998 1(I) of 1991 18(I) of 1999 66(I) of 1999*

“The Motor Vehicles and Road Traffic Law” means the Motor Vehicles and Road Traffic Laws of 1972 until 1999 and any law amending and replacing same.

“Multilateral Guarantee Agreement” means the agreement signed by the states of Europe referred to in a notification by the Minister published at any given time in the Government Gazette of the Republic, which Agreement is under the auspices of the Economic Committee of the United Nations for Europe, having also been signed by the Cyprus International Motor Insurance Bureau-

“bankruptcy” with its grammatical variations and cognate expressions includes insolvency –

“Council of Bureaux” means the whole of International Motor Insurance Bureaux, which is responsible, in cooperation with the basic working group for road transport of the Domestic Transport Commission of the Economic Committee of the United Nations for Europe, for the full compliance of the members with the Geneva Recommendations aiming at the facilitation of the movement of motorists –

“Uniform Agreement” means the agreement which the Cyprus International Motor Insurance Bureau has co-signed with each of the Alien International Motor Insurance Bureau, member of the Council of Bureaux for the purpose of issuing the Motor Vehicles International Insurance Certificates-

Cap.113 9 of 1968 76 of 1977 17 of 1979 105 of 1985 198 of 1986 19 of 1990 15(I) of 1995 21(I) of 1997 82(I) of 1999.

“Insurers’ Fund” means a company limited by guarantee under the name of “Motor Vehicles Insurers’ Fund” which has been incorporated and registered in the Republic pursuant to the Companies Law of 18 February 1969 with registration number 2377 and includes the Cyprus International Motor Insurance Bureau.

“place of usual parking of motor vehicle” means (a) the territory of the state in which the vehicle has been registered and whose number plates it bears, (b) in the case where no registration is envisaged for certain motor vehicles but which bear an insurance sign or distinguishing mark corresponding to the road tax sign, the territory of the state in which the above sign or mark has been issued, (c) in the case where no registration, insurance sign or distinguishing mark is envisaged for certain vehicles, the territory of the state in which the owner of the vehicle has his permanent residence;

“Minister” means the Minister of Finance.

(2) If any word or expression used in this Law is defined in the Motor Vehicles and Road Traffic Law, such word or expression unless the context otherwise requires shall have in this Law the meaning attributed to it in the Motor Vehicles and Road Traffic Law.

Compulsory third party insurance, offences and penalties

3. –(1) Subject to the provisions of this Law, any person whatsoever shall be prohibited from –

(a) Using any motor vehicle on the road unless, relative to its use by this person, an insurance policy concerning third party liability is in force in accordance with the provisions of this Law;

(b) causes or allows any other person to use a motor vehicle on the road unless, relative to its use by that other person such insurance policy as concerns third party insurance is in force in accordance with the provisions of this Law.

(2) The provisions of this Law shall not apply in relation to –

(a) A person using a motor vehicle which belongs to the Republic, provided that such vehicle is used for the purposes of the Government; or

(b) a person who uses a motor vehicle whenever this is being driven for police purposes by or under instructions of a police officer having at least the rank of Police Lieutenant as specified in the Police Law; or

Cap.285 A26 of 1959 A19 of 1960 21 of 1964 29 of 1966 59 of 1966 53 of 1968 43 of 1972 78 of 1986 18 of 1987 69 of 1987 348 of 198 27 of 1989 42 of 1990 99 of 1990 36(I) of 1992 8(I) of 1993 64(I) of 1996

(c) any person or class of persons declared by the Council of Ministers to be exempt from the provisions of this Law, subject to such terms, if any, as the Council of Ministers may deem proper to impose; or

(d) any motor vehicle or type of motor vehicle declared by the Council of Ministers to be exempt from the provisions of this Law, subject to such terms, if any, as the Council of Ministers may deem proper to impose; or

(e) any motor vehicle that can be used also as machinery or tool of trade and which, at the time the liability was effected, was firmly immobilized on the ground and was being used as machinery or tool of trade.

(3) Any person acting in breach of this section commits an offence:

Provided that it shall constitute sufficient defence to a charge preferred in pursuance of this section, if it is proven in the Court –

- (a) That the motor vehicle did not belong to the accused and was not in his possession by virtue of rental or loan, and
- (b) he drove the motor vehicle during his employment, and
- (c) he neither knew nor did he have reason to believe that no such insurance policy was in force in relation to the motor vehicle as provided for in subparagraph (1) above.

(4) Any person convicted of an offence based on the provisions of this section shall be punished –

- (a) In the case of a first conviction, with imprisonment not exceeding one year or a fine not exceeding one thousand pounds or with both these sentences of imprisonment and fine and a person convicted of an offence under this section shall be deprived of the right to hold or acquire a driving licence.
- (b) In the case of a second or subsequent conviction, for an offence committed under this section within a period of two years since the previous offence, with imprisonment not exceeding two years and a fine not exceeding two thousand pounds and furthermore the Court may order the deprivation of the right to hold or acquire a driving licence.

(5) With the exception of such cases as provided for in sub-paragraph (6), deprivation on the basis of sub-paragraph (4), unless the Court for special reasons orders otherwise, shall be for a period not longer than six months from the date of conviction, or for such longer period as the Court may deem proper under the circumstances of the case.

Cap. 154 3 of 1962 43 of 1963 41 of 1964 69 of 1964 70 of 1965 5 of 1967 58 of 1967 44 of 1972 92 of 1972 29 of 1973 59 of 1974 3 of 1977 13 of 1979 10 of 1981 46 of 1982 86 of 1983 186 of 1986 111 of 1989 236 of 1991 6(I) of 1994 3(I) of 1996 99(I) of 1996 36(I) of 1997 40(I) of 1998 45(I) of 1998 14(I) of 1998 15(I) of 1991 37(I) of 1999 37(I) of 1999 38(I) of 1999.

(6) In a second or subsequent conviction of a person for an offence under this section or in the conviction of such person for an offence under this section after a previous conviction for an offence under the provisions of section 5, section 6, section 7 or section 13A of the Motor Vehicles and Road Traffic Law, or for an offence under section 203, section 210 or section 236 of the Criminal Code committed in relation to the person using a motor vehicle, the deprivation under the provisions of sub-paragraph (4), unless the Court for special reasons orders otherwise, shall be for a period not less than twelve months or for such longer period as the Court may deem fit in the circumstances of the case.

(7) A person deprived of the right to hold or obtain a driving licence based on the provisions of this section shall be deemed as having been deprived of this right for the purposes of the provisions of the Motor Vehicles and Road Traffic Law.

(8) A person which pursuant to a conviction under this section is deprived of the right to hold or obtain a driving licence, may, in the case of a deprivation under sub-paragraph (5) for a period exceeding six months, at any time after the lapse of six months since the date of conviction, or in the case of deprivation under sub-paragraph (6) for a period exceeding twelve months at any time after the lapse of twelve months from the date of conviction and thereafter from time to time, apply to the Judge before whom the sentence was passed, or a Judge of no inferior jurisdiction, with the request to have the ban lifted and in every such application the Judge may, as he deems fit, having in mind the character of the person deprived of the right and his behaviour before and after conviction and the nature of the offence and other circumstances of the case, either to lift the order of deprivation as from such date as stated in the order or reject the application.

Provided that when an application based on this section is rejected, any other subsequent application shall not be permissible if submitted within three months from the date of rejection.

In case the judge orders the lifting of the deprivation, he shall see to it that the details of the order are endorsed in the licence, if any, previously held by the applicant.

Requirements to be fulfilled by the insurance policy

4. –(1) Every insurance policy issued for the purposes of this Law and which provides coverage to a motor vehicle having as its usual parking place the Republic, must fulfill the following requirements:

- (a) The policy must be issued by an insurer;
- (b) subject to sub-paragraphs (2) and (3) the policy shall –

- (i) insure the person or the persons or the categories of persons expressly specified in it against any liability by him or them which may arise in relation to death or bodily injury of any person or damage to property in case such liability has been caused by or resulted from the use of the motor vehicle on a road of the Republic.

Provided that for the purposes of this sub-paragraph, the term “any person” which may suffer death or bodily injury shall include-

(aa) persons being transported in pursuance of a contract of employment;

(bb) fare paying persons;

(cc) household members of the insured; and

(dd) persons on board the motor vehicle in contravention to any law or regulation, with the exception of persons being transported under circumstances mentioned in sub-paragraph (3) of section 14 of this Law, and

- (ii) insure the person or the persons or the classes of persons expressly specified in it in relation to any liability that may arise against him or them from the use of the motor vehicle in the territory of any state outside the Republic, which has signed the Multilateral Insurance Agreement and which is mentioned in the notification of the Minister published in the Government Gazette of the Republic, in accordance with the legislation providing for the compulsory civil liability insurance that arises from the use of motor vehicles in force in the state in which the event occurs giving rise to such liability:

Provided that in such case, if the coverage required under the Law is for a larger amount than that required by the corresponding legislation of the country in which the

event has occurred giving rise to such liability, the policy must insure the above mentioned person or persons for the greater amount, even though the event has occurred outside the Republic, and

- (iii) insure him or them against any liability pursuant to the provisions of this Law that may arise in relation to the payment of emergency hospital treatment, the form and amount of which is specified in section 25 of this Law.

(2) The coverage required to be provided by the policy in accordance with subparagraph (i) of paragraph (b) of section (1) of this section is not required to include-

- (a) Bodily harm or death, including the expenses plus interest, for a total amount of two million pounds (£2,000,000) for any claim.

- (b) damage to the insured vehicle as such,

- (c) damage to property including expenses plus interest, for a total amount in excess of sixty thousand pounds (£60,000) for any claim,

- (d) damage to any property asset during loading, unloading or transport inside or on the motor vehicle,

- (e) damage to any property asset belonging to or being in the possession, safekeeping or control of –

- (i) an insured person,

- (ii) household member of the insured person,

- (f) damage to any bridge, suspended bridge, uneven crossing (flyover) or road, or to anything thereunder, brought about by vibrations or due to the weight pressure of the motor vehicle or the cargo carried thereon.

(3) There is no requirement for the policy to cover –

- (a) Any contractual liability,

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- (b) a liability in relation to death or bodily harm arising as a result of and during the employment of a person employed by the insured, when such liability is covered by a policy having been issued under the Employers' Liability (Compulsory Insurance) Laws,

- (c) liability of person on board the motor vehicle,

- (d) liability of person arising from a deliberate and premeditated move, act or omission constituting a felony under the Criminal Code and which cannot be deemed to be accidental.

(4) Irrespective of any provision included in any law, a person issuing a policy in accordance with this section shall compensate the persons or the classes of persons

specified in the policy in relation to any liability, which the policy purports to cover in the cases of the said persons or classes of persons.

(5) A policy shall not be valid for the purposes of this Law, unless and until an insurance certificate has been issued and delivered in accordance with section 5.

Insurance certificate

5.-(1) An insurance certificate issued for the purposes of this Law is valid provided that-

- (a) It is issued by an insurer to the benefit of a policyholder,
- (b) it has the form and contains the details provided for in the prescribed type, including any terms to which the issuance of the policy is subject, and
- (c) it has been delivered to the insured:

Provided that for the purposes of this sub-paragraph the insurance certificate shall be deemed to have been delivered when-

- (a) it is personally collected by the insured or his authorized representative; or
- (b) it is sent by post; or
- (c) an exact copy of it is conveyed by fax or e-mail.

(2) The insurance certificate which is issued in accordance with subparagraph (1) shall be valid in the Republic and in the territories of the states signatories to the Multilateral Insurance Agreement, which are mentioned in the notification of the Minister published in the Government Gazette of the Republic and is presumed to cover the minimum requirements of the corresponding legislation, which provides for the compulsory insurance against civil liability occurring in the territory of the said states.

Other insurance certificates acceptable in the Republic

6.-(I) Irrespective of the provisions of this Law, in the case where the use of a motor vehicle not having as usual parking place the Republic, is covered-

- (a) By an International Motor Vehicle Insurance Certificate, or
- (b) by a certificate of frontier insurance, which is issued in relation to a motor vehicle having its usual parking place in a member state of the European Union or of the European Economic Area, or
- (c) by an insurance certificate which is issued in relation to a motor vehicle having its usual parking place in a state signatory to the Multilateral Insurance Agreement

and is mentioned in the notification of the Minister published in the Government Gazette of the Republic in the type and form stated in the legislation providing for the compulsory insurance against civil liability arising from the use of motor vehicles in the territory of such state,

this use is deemed to be covered by a policy which satisfies the requirements set out in section 4 of this Law.

(2) Irrespective of the provisions of any law, the competent bodies of the Republic shall avoid to carry out an inspection to verify the existence of insurance coverage for motor vehicles entering the Republic or circulating therein which have as their usual parking place the territory of a state signatory to the Multilateral Insurance Agreement and is mentioned in the notification of the Minister published in the Government Gazette of the Republic.

Provided that in regard to motor vehicles having as usual parking place a state not included in those which have signed the Multilateral Insurance Agreement and which are mentioned in a notification of the Minister published in the Government Gazette of the Republic entering the Republic through a state that has signed the said Agreement, only a random check may be carried out.

(3) In the case where the use of a motor vehicle is not covered by any of the certificates mentioned in subparagraph (1) of this section, a certificate of frontier insurance should be issued upon entry of the vehicle into the Republic. Such certificate would be valid for thirty days and may not be renewed.

Invalidity of certain agreements in regard to liability towards passengers

7. When a person uses a motor vehicle in circumstances under which an insurance policy is required to be in force in relation to its use, as provided for in subparagraph (1) of section 4, then if any other person is being transported in or on the motor vehicle, any previous agreement or understanding between them (regardless of a legally binding intention) would be without legal effect as far as it purports or may be deemed—

(a) to remove or limit any liability of the person using the motor vehicle in relation to persons being transported inside or on the motor vehicle; or

(b) to impose any conditions in regard to the validity of the responsibility of the person using the motor vehicle,

and the fact that the person being transported willingly has accepted the risk of negligence by the person using the motor vehicle does not remove any responsibility on its part.

For the purposes of this section, reference to “person being transported inside or on the motor vehicle” shall include reference to a person who boards the vehicle or alights from it, and reference to “previous agreement” shall mean an agreement concluded before the liability arose.

Invalid terms in a policy

8. Any term in an insurance policy issued for the purposes of this Law to the effect that no liability shall arise based on the policy or that any liability arising on the basis of the policy shall cease in the case where a specific act is performed or omitted following the occurrence of an incident that gives rise to a claim under the policy, shall be void in relation to such claims, as they are set out in paragraph (b) of subparagraph (1) of section 4:

Provided that no provision included in this section shall be interpreted in such a way as to render invalid any provision of the policy, which requires the insured person to repay the insurer any amounts that the insurer may have been obliged to pay on the basis of the policy and which have been used for the satisfaction of claims by third persons.

Cancellation of restrictions in insurance policies to the extent of third party liability coverage.

9. When an insurance certificate has been issued in accordance with the provisions of this Law to the benefit of the insured person, the policy, to the extent that it purports to limit the insurance of the person insured by it, shall be without validity in relation to the obligations required to be covered by the policy on the basis of paragraph (b) of subparagraph (1) of section 4, concerning the following matters-

- (a) The age or physical or mental condition of the persons driving the motor vehicle; or
- (b) The condition, maintenance and safety of the motor vehicle
- (c) the number of persons carried by the motor vehicle; or
- (d) the weight or the physical characteristics of the goods being transported by the motor vehicle; or
- (e) the time periods or the areas in which the motor vehicle is being used; or
- (f) the horse power or the value of the motor vehicle; or
- (g) the transportation of any particular device in the motor vehicle; or
- (h) the display on the motor vehicle of any distinguishing marks other than the distinguishing marks required to be displayed by the Motor Vehicles and Road Traffic Law:

Provided that no provision in this section shall compel the insurer to pay any amount in relation to the liability of any person in excess of the amount paid for the purpose of discharging such person, wholly or in part, from his liability, and any amount paid by an insurer for discharge or towards discharge from the liability for

any person which is covered by the policy under this section only, the insurer shall recover the amount paid by him from such person.

Obligation to present the certificate and the procedure of taking and providing data

10.-(1) Any person driving a motor vehicle on a road must, on being asked by a police officer, give his name and address, the name and address of the owner of the motor vehicle and present an insurance certificate:

Provided that if the driver of the motor vehicle within two days after he has been asked to present an insurance certificate, presents such certificate personally at such police station as he may specify himself at the time he was asked to present it, he shall not be convicted of an offence based on this subparagraph on account only of his omission to present the insurance certificate to the said police officer.

(2) In any case where, due to the presence of a motor vehicle on the road an accident occurs, which involves bodily injury to any person or damage to property, the driver of the motor vehicle shall present the insurance certificate to a police officer or to any person, who on a reasonable excuse asks for its presentation.

If the said driver for any reason fails to present his insurance certificate, he shall the soonest possible and in any case within twenty four hours from the event, report the accident and present his insurance certificate at the police station nearest to the scene of the accident.

(3) A person in breach of the provisions of subparagraphs (1) and (2) shall be guilty of an offence in contravention of this Law.

(4) The provisions of this section are supplementary to and do not limit any of the provisions of the Motor Vehicles and Road Traffic Law or any provisions issued on the basis thereof, concerning the reporting of accidents.

(5) In this section “presentation of an insurance certificate” means the presentation for inspection of the relevant insurance certificate or other documentary evidence that may be specified as proof that the motor vehicle was not being driven in violation of the provisions of this Law.

(6) The Chief of Police shall provide the soonest possible the Insurers’ Fund, free of any monetary charge, upon a written application by the said Fund, any information in relation to the details recorded by a police officer pursuant to the provisions of this section and of section 11.

Obligation of owner to provide information

11.-(1) In the case where the driver of a motor vehicle has been asked to present his insurance certificate, the owner of the motor vehicle shall provide such

information as may be requested by a police officer, so as to ascertain whether the motor vehicle was being driven or not in violation of the provisions of this Law.

(2) A person violating the provisions of the above subparagraph shall be guilty of an offence in contravention of this Law.

Procedure for obtaining and providing details in relation to the insurance coverage of alien motor vehicles.

12.-(1) In the case where a motor vehicle in respect of which are issued any of the certificates mentioned in subparagraph (1) of section 6, is involved in a traffic accident in the Republic and the said certificate is presented to a police officer or at a police station pursuant to the provisions of section 10 of this Law, the police officer or any police officer on duty at such police station shall register all the details contained in the said certificate and to which reference is made in the Regulations.

(2) The Chief of Police shall provide the soonest possible the Cyprus Bureau of International Motor Insurance, free of any monetary charge, upon a written application by the said Bureau, with any information in relation to the details recorded by a police officer pursuant to subparagraph 1 of this section.

Obligation to return certificate at the expiry of insurance policy

13.-(1) In the case where-

(a) An insurance certificate has been issued and delivered under the provisions of subparagraph (1) of section 5 to the benefit of the person for which the policy has been issued; and

(b) the policy is cancelled by mutual consent or subject to any provision of the policy,

the person to the benefit of which such certificate has been issued must, within forty eight hours from the effect of the cancellation of such insurance policy, return the certificate to the insurer or, if the certificate has been lost or destroyed, make an affidavit to this end.

(2) A person violating the provisions of this section shall be guilty of an offence in contravention of this Law.

Obligation of insurers to satisfy decisions of the Courts/Exempted liability

14.-(1) This section shall apply in the cases where, following the issuance and handing over of an insurance certificate in accordance with the provisions of subparagraph (1) of section 5, a court decision is obtained in relation to the liability required to be covered by the policy, subject to section 4 of this Law, which is either-

(a) a liability covered by the terms of the relevant policy and the court decision has been obtained against any person covered by this policy, or

(b) a liability, save an exempted liability, which would have been covered if the policy provided coverage for any person, and the court decision has been obtained against any person, other than the one covered by the policy.

(2) In order to ascertain, for the purposes of subparagraph (1) above, if the liability is covered or would have been covered by the policy, that part of the policy which purports to limit the coverage of persons insured on the basis of the policy with reference to the existence of a driving licence authorizing the driver of the motor vehicle to drive it shall be deemed invalid:

Provided that the insurer who is rendered liable to pay any amount based on this subparagraph, shall be entitled to recover such amount from the insured.

(3) The term “exempt liability” referred to in paragraph (b) of subparagraph (1) above, means a liability related to the death or bodily harm or damage to property of any person who, at the time of use of the motor vehicle from which the liability arose, is carried willingly inside or on the motor vehicle and which he knew or had reason to believe to be a stolen motor vehicle or one that was in unlawful possession, and provided this person was not a person who –

(a) did not know and had no reason to believe that the motor vehicle had been stolen or unlawfully possessed until after the commencement of the journey, and

(b) could not be reasonably expected to alight from the motor vehicle:

Provided that, for the purposes of this subparagraph, any reference to a person being carried inside or on a motor vehicle shall include reference to a person entering or boarding such a vehicle or alighting from it:

Provided further that in the case where it is asserted that the facts of the case substantiate exempt liability, this must be proven by the insurer.

(4) Regardless of whether the insurer may be entitled to annul or cancel or may have already annulled or cancelled the policy, and subject to the provisions of this section, the insurer shall be obliged to pay the person or the persons in favour of whom a court decision has been issued, any amount rendered payable on the basis of such decision in relation to any liability for death or bodily injury or damage to property:

Provided, however, that the amount which the insurer is obliged to pay shall not exceed the amount provided for in the policy.

(5) In case the insurer is obliged, pursuant to the provisions of this section, to pay any amount in relation to the liability of a person not covered by the policy, he shall be entitled to recover such amount from –

(a) Such person, or

(b) any other person who –

(i) is covered by the policy, in accordance with the terms of which the liability would be covered if the policy provided coverage to any person, and

(ii) caused or allowed the use of the motor vehicle that created the liability.

Requirements for payment of compensation

(15).-(1) No amount whatsoever shall be paid by an insurer pursuant to the provisions of section 14-

(a) In relation to any court decision, unless before or within seven days from the commencement of the proceedings in which such decision was issued, the insurer has been notified in writing of the institution of the proceedings, or

(b) in relation to any court decision concerning damage to property, unless within six months from the date the actionable right was created for which the decision has been issued, the person in favour of which such decision was issued

–

(i) had notified the insurer in writing of his intention to make a claim, and

(ii) had notified the insurer in writing so as to afford him reasonable time to inspect the relevant damage before its repair or the replacement of any damaged accessories and/or spare parts:

Provided that the six-month deadline does not start to count in the case where the person to the benefit of which the actionable right has been created was not in a position, on account of bodily, mental or other psychological harm which it suffered as a result of the event that created such right or other reasonable cause, to notify the insurer of his intention to raise a claim; or

(c) in relation to any judicial decision, if the execution of such decision has been suspended while an appeal is pending; or

(d) in relation to any liability, if before the occurrence of the event that had been the cause of death or bodily harm or damage to property which gave rise to the liability, the insurance policy was cancelled by mutual consent or on the basis of any provision contained therewith and either –

- (i) before the occurrence of such event the insurance certificate was returned to the insurer or the person in whose benefit the insurance certificate was issued made an affidavit to the effect that this was lost or destroyed and for this reason it could not be returned; or
- (ii) after the occurrence of the event but before fourteen days had lapsed since the entry into force of the cancellation of the policy, the insurance certificate was returned to the insurer, or the person in whose benefit the insurance certificate was issued made an affidavit to the effect that this had been lost or destroyed and for this reason it could not be returned; or
- (iii) either before or after the occurrence of the event but within a period of fourteen days from the entry into force of the cancellation of the policy, the insurer initiated a process based on this Law in relation to default in returning the insurance certificate.

(2) No amount shall be payable by an insurer on the basis of the provisions of this section if in an action initiated before or three months after the commencement of the proceedings in which the decision was issued, the insurer obtains a statement by the Court that, regardless of any provision contained in the policy, he is entitled to cancel it due to the fact that the policy was obtained through the non-disclosure of a material fact, or through the presentation of a fact which was false in its material details, or if he cancelled the policy due to the fact that he was entitled to do so irrespective of any provision contained therein:

Provided that an insurer, who obtained such statement in an action shall be entitled by virtue of such statement to enjoy the benefit of the provisions of this subparagraph, in relation to any decision obtained in proceedings initiated before the commencement of this action, unless before or within seven days from the commencement of this action he gave notice to the person who is a plaintiff in the action on the basis of the policy, which notice specifies the non-disclosure or the false representation on which he intends to base his case and that he intends to request a statement and any person to whom a notice of such action is given, if he wishes, may become a litigant in it.

(3) For the purposes of section 14 and this section, the terms below shall be interpreted as follows:

- (a) “the liability covered by the policy terms” means a liability covered by the policy or which would have been thus covered notwithstanding the fact that the insurer is entitled to cancel or nullify or has cancelled or nullified the policy.

(b) “material” means of such nature as to influence the judgment of a prudent insurer in deciding whether or not to accept the risk and, if he accepts it, the policy and the terms thereof.

Obligation of foreign insurers to satisfy Court decisions

16.-(1) In the case where a court decision is issued against any person in respect of any liability of the nature specified in paragraph (b) of subparagraph (1) of section 4 and which arose from or in relation to the use of a motor vehicle, then, all things being equal, if the said use was covered by any of the certificates mentioned in subparagraph (1) of section 6, the provisions of sections 14 and 15 of this Law shall apply.

(2) In the cases where, subject to subparagraph (1) of this section, all things being equal, the provisions of section 14 and 15 of this Law are applied, then, for the purpose of these sections, the insurer is deemed to be the Cyprus Bureau of International Motor Insurance.

Procedure in case of bankruptcy of the insured

17.-(1) When, on the basis of a policy which has been issued for the purposes of this Law, a person (hereinafter referred to as “the insured”) is insured against third party liability, then –

(a) in the case where the insured declares bankruptcy or makes a composition or arrangement with his creditors; or

(b) in the case where the insured is a company and an order for liquidation has been issued or a resolution has been approved in relation to the company for voluntary liquidation of the company or a receiver or administrator for the business or liabilities of the company has been duly appointed or in the case where possession was taken of or on behalf of the holders of any bonds secured with a fluctuating encumbrance on any property included in or subject to encumbrance,

if either before or after each event such liability arises for the insured, his rights vis-à-vis the insurer on the basis of the policy in respect of this liability, regardless of any contrary provision included in any law, shall be transferred and passed to the third person for whom the liability has arisen in this way.

(2) When pursuant to the provisions of any law an order of administration is issued for the bankruptcy of the estate of a deceased debtor, any debt that can be verified in the bankruptcy, is owed by the deceased in respect of third party liability for which he was insured pursuant to this Law, then the rights of the deceased debtor vis-à-vis the insurer on the basis of the policy, regardless of any contrary provision included in any law, shall be transferred and passed to the person to whom the debt is owed.

(3) Any term in the policy issued for the purposes of this Law, which aims directly or indirectly at the cancellation of the policy or the alteration of the rights of the parties thereto through the occurrence of any of the events specified in subparagraphs (1) and (2), shall be without effect.

(4) By the transfer of the rights based on subparagraph (1) or subparagraph (2) the insurer, subject to the provisions of section 19, shall have the same liability against a third person as if he had been liable against the insured, unless –

(a) If the liability of the insurer to the insured exceeds the liability of the insured to the third person, no provision in this Law shall affect the right of the insured against the insurer in relation to such excess, and

(b) if the liability of the insurer to the insured is less than the liability of the insured to the third person, no provision in this Law shall affect the rights of a third person against the insured in relation to the remaining amount.

(5) This section and also sections 18 and 19 shall not apply –

(a) When the company goes into voluntary liquidation for the purposes of reorganisation or a merger with another company, or

(b) in any case in which the provisions of section 31 of the Compensation of Workers Law apply.

(6) For the purposes of this section as well as of sections 18 and 19, the phrase “third party liability” in relation to a person insured by virtue of a policy shall not include any liability of such person in the capacity of insurer on the basis of another policy.

Obligation to provide information to third parties

18.-(1) A person against whom a claim is made in relation to a liability required to be covered by a policy on the basis of this Law, must, on the demand or on behalf of the person making such claim, state whether he has been insured or not in respect of such liability on the basis of a policy which is valid for the purposes of this Law or would have been covered in this way if the insurer had not nullified or cancelled the policy and, if he was insured or would be insured in this way, provide such information in regard to the said policy, as specified in the insurance certificate issued to his benefit in relation thereto.

(2) In the case of a person who declares bankruptcy or makes a composition or arrangement with his creditors or in the case of an order being issued on the basis of the provisions of any law concerning bankruptcy in relation to the estate of any deceased person or in the case where an order for liquidation is issued or a resolution for voluntary liquidation has been approved in respect of any company

or a receiver or administrator has been appointed for the business and obligations of the company or the possession assumed by or on behalf of bond holders secured by a fluctuating encumbrance of any property included in or subject to the encumbrance, it shall be the duty of the bankrupt debtor, the personal representative of the deceased debtor and, depending on the case, the official assignee administrator, liquidator, receiver, administrator or a person who has the property in his possession, to give upon the request of any person who claims liability in respect thereof, such information as reasonably may be requested in order to ascertain whether any rights have been transferred and passed to him on the basis of the provisions of this Law and for the purpose of implementing these rights, and any policy that intends either directly or indirectly to nullify the policy or alter the rights of the parties thereof by providing such information or otherwise to prohibit, prevent or restrict the supply of such information shall be without effect.

(3) If the information given to any person in accordance with the provisions of subparagraph (2) give reasonable cause to believe that rights have been transferred or may have been transferred to him on the basis of the provisions of this Law against any specific insurer, such insurer shall have the same duties imposed by subparagraph (2) on the persons mentioned therein.

(4) The duty to provide information imposed by this section shall include a duty to allow for all policies, receipts for premium payments and other relevant documents in the possession, authority or control of the person on whom the duty is imposed, to be inspected and copies made of them.

(5) Any person who, without reasonable excuse and bearing the burden of evidence, fails to comply with the provisions of this section or who, deliberately or by negligence, makes a false or misleading statement in response to a request for information, shall be guilty of an offence in violation of this Law.

Certain arrangements between the insurer and the insured are without result

19. When a person insured on the basis of a policy issued for the purposes of this Law has declared bankruptcy or when such insured person is a company and an order for liquidation has been issued or a resolution for voluntary liquidation has been approved in respect of such company, no agreement made between the insurer and the insured after a third party liability has been established and after the initiation of the bankruptcy or the liquidation, depending on the case, or any waiver, cession or other disposal being made to the insured or payment made to the insured after such initiation, shall be effective as to cancel or affect the rights which are transferred or passed to the third person on the basis of the provisions of the Law and such rights shall be the same as if no such agreement, waiver, cession, disposal or repayment were made.

Bankruptcy of insured does not affect certain claims

20. When on the basis of the provisions of this Law an insurance certificate has been issued and delivered to the benefit of the insured person, the occurrence in respect of any insured person on the basis of the policy, of any events specified in subparagraph (1) or in subparagraph (2) of section 17, regardless of any provision contained in this Law, shall not affect any liability of such person the coverage of which is required by a policy under the provisions of this Law and no provision in this section shall affect any rights granted on the basis of sections 17, 18 and 19 to the person for whom the liability arose vis-à-vis the insurer.

Additional rights of third parties vis-à-vis the insurer

21.-(1) No arrangement made by an insurer in respect of a claim, which could be made by a third person in relation to a liability required to be covered by a policy issued on the basis of the provisions of this Law, shall be valid unless such third person is party to such arrangement.

(2) A policy issued in accordance with the provisions of this Law shall remain in force and available to third persons regardless of the death of the insured person on the basis of such policy, as if the insured were still alive.

Limitations of actionable right against the wrongdoer

22. Regardless of the provisions of any other law, any action for the purposes of this Law against a wrongdoer must be initiated within two years from the day of the accident.

Service on the insurer

23.-(1) For the purposes of this Law, where, due to the non-residence of the defendant in the Republic, it is not possible to serve a writ of summons on him in relation to any action, a service on the insurer ordered by the Court upon an application for such service, shall be deemed as service on the defendant. In such a case, the insurer shall be entitled to file an appearance and appoint a lawyer on behalf also of the defendant.

Provided that, for the purposes of this sub-paragraph, the term “insurer” shall include the Insurers’ Fund in those cases where there is no policy in force that covers the defendant.

(2) Any decision issued in an action that has been served on the basis of the provisions of this section shall not be enforceable on the defendant, but the plaintiff shall have the same rights vis-à-vis the insurer which he would have had if the action had been served personally on the defendant.

(3) The provisions of this section shall apply also in the case where the defendant is sued for a liability that arose, either wholly or in part, from or in relation to the use of a motor vehicle covered by any of the certificates referred to

in subparagraph (1) of section 6 of this Law or which does not have insurance coverage:

Provided that, in such a case and for the purposes of this section, the Cyprus Bureau of International Motor Insurance shall be deemed also to be an insurer.

Provided further that, for the purposes of this section the term “summons writ” shall include a notice of third party standing , the term “defendant” shall include third party standing and the term “plaintiff” shall include the defendant who makes an application for third party standing.

PART TWO

PAYMENT OF MEDICAL EXPENSES FOR VICTIMS OF ROAD ACCIDENTS

Payment in relation to hospital treatment

24.- (1) When any payment is made by an insurer with or without admission of liability, other than payment for treatment of an emergency nature, by virtue of a policy issued in accordance with the provisions of this Law, in respect of bodily harm, including death, to any person, which harm arises from the use of a motor vehicle on the road and the person who collected compensation for bodily harm, or who died, and in the knowledge of the insurer he was treated in a hospital either as an in-patient or an out-patient in regard to the arising harm, the insurer must also pay the hospital for the expenses reasonably incurred by the hospital that provided such treatment, after the deduction of any amounts effectively collected by the hospital for the payment of a specific charges for such treatment:

Provided that the amount which the insurer is obliged to pay shall not exceed one thousand pounds for every person treated as an in-patient and one hundred pounds for every person treated as an out-patient in a hospital.

(2) For the purposes of subparagraph (1) of this section –

“hospital” means any government hospital; and “expenses reasonably incurred” means –

(a) in relation to a person being treated in a hospital as an in-patient, an amount for each day he stays in the hospital and which represents the average daily cost for each in-patient, the cost of hospital maintenance and of its personnel and the maintenance and treatment of the in-patient, and

(b) in relation to a person being treated in a hospital as an out-patient, the reasonable costs effectively incurred by his treatment.

Payment for emergency treatment of a person injured in a road accident

25.-(1) In the case where –

(a) The need arises within the Republic for the provision of medical treatment or surgical treatment or an examination of emergency nature to any person (including the person using the motor vehicle) who has sustained bodily harm (including mortal injuries) which is caused by or arises from the use of a motor vehicle on the road, and

(b) the treatment, medical care or examination is carried out by a qualified physician registered under the Registration of Doctors Law,

Cap. 250 30 of 1959 30 of 1961 53 of 1961 79 of 1968 114 of 1968 14 of 1974 18 of 1979 72 of 1991 112(I) of 1996

The provisions of sub-paragraph (2) below shall apply.

(2) The person who was using the vehicle at the time of the event which caused or gave rise to bodily injury to any person, shall be obliged, upon a claim raised in accordance with the provisions of section 26, to pay to the doctor (or, in the case where an emergency treatment is provided by more than one doctor, to the doctor who first provides such treatment) –

(a) A specific amount of twenty pounds (£20.00) in respect of every person to whom treatment is provided, and

(b) provided that the distance covered by the said doctor for his arrival at the point where the treatment is given and his return to his point of departure, exceeds three kilometres, an amount of twenty five cents (25 cent) for each distance of one kilometre.

(3) In the case where the emergency treatment is offered first in a hospital, the provisions of subparagraphs (1) and (2)(a) above shall apply in respect to such hospital.

(4) In the case where, after the event, an obligation arises for the person in use of the vehicle to pay, pursuant to subparagraph (2) above, expenses in respect of an emergency treatment, if the event was caused by the blameworthy act of another person, then the person in use of the motor vehicle shall be entitled to recover such expenses from the person who committed the blameworthy act.

Supplementary provisions for the payment of medical expenses of an emergency nature.

26.-(1) A claim for payment pursuant to section 25 may be made at the time of providing the emergency treatment, orally, to the person using the motor vehicle and

in the case where no such oral claim is made, it may be submitted in writing and served on the said person within a period of seven days form the date such treatment was provided.

(2) Any claim in writing –

(a) Must be signed by the claimant or, in the case of a hospital, by an officer of such hospital;

(b) must state the name and address of the claimant, the conditions under which the emergency treatment was provided and the fact that the claimant or the hospital, depending on the case, were the first to provide such treatment; and

(c) may be served by delivery to the person using the vehicle or by sending it by registered mail to his latest known address.

(3) A payment made pursuant to section 25 shall be deemed as discharge for the amount paid in relation to any liability of the person who was using the vehicle, or any other person, for the payment of any amount in respect of the expenses or the fee of the doctor or the hospital or for the provision of the emergency treatment.

(4) The Chief of Police shall be obliged, in case he is so requested by a person asserting to be entitled to make a claim for payment pursuant to section 25, to provide to such person any information he has at this disposal, in regard to-

(a) The registration number of any motor vehicle, which this person claims to be the vehicle from the use of which bodily harm has resulted, and

(b) the identity and the address of the person using the vehicle at the time of the incident from which the bodily harm arose.

PART THREE

MOTOR INSURERS' FUND

Members of the Motor Insurers' Fund. Agreement between the Insurers' Fund and the Minister

27. All insurers falling within the provisions of this Law are Member of the Insurers' Fund.

28.-(1) The Insurers' Fund shall be bound vis-à-vis the Minister by an agreement hereinafter referred to as "the Basic Agreement," signed for the time being between the Insurers' Fund and the Minister and published by notification in the Government Gazette of the Republic, whereby the Insurers' Fund undertakes the obligation to pay in particular cases and subject to certain requirements, compensation to third parties.

(2) For the purposes of this section, third parties shall be considered also those persons who have suffered bodily injury or died as a result of the responsibility of unknown drivers.

(3) For the purposes of this section, the Basic Agreement shall not be construed in such a way as to create an actionable right in favour of the claimant and against the Insurers' Fund.

Basic objects of the Insurers' Fund

29. The cases in which the Insurers' Fund shall be obliged to pay compensation to third persons, subject to the Basic Agreement concluded in accordance with section 28, must contain the following claims in respect of liability:

- (a) Of persons who do not have the insurance coverage required by this Law; and
- (b) of unknown drivers: or
- (c) of persons using a motor vehicle the insurer of which has declared bankruptcy.

Rights of the Insurers' Fund by virtue of substitution

30. In the case where any compensation is paid, either following a court decision or not, the Insurers' Fund shall be substituted for the rights of the person to whom it paid such compensation.

Rights of the Insurers' Fund in case of insurer's insolvency

31. Notwithstanding the provisions of the Companies Law or of any other law, when the Insurers' Fund is obliged to pay compensation to third parties as a result of the dissolution of an insurance company due to insolvency –

- (a) In the case where the percentage of outstanding obligations for the insurance company in relation to the policies of the class of Motor Vehicles Liability, as calculated by the Superintendent of Insurance on the date the provisional order for the dissolution of such company was issued, exceeds 50% of the total of outstanding obligations of the company on the same date, the Insurers' Fund shall appoint the liquidator or the liquidators for the purposes of the Companies Law, or
- (b) in the case where the above percentage does not exceed 50% of the total of outstanding obligations of the company, the Insurers' Fund shall appoint at least one of the liquidators for the purposes of the Companies Law:

Provided that in the case of payment of any amount due to the insolvency of an insurer, the Insurers' Fund is entitled to claim its recovery as creditor of the insurance company, together with all the other creditors of the company who claim on the basis of insurance policies.

Procedure for payment of compensation by the Insurers' Fund

32. The procedure followed for the payment of compensation by the Insurers' Fund is defined by the Basic Agreement:

Provided that for the purpose of making a payment to a third person, the Insurers' Fund shall not demand from these persons to prove that the person liable for the accident does not have the financial means or refuses to pay.

Dispute resolution in respect of the Basic Agreement

33. In case of a dispute arising between any third person and the Insurers' Fund concerning the interpretation or the implementation of the Basic Agreement, the dispute shall be referred to the Minister who will make a final decision.

Procedure of making claims in respect of liability of unknown drivers

34. The procedure of making claims to the Insurers' Fund by or on behalf of persons who suffered bodily injury or death as a result of negligence by unknown drivers shall be defined in the Basic Agreement and shall constitute a distinct part thereof.

Assistance to the Insurers' Fund

35. The authorities of the Republic shall provide the Insurers' Fund with any facility or information which the said Fund deems necessary for the purposes of fulfilling its obligations arising from this Law.

PART FOUR - MISCELLANEOUS PROVISIONS

Authority to issue Regulations

36.-(1) The Council of Ministers may issue Regulations, which are published in the Government Gazette of the Republic, for the determination of every issue which in accordance with the provisions of this Law needs to be determined, as well as for the better application of this Law.

(2) Without prejudice to the generality of subparagraph (1), Regulations are issued for –

(a) the determination of the forms to be used for the purposes of this Law;

(b) the issue of insurance certificates or other certificates or documents that may be defined and in regard to the presentation of details and the provision of information in relation thereto, as well as the obligation of maintaining a register of insurers;

(c) the issue of copies of any certificates or documents which are lost, became unusable or destroyed;

(d) the keeping, presentation, cancellation and handing over of any such certificates or documents;

(e) the taking of measures in order to ascertain the existence of insurance coverage required by this Law;

(f) the determination of information which a police officer is obliged to write down in accordance with subparagraph (1) of section 12 of this Law.

(3) A person violating any provision of the Regulations issued in pursuance to this Law shall be guilty of an offence.

Special offences and penalties

37.-(1) If for the purpose of obtaining an insurance certificate on the basis of the provisions of this Law, any person makes any statement, either oral or in writing, which is false or misleading or conceals any material information, such person, unless he proves in a way satisfactory to the Court that he acted without intent to deceive, shall be guilty of an offence and liable to imprisonment not exceeding three years or to a fine not exceeding three thousand pounds or to both sentences of imprisonment and fine.

(2) A person who, with intent to deceive –

(a) counterfeits, alters, falsifies or destroys any insurance certificate or any other certificate or document issued on the basis of this Law; or

(b) uses or allows the use by another person of counterfeited, altered, falsified or destroyed insurance certificate or any other certificate or document issued on the basis of this Law; or

(c) lends or borrows from any other person an insurance certificate or any other certificate or document issued on the basis of the provisions of this Law; or

(d) draws up or has in his possession a document strongly resembling any other certificate or document issued on the basis of the provisions of this Law so as to be deemed deceitful; or

(e) issues an insurance certificate or other certificate or document which must be issued on the basis of this Law,

shall be guilty of an offence and liable to imprisonment not exceeding three years or to a fine not exceeding three thousand pounds or to both sentences of imprisonment and fine.

(3) If a police officer has reasonable cause to believe that any insurance certificate or any other certificate or document presented to him in accordance with the provisions of this Law by the driver or the owner of a motor vehicle, is a document in regard to which an offence has been committed based on this section, he may confiscate the document and when such document is confiscated, the driver and the owner of the motor vehicle or either of them and in the case where none of them has been prosecuted for an offence on the basis of the provisions of this law, shall be summoned before the Court in order to answer for the possession or the presence of the motor vehicle of the above document and the Court may issue such order concerning the disposal of the document and to award such costs as it may deem fair.

General penalty

38. A person who is guilty of an offence in violation of this Law, for which no general penalty is provided, shall be liable, in regard to the first conviction to imprisonment not exceeding six months or to a fine not exceeding five hundred pounds or to both sentences of imprisonment and fine, and in the case of a second or subsequent conviction, to imprisonment not exceeding one year or to a fine not exceeding a thousand pounds or to both sentences of imprisonment and fine.

Abolition. Cap. 333 62 of 1954 17 of 1957 A7 of 1960 72 of 1984 158 of 1987 206 of 1991 48(I) of 1993 54(I) of 1993 81(I) of 1995 108(I) of 1996 104(I) of 1997 85(I) of 1998 16(I) of 2000.

39. This Law abolishes the Motor Vehicles (Third Party Liability) Law:

Provided that, any policy, insurance certificate or other document which had been issued pursuant to the provisions of the abolished Law, shall continue in force until its replacement or expiry and in such a case the content of such policy, insurance certificate and other document shall be assumed to satisfy fully the requirements of this Law, to the extent that it is not contrary to this Law.

40. This law shall come into force as from its publication in the Government Gazette of the Republic except paragraph (b) of subparagraph (1) of section 6, which shall apply by a decree of the Minister which will be published in the Government Gazette of the Republic.