

**THE UNIFIED COMPULSORY MOTOR INSURANCE POLICY
MOTOR THIRD PARTY LIABILITY INSURANCE POLICY**

This Policy is issued in accordance with the Cooperative Insurance Companies Supervision Law promulgated by Royal Decree No. M / 32 dated 02/06/1424H and its Implementing Regulations issued under Ministerial Resolution No. 1 / 596 dated 01/03/1425H, and on the Council of Ministers Decision No. 222 dated 13/08/1422 H in respect of the motor compulsory insurance.

DEFINITIONS

The following words and phrases shall, wherever mentioned in this Policy have the meanings indicated below, unless the context requires otherwise:

- 1) Compulsory Insurance Policy (Policy):**
Public Liability Insurance Policy towards Third Parties for Vehicles where the Company undertakes to compensate the third parties in the event of damage covered under this Policy, against the premium paid by the Insured to the Company. This Policy includes a Bill Bond Certificate and Endorsements (if any) that are not inconsistent or contrary to the provisions contained in this Policy.
- 2) Company (Insurer):**
Solidarity Saudi Takaful Company.
- 3) Insured:**
The natural person or legal entity who signed the Insurance Policy with the Insurer and his name is stated in the schedule of the Policy.
- 4) Driver:**
Anybody driving a vehicle, public work equipment or motor bike at the time of the accident (loss).
- 5) Vehicle:**
Any means of transportation prepared to move on wheels or tracks that runs or is driven by mechanical or animal power, well described in the Policy (excluding trains).
- 6) Third Party:**
Any natural person or legal entity that sustains covered injury/damage under the provisions of this Policy, excluding Insured and/or Driver.
- 7) Bodily Injuries:**
Death and/or Bodily Injuries that may sustain to a third party, including permanent or temporary total or partial disability.
- 8) Physical Damage:**
Damage that may sustain to properties belonging to a third party.
- 9) Medical Expenses:**
Expenses and costs of medical treatment and medicines/drugs incurred by a third party due to an accident covered by insurance under provisions of this Policy.

- 10) Other Expenses:**
Expenses incurred by a third party due to an accident, including towing or vehicle transportation charges and damage assessment expenses.
- 11) Claim:**
Written notice to the Company requesting compensation for an accident (loss) covered under the provisions of this Policy.
- 12) Claimant:**
The natural person or legal entity affected by an accident covered under the provisions of this Policy, including the heirs of a natural person in the event of his death.
- 13) Compensation:**
Amounts to be paid by the Company to a third party within the maximum limit of public liability contained in this Policy.
- 14) Premium:**
The amount paid by the Insured to the Company in return for the Company to compensate third parties for damage or loss which the direct cause of the occurrence is risk insured under the provisions of this Policy.
- 15) Public Liability:**
Liability of the Insured and/or Driver against third parties physical damage or bodily injuries caused by the insured vehicle.
- 16) Material Fact:**
Any fact that affects the Company's decision to accept or reject insurance or affects the insurance premium or the terms of the contract.
- 17) CC:**
Engine cubic capacity.
- 18) HP:**
Engine horse power.

INSURANCE COVERAGE:

WHEREAS the Insured has submitted to the Company an insurance proposal, which shall be considered the basis of this Policy, and has paid (or undertook to pay) the premium, and the Company accepted the proposal, the Company hereby commits, in the event of occurrence of loss or damage covered under the provisions of this Policy whether arising from the use of the vehicle or while its stopped within the territory of the Kingdom of Saudi Arabia, to compensate third parties in cash within the terms and conditions contained in this Policy, with all amounts to be paid by the Insured or Driver against:

- A. Bodily Injuries sustained to third parties inside or outside the vehicle.
- B. Physical Damage outside the vehicle.

LIMIT OF LIABILITY:

In the event of an accident resulting in payment of compensation in accordance with the provisions of this Policy, the maximum liability of the Company in a single incident and during the period of validity of this Policy in respect to Bodily Injuries (including blood money, assessed amounts for bodily injuries and medical expenses) and Physical Damages combined, shall not exceed the amount of SR 10,000,000 (Saudi Riyals Ten Million), as this amount states the maximum limit of liability of the Company.

THE COMPANY WILL NOT BE DENIED TO COMPENSATE THIRD PARTY:

The Company reserves no right to deny compensation liability towards third parties under the provisions of this Policy as result of irregularities of the Insured or Driver, whether the irregularities occurred prior or after the accident, or as result of non-commitment to the provisions contained in this Policy, without prejudice to the right of the Company to recourse against the Insured or Driver by all legal means if there is anything justifying, after payment to third parties.

CASES WHERE THE COMPANY IS OBLIGATED TO COMPENSATE THIRD PARTIES WITHOUT PREJUDICE TO THE RIGHTS OF THE COMPANY TO RECOURSE AGAINST THE INSURED, DRIVER OR WHOMEVER RESPONSIBLE FOR THE ACCIDENT:

The Company reserves the right to recourse against the Insured or Driver or whomever responsible for the accident to recover amounts paid to third parties in any of the following cases:

1. Any liability or expenses arising whilst the insured vehicle:
 - a) is used in contravention of restrictions of use stated in the schedule.
 - b) carried a number of passengers exceeding the authorized capacity of the vehicle, which was proven to be the cause of the accident.
 - c) is used in any type of racing, to determine the takeoff speed or in an ability testing experiment.
 - d) is driven by any person under the influence of drugs, alcohol or medical drugs which intake forbids driving.
 - e) is driven by any person less than (21) years of age, unless he is the Insured, and unless his name is stated in the schedule among the names of authorized drivers less than (21) years of age.
 - f) is stolen or forcible taken.
 - g) is driven by any person who does not hold a driving license, or if his driving license does not authorize him to drive this type of vehicle(s) or if the driving license is temporarily or permanently suspended.
 - h) is used in areas which public is usually not allowed to enter such as airports or seaports, except if the vehicle is used as commercial purposes in the areas allowed.
2. If it is proven that the Insured has stated in the insurance proposal form false declaration/statements or concealed material facts that affect the Company's willingness to cover the risk, or the premium or the insurance conditions.
3. If it is proven that the accident has been caused by an act deliberately and intentionally committed by the Insured or Driver.
4. If the Insured does not inform the Company in writing within ten working days of any material change declared in the insurance proposal form.

5. If the Insured or Driver of the vehicle escapes from the site of the accident.
6. If the Insured or Driver declares to bear responsibility for the accident without any right in order to cause damage to the Company.
7. If the Insured or Driver crossed a red light.
8. If the vehicle is drove in an opposite direction against the Traffic.
9. Drifting.

PROCEDURES FOR SETTLEMENT OF CLAIMS:

Upon receiving any claim, the Company is committed to provide the claimant with a receipt as an evidence of receiving the claim, and to inform the claimant of any deficiencies within seven days of receipt, the Company is also committed to appoint a surveyor or loss assessor, if necessary, within a period of time not exceeding three days from the date of receipt of the claim.

The Company is committed to the settlement of claims amounts prescribed by the General Department of Traffic or Najm Insurance Service Company or other authorized entities to do so, under covered provisions of this Policy in all fairness and justice without any bargaining during a maximum period of fifteen days from the date of receipt of complete claim documents. In the event that the Company fails to settle claims in the said period for unrealistic reasons, the beneficiary has the right to apply to the Committees for Resolution of Insurance Disputes and Violations in order to **bind the Company for compensation for any amounts incurred due to the lack of use of vehicle** due to the delay of the Company in settlement of the claim (such as the cost of alternative vehicle).

The Company is committed to inform the claimant in writing of acceptance or rejection of the claim and in case of the acceptance of the claim, the Company is committed to clarify the methods that the amount of compensation calculated. But when the claim is rejected, the Company is committed to:

1. Provide the claimant with the reasons for rejection.
2. Inform the claimant the possibility of submitting his claim to the Committees for Resolution of Insurance Disputes and Violations stated in Article twenty of the Law of Supervision of Cooperative Insurance Companies to be considered by those committees.
3. Provide the claimant with a copy of the supporting documents to the Company's decision, in the case of a written request submitted by the claimant to the Company.

GENERAL CONDITIONS:

1) Multiple sources of insurance and other insurance:

If the vehicle is insured under same type of insurance from more than one company, the Company is committed to pay only a share of the compensation or expenses or fees equivalent to the proportion of insurance amount over the aggregate of all insurance amounts combined, but in case there is any another type of insurance covering the same liability or expenses (such as the availability of a comprehensive insurance policy), the Company shall be responsible to cover that liability, or expense to third parties, and shall be subrogated by the Insured to claim from other insurance companies to pay their share relative to that claim.

2) Change:

The Insured must notify the Company in writing within ten working days of any material change stated in the insurance proposal form, and the Company must notify the Insured within three working days from the date of receipt of the mentioned notice in case of rejection of insurance coverage.

3) Company's right to handle legal proceedings and settlements:

The Company has the right to:

- A) Represent the Insured or Driver in any investigation or interrogation relating to any claim that is subject of indemnification under this Policy.
- B) Handle any defense procedures to defend the Insured or Driver before any judicial body relating to any claim or accusation concerning any event that may be the subject of indemnification under this Policy.

4) Company's right to insert the name of the Insured in the system of the Saudi Credit Bureau (SIMAH):

It is the Company's right in case the Insured failed to pay the dues of the Company, whether insurance premiums or claims, to include the name of the Insured in the system of the Saudi Credit Bureau (SIMAH).

5) The obligations of the Insured or Driver when an accident occurs covered under this Policy:

- A. To inform the authorities as soon as possible of any accident covered under this Policy, and not to leave the scene of the accident until the completion of the proceedings, with the exception of cases that require leave from the scene of the accident such as a bodily injury or waiting for more than two hours.
- B. To not acknowledge responsibility in order to cause damage to the Company, or to pay or promise to pay any amount to any party of the accident prior of obtaining a written consent from the Company.
- C. To cooperate with the Company, and to provide the Company with all legitimate documents (power of attorney) to enable it to handle the legal proceedings and settlements on behalf of the Insured or Driver if the Company wishes to do so.
- D. The Insured must take all necessary actions at Company's expenses to ensure the Company's right to collect any amount payable from any other party as a result of a compensation paid under this Policy.

6) The Company's obligations in the event of delay in settling a claim with complete documents:

The Company is committed to compensate the beneficiary of coverage contained in this Policy for any expenses incurred as a result of not using the damaged vehicle due to delay in settlement of the claim for more than fifteen days from the date of completion of the claim documents, and unable to provide logical reasons of the delay in payment of compensation.

7) Fraud:

The rights resulting from this Policy shall be waived, if submitted claim involves any type of fraud, or if the Insured or Driver or their representatives or the third parties have used any fraudulent methods or means for purpose of obtaining any benefit under this Policy, or if the resulting liability or damage is a result of deliberate act committed by the Insured or Driver or a third party or in collusion with any of them. The Company has the right to recourse against any party, whether participant or conniver, which is found responsible for this fraud and the Company, is committed to compensate the third party if in good faith.

8) Cancellation:

Neither the Company nor the Insured is entitled to terminate this Policy after its issuance, except in the following cases:

1. The license of the vehicle has been withdrawn.
2. The ownership of the vehicle is transferred to another owner.
3. A new policy is issued as an alternative insurance policy from another company.

In case the Insured desires to cancel the Insurance Policy, he must return the Policy to the Company accompanied by a cancellation request; the Company must refund to the insured proportion of the premium paid for the unexpired policy period within three working days from the date of that insurance company is being aware of the above cases, as per the following schedule:

Insurance Period Prior of Cancellation Request	Percentage of Premium Payable to the Insured
1 – 7 days	87.5%
8 – 30 days	75%
31 – 60 days	60%
61 – 90 days	50%
91 – 120 days	45%
121 – 150 days	40%
151 – 180 days	35%
181 – 210 days	25%
211 – 240 days	20%
241 – 270 days	10%
271 – 365 days	Nil

Notwithstanding the above, the Company, Insured and Driver remain committed to the provisions of this Policy in respect of the obligations arising prior to cancellation.

9) The issuance of the Policy and notice of renewal:

The Company has no right to issue this Policy unless it is connected electronically with Najm Insurance Service Company's system. And the Company shall notify the Insured in respect of the expiry date of the Policy, two weeks prior to expiry date, in order to enable the Insured to renew it or obtain a policy from another company.

10) Jurisdiction and applicable laws:

- A) Any dispute arising out of this Policy shall be subject and governed by the applicable laws and regulations of the Kingdom of Saudi Arabia, and the Committees for Resolution of

Insurance Disputes Violations stated in Article (20) of the Law of Supervision of Cooperative Insurance Companies issued by Royal Decree No. (M/32) dated 02/06/1424 H, shall be the only competent bodies to deal with such disputes.

- B) Any case arising out of this Policy will not be heard after the expiration of three years from the date of incident giving rise to the proceedings, and of information of stakeholders, unless there is a valid excuse that the Committees for Resolution of Insurance Disputes Violations accepts.

11) Arabic Prevail

In the event of conflict or difference in meaning between the Arabic and English texts in this Policy the Arabic text shall prevail

EXCLUSIONS (CASES NOT COVERED BY INSURANCE UNDER THIS POLICY):

The Company shall not be liable for payment of compensation in any of the following cases:

1. Any liability or expenses arising directly or indirectly from the following:

- a. War, invasion, foreign enemy acts, hostilities or warlike operations (whether war be declared or not), civil war.
- b. Rebellion, military or civil insurrection, insurgency, revolution, military or usurped power, martial laws or state of siege, or any incident or cause that leads to declaration or continuation of martial laws, state of siege, acts of vandalism and terrorist acts committed by a person(s) acting on their own behalf or on behalf of or in connection with any terrorist organization. For the purpose of this exclusion, terrorism shall mean the use of violence for political, intellectual, philosophical, racist, ethnic, social or religious purposes. And using violence includes terrifying all or part of the public, or influencing, and/or resulting in strike, and/or interfering in any operation and/or government related activity or policy, or resulting in a strike that negatively affects the national economy or any of its sectors.
- c. Strike, riot, civil commotion, workers upheaval.
- d. Any liability or expenses directly or indirectly incurred, caused, resulting, or contributed to by nuclear weapons, ionic radiations, irradiating pollution from any nuclear fuel or waste resulting from the combustion of nuclear fuel. For the purpose of this exclusion, combustion shall include any nuclear fission.
- e. Any natural disaster such as hurricanes, earthquakes, floods or volcanoes.

2. Death or Bodily Injury to the Insured or Driver.

3. Loss of or damage to insured vehicle, or to property belonging to the Insured or the Driver inside or outside the vehicle.

4. Loss or damage to goods transported by the insured vehicle.

5. Fines or financial penalties, warranties or guarantees that may be imposed because of the accident to the Insured or the Driver.

6. Accidents occurring outside the boundaries of the geographical area specified in the policy schedule.

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 favor 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 favor 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.

Solidarity Saudi Takaful Company

Authorized Signature:

Date: / /

Stamp