

No. 62 OF 1954.

A LAW TO MAKE PROVISION AGAINST THIRD PARTY RISKS ARISING
OUT OF THE USE OF MOTOR VEHICLES.

R. P. ARMITAGE,]
Governor.

[15th December, 1954.]

BE it enacted by His Excellency the Governor and
Commander-in-Chief of the Colony of Cyprus as
follows :—

Short title

I. This Law may be cited as the Motor Vehicles (Third
Party Insurance) Law, 1954.

2.—(1) In this Law, unless the context otherwise requires— Interpretation.
 “bankruptcy” with its grammatical variations and cognate expressions includes insolvency under the law of the United Kingdom or of any British possession ;

“driving licence” means a licence to drive a motor vehicle granted under the provisions of the Motor Vehicles and Road Traffic Law, 1954 ; 61 of 1954.

“insurer” means an insurance company or an underwriter approved by an Order of the Governor-in-Council ;

“policy” means a policy of insurance and includes a covering note.

(2) If any word or expression used in this Law is defined in the Motor Vehicles and Road Traffic Law, 1954, such word or expression, unless the context otherwise requires, shall bear in this Law the meaning assigned to it in the Motor Vehicles and Road Traffic Law, 1954. 61 of 1954.

3.—(1) Subject to the provisions of this Law, no person shall use, or cause or permit any other person to use, a motor vehicle on a road unless there is in force in relation to the user of that motor vehicle by such person or such other person, as the case may be, such a policy in respect of third party risks as complies with the provisions of this Law. Users of motor vehicles to be insured against third party risks.

(2) Any person acting in contravention of this section shall be liable to imprisonment not exceeding one year or to a fine not exceeding one hundred pounds or to both such imprisonment and fine and a person convicted of an offence under this section shall be disqualified for holding or obtaining a driving licence.

(3) A disqualification under the provisions of sub-section (2), unless the Court for special reasons to be recorded otherwise orders, shall be for a minimum period of twelve months from the date of the conviction, and any person so disqualified for holding or obtaining a driving licence under the provisions of this section shall be deemed to be so disqualified under the provisions of the Motor Vehicles and Road Traffic Law, 1954. 61 of 1954.

(4) The provisions of this section shall not apply—

(a) to the user of a motor vehicle owned by the Government or by Her Majesty’s Government in the United Kingdom while such motor vehicle is being used for the purposes of the Government owning such motor vehicle ; or

(b) to the user of a motor vehicle at any time when it is driven for police purposes by or under the direction of a police officer of or above the rank of Inspector as defined in the Police Law ; or

- (c) to any person or class of persons declared by the Governor-in-Council to be exempted from the provisions of this Law ; or
- (d) to any motor vehicle or type of motor vehicle declared by the Governor-in-Council to be exempted from the provisions of this Law.

Require-
ments in
respect of
policies.

4.—(1) A policy for the purposes of this Law must be a policy which—

- (a) is issued by an insurer ; and
- (b) insures such person or persons, or classes of persons as may be specified in the policy in respect of any liability which may be incurred by him or them in respect of the death of or bodily injury to any person caused by or arising out of the use of a motor vehicle on a road covered by the policy :

Provided that such policy shall not be required to cover—

- (i) liability in respect of the death arising out of and in the course of his employment of a person in the employment of a person insured by the policy or of bodily injury sustained by such a person arising out of and in the course of his employment ; or
- (ii) except in the case of a vehicle in which passengers are carried for hire or reward or by reason of or in pursuance of a contract of employment, liability in respect of the death of or bodily injury to persons being carried in or upon or entering or getting on to or alighting from the motor vehicle at the time of the occurrence of the event out of which the claims arise ; or
- (iii) any contractual liability.

(2) Where any payment is made, whether or not with an admission of liability, by an insurer under or in consequence of a policy issued under the provisions of this Law in respect of the death of or bodily injury to any person arising out of the use of a motor vehicle on a road and the person who has so died or received bodily injury has to the knowledge of the insurer received treatment at a hospital, whether as an in-patient or an out-patient, in respect of the injury so arising, there shall be also paid by the insurer to such hospital the expenses reasonably incurred by such hospital in giving such treatment after deducting any moneys actually received by such hospital in payment of a specific charge for such treatment :

Provided that the amount to be paid by the insurer shall not exceed fifty pounds for each person so treated

as an in-patient and five pounds for each person so treated as an out-patient.

For the purposes of this sub-section "hospital" means any Government hospital or private hospital registered under the provisions of the Private Hospitals (Control) Laws, 1952 and 1954.

27 of 1952
25 of 1954.

(3) Notwithstanding anything in any Law contained a person issuing a policy under this section shall be liable to indemnify the persons or classes of persons specified in the policy in respect of any liability which the policy purports to cover in the case of those persons or classes of persons.

(4) A policy shall be of no effect for the purposes of this Law unless and until there is issued by the insurer in favour of the person by whom the policy is effected a certificate (in this Law referred to as a "certificate of insurance") in the prescribed form and containing such particulars of any conditions subject to which the policy is issued and of such other matters as may be prescribed.

5. Any condition in a policy issued or given for the purposes of this Law providing that no liability shall arise under the policy or that any liability so arising shall cease in the event of some specified thing being done or omitted to be done after the happening of the event giving rise to a claim under the policy shall be of no effect in connection with such claims as are set out in paragraph (b) of sub-section (1) of section 4 :

Certain conditions to policies to be of no effect.

Provided that nothing in this section shall be so construed as to render void any provision in a policy requiring the person insured to repay to the insurer any sums which the insurer may have become liable to pay under the policy and which have been applied to the satisfaction of the claims of third parties.

6. Where a certificate of insurance has been issued under the provisions of sub-section (4) of section 4 in favour of the person by whom a policy has been effected, so much of the policy as purports to restrict the insurance of the person insured thereby in respect of any of the following matters :—

Avoidance of restrictions on the scope of policies covering third party risks.

- (a) the age or physical or mental condition of persons driving the motor vehicle ; or
- (b) the condition of the motor vehicle ; or
- (c) the number of persons that the motor vehicle carries ;
or
- (d) the weight or physical characteristics of the goods that the motor vehicle carries ; or
- (e) the times at which or the areas within which the motor vehicle is used ; or
- (f) the horsepower or value of the motor vehicle ; or

- (g) the carrying on the motor vehicle of any particular apparatus ; or
 (h) the carrying on the motor vehicle of any particular means of identification other than any means of identification required to be carried under the provisions of the Motor Vehicles and Road Traffic Law, 1954 ;

61 of 1954.

shall, in respect of such liabilities as are required to be covered by a policy under paragraph (b) of sub-section (1) of section 4, be of no effect :

Provided that nothing in this section shall require an insurer to pay any sum in respect of the liability of any person otherwise than in or towards the discharge of that liability and any sum paid by an insurer in or towards the discharge of the liability of any person which is covered by the policy by virtue only of this section shall be recoverable by the insurer from that person.

Certificates to be produced.

7.—(1) Any person driving a motor vehicle on a road shall, on being so required by a police officer, give his name and address and the name and address of the owner of the motor vehicle and shall produce his certificate of insurance and any person contravening the provisions of this sub-section shall be guilty of an offence against this Law :

Provided that if the driver of the motor vehicle within two days after the production of the certificate of insurance was so required produces such certificate in person at such police station as may have been specified by him at the time its production was required, he shall not be convicted of an offence under this sub-section by reason only of failure to produce the certificate of insurance to such police officer.

(2) In any case where owing to the presence of a motor vehicle on a road an accident occurs involving bodily injury to any person the driver of the motor vehicle shall produce his certificate of insurance to a police officer or to any person having reasonable grounds for requiring its production and if any such driver for any reason fails so to produce his certificate of insurance he shall as soon as possible, and in any case within twenty-four hours of the occurrence report the accident and produce his certificate of insurance to the police station nearest to the scene of the accident or to the nearest administrative officer and any person contravening the provisions of this sub-section shall be guilty of an offence against this Law.

(3) The provisions of this section shall be in addition to and not in derogation of any provisions of the Motor Vehicles and Road Traffic Law, 1954, or any Regulations made thereunder, relating to the report of accidents.

61 of 1954.

(4) In this section “to produce a certificate of insurance” means to produce for examination the relevant certificate of insurance or such other evidence as may be prescribed that the motor vehicle was not being driven in contravention of the provisions of this Law.

8. Where a certificate of insurance has been issued under the provisions of sub-section (4) of section 4 in favour of the person by whom a policy has been effected and the policy is cancelled by mutual consent or by virtue of any provision in the policy, the person in whose favour such certificate was issued shall, within forty-eight hours from the taking effect of the cancellation of such policy, surrender such certificate to the insurer or, if such certificate has been lost or destroyed, make an affidavit to that effect and any person contravening the provisions of this section shall be guilty of an offence against this Law.

Duty to surrender certificate on cancellation of policy.

9. An owner of a motor vehicle shall give such information as may be required by a police officer for the purpose of determining whether the motor vehicle was or was not being driven in contravention of the provisions of this Law on any occasion on which the driver was required to produce his certificate of insurance, and any owner failing so to do shall be guilty of an offence against this Law.

Duty of owner.

10.—(1) If after a certificate of insurance has been issued under the provisions of sub-section (4) of section 4 in favour of the person by whom a policy has been effected, judgment in respect of any such liability as is required to be covered by a policy issued under the provisions of paragraph (b) of sub-section (1) of section 4, being a liability covered by the terms of the policy, is obtained against any person insured by the policy then, notwithstanding that the insurer may be entitled to avoid or cancel, or may have avoided or cancelled the policy, the insurer shall, subject to the provisions of this section, pay to the persons entitled to the benefit of such judgment any sum payable thereunder in respect of the liability, including any sum payable in respect of costs and any sum payable by virtue of any Law in respect of interests on that sum or judgment.

Duty of insurers to satisfy judgments against persons insured in respect of third party risks.

(2) No sum shall be payable by an insurer under the provisions of sub-section (1)—

- (a) in respect of any judgment, unless before or within seven days after the commencement of the proceedings in which the judgment was given, the insurer had notice of the bringing of the proceedings ; or
- (b) in respect of any judgment, so long as execution thereon is stayed pending an appeal ; or

(c) in connection with any liability, if before the happening of the event, which was the cause of the death or bodily injury giving rise to the liability, the policy was cancelled by mutual consent or by virtue of any provision contained therein, and either—

(i) before the happening of such event the certificate of insurance was surrendered to the insurer, or the person in favour of whom the certificate of insurance was issued made an affidavit stating that the certificate of insurance had been lost or destroyed and so could not be surrendered ; or

(ii) after the happening of such event, but before the expiration of fourteen days from the taking effect of the cancellation of the policy, the certificate of insurance was surrendered to the insurer, or the person in favour of whom the certificate of insurance was issued made an affidavit that the certificate of insurance had been lost or destroyed and so could not be surrendered ; or

(iii) either before or after the happening of the event, but within a period of fourteen days from the taking effect of the cancellation of the policy, the insurer had commenced proceedings under this Law in respect of the failure to surrender the certificate of insurance.

(3) No sum shall be payable by an insurer under the provisions of this section if in an action commenced before or within three months after the commencement of the proceedings in which the judgment was given he has obtained a declaration that apart from any provision contained in the policy, he is entitled to avoid it on the ground that it was obtained by the non-disclosure of a material fact, or by a representation of fact which was false in a material particular, or, if he has avoided the policy on the ground that he was entitled to do so apart from any provision contained in it :

Provided that an insurer who has obtained such a declaration in an action shall not thereby be entitled to the benefit of the provisions of this sub-section in respect of any judgment obtained in any proceedings commenced before the commencement of that action, unless before or within seven days after the commencement of that action he has given notice thereof to the person who is plaintiff in the action under the policy specifying the non-disclosure or false representation on which he proposes to rely and that he intends to seek a declaration and any person to whom notice of such action is given may, if he desires, be made a party thereto.

(4) If the amount which an insurer under the provisions of this section becomes liable to pay in respect of the liability of a person insured by a policy exceeds the amount for which he would, apart from the provisions of this section, be liable to pay under the policy in respect of that liability, he shall be entitled to recover the excess from that person.

(5) In this section—

“liability covered by the terms of the policy” means a liability which is covered by the policy or which would be so covered but for the fact that the insurer is entitled to avoid or cancel, or has avoided or cancelled the policy; and

“material” means of such a nature as to influence the judgment of a prudent insurer in determining whether he will accept the risk, and if so, at what premium and on what conditions.

11.—(1) Where under a policy issued for the purposes of this Law a person (hereinafter referred to as “the insured”) is insured against liabilities to third parties which he may incur, then—

Rights of
third parties
against
insurers.

(a) in the event of the insured becoming bankrupt or making a composition or arrangement with his creditors; or

(b) in the event of the insured being a company and a winding-up order being made or a resolution for the voluntary winding up of the company being passed in respect of the company or a receiver or manager of the company's business or undertaking being duly appointed or in the event of possession being taken by or on behalf of the holders of any debentures secured by a floating charge, of any property comprised in or subject to the charge;

if either before or after either event any such liability is incurred by the insured his rights against the insurer under the policy in respect of that liability shall, notwithstanding anything in any Law to the contrary contained, be transferred to and vest in the third party to whom the liability was so incurred.

(2) Where under the provisions of any Law an order is made for the administration in bankruptcy of the estate of a deceased debtor then if any debt, which may be proved in bankruptcy, is owing by the deceased in respect of a liability against which he was insured under a policy issued for the purposes of this Law as being a liability to a third party then the rights of the deceased debtor against the insurer under that policy shall, notwithstanding anything in any Law to the contrary contained, be transferred to and vest in the person to whom the debt is owing.

(3) Any condition in a policy issued for the purposes of this Law purporting directly or indirectly to avoid the policy or to alter the rights of the parties thereunder upon the happening

of any of the events specified in sub-sections (1) and (2) shall be of no effect.

(4) Upon a transfer of rights under sub-section (1) or sub-section (2) the insurer shall, subject to the provisions of section 13, be under the same liability to the third party as he would have been under to the insured save that—

(a) if the liability of the insurer to the insured exceeds the liability of the insured to the third party nothing in this Law shall affect the right of the insured against the insurer in respect of such excess ; and

(b) if the liability of the insurer to the insured is less than the liability of the insured to the third party nothing in this Law shall affect the rights of the third party against the insured in respect of the balance.

(5) Sections 11, 12 and 13 shall not apply—

(a) where a company is wound up voluntarily merely for the purposes of reconstruction or of amalgamation with another company ; or

(b) to any case to which the provisions of section 29 of the Workmen's Compensation Law applies.

(6) For the purposes of sections 11, 12 and 13 the expression "liabilities to third parties" in relation to a person insured under a policy shall not include any liability of that person in the capacity of insurer under some other policy.

12.—(1) Any person against whom a claim is made in respect of any liability required to be covered by a policy under the provisions of this Law shall on demand by or on behalf of the person making such claim state whether or not he was insured in respect of that liability by any policy having effect for the purposes of this Law or would have been so insured if the insurer had not cancelled or avoided the policy and, if he were or would have been so insured, give such particulars with regard to that policy as were specified in the certificate of insurance issued in his favour in respect thereof.

(2) In the event of any person becoming bankrupt or making a composition or arrangement with his creditors or in the event of an order being made under the provisions of any Law relating to bankruptcy in respect of the estate of any person or in the case of a winding-up order being made or a resolution for a voluntary winding up being passed with respect to any company or of a receiver or manager of the company's business or undertaking being duly appointed or of possession being taken, by or on behalf of the holders of any debentures secured by a floating charge, of any property comprised in or subject to the charge, it shall be the duty of the bankrupt debtor, personal representative of the deceased debtor and, as the case may be, of the official assignee, trustee, liquidator, receiver, manager, or person in possession of the property to give at the request of any person claiming in respect of a

Cap. 216.
14 of 1951.
22 of 1952.
1 of 1954.

Duty to
give informa-
tion to
third
parties.

liability to him such information as may reasonably be required to ascertain whether any rights have been transferred to and vested in him under the provisions of this Law, and for the purpose of enforcing such rights, and any policy in so far as it purports either directly or indirectly to avoid the policy or to alter the rights of the parties thereunder upon the giving of any such information or otherwise to prohibit, prevent or limit the giving of such information shall be of no effect.

(3) If the information given to any person in pursuance of the provisions of sub-section (2) discloses reasonable grounds of belief that rights have or may have been transferred to him under the provisions of this Law against any particular insurer that insurer shall be subject to the same duty as is imposed by sub-section (2) on the persons therein mentioned.

(4) The duty imposed by this section to give information shall include a duty to allow all policies, receipts for premiums and other relevant documents in the possession, power or control of the person on whom the duty is so imposed to be inspected and copies thereof to be taken.

(5) Any person who, without reasonable excuse, the onus of proving which shall be upon him, fails to comply with the provisions of this section or who wilfully or negligently makes any false or misleading statement in reply to a demand for information, shall be guilty of an offence against this Law.

13. Where a person who is insured under a policy issued for the purposes of this Law has become bankrupt or where such insured person being a company a winding-up order has been made or a resolution for a voluntary winding up has been passed with respect to that company no agreement made between the insurer and the insured after liability has been incurred to a third party and after the commencement of the bankruptcy or the winding up, as the case may be, nor any waiver, assignment or other disposition made by or payment made to the insured after such commencement shall be effective to defeat or affect the rights transferred to or vested in the third party under the provisions of this Law and such rights shall be the same as if no such agreement, waiver, assignment, disposition or repayment had been made.

Certain settlements between insurer and insured to be of no effect.

14. Where under the provisions of this Law a certificate of insurance has been issued in favour of the person by whom a policy has been effected the happening in relation to any person insured by the policy of any of the events specified in sub-section (1) or sub-section (2) of section 11, notwithstanding anything in this Law contained, shall not affect any such liability of that person as is required to be covered by a policy under the provisions of this Law, and nothing in this section shall affect any rights against the insurer conferred under the provisions of sections 11, 12 and 13 of the person to whom the liability was incurred.

Bankruptcy of insured persons not to affect certain claims.

Further rights of third parties against insurers.

15.—(1) No settlement made by an insurer in respect of any claim which might be made by a third party in respect of any liability as is required to be covered by a policy issued under the provisions of this Law shall be valid unless such third party is a party to such settlement.

(2) A policy issued under the provisions of this Law shall remain in force and available for third parties notwithstanding the death of any person insured under such policy as if such insured person were still alive.

Offences.

16.—(1) If any person for the purpose of obtaining a certificate of insurance under the provisions of this Law makes any statement either oral or written which is false or misleading or withholds any material information such person shall, unless he proves to the satisfaction of the Court that he acted without any intent to deceive, be guilty of an offence and shall be liable to imprisonment not exceeding three years or to a fine not exceeding two hundred pounds or to both such imprisonment and fine.

(2) Any person who with intent to deceive—

- (a) forges, alters, defaces or mutilates any certificate of insurance or any other certificate or document issued under this Law ; or
- (b) uses or allows to be used by any other person any forged, altered, defaced or mutilated certificate of insurance or any other certificate or document issued under this Law ; or
- (c) lends to or borrows from any other person a certificate of insurance or any other certificate or document issued under the provisions of this Law ; or
- (d) makes or has in his possession any document so closely resembling any certificate or document issued under the provisions of this Law as to be calculated to deceive ; or
- (e) issues any certificate of insurance or other certificate or document to be issued under the provisions of this Law,

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

(3) If any police officer has reasonable cause to believe that any certificate of insurance or any other certificate or document produced to him in pursuance of the provisions of this Law by the driver or owner of a motor vehicle is a document in relation to which an offence under this section has been committed he may seize the document and when any such document is so seized the driver and the owner of such motor vehicle or either of them shall, if neither of them has been charged with an offence under the provisions of this section, be summoned before the Court to account for the

possession of or the presence on the motor vehicle of the said document and the Court may make such order respecting the disposal of the document and award such costs as the Court may deem just.

17. Any person who is guilty of an offence against this Law for which no special penalty is provided shall be liable in respect of a first conviction, to imprisonment not exceeding six months or to a fine not exceeding fifty pounds or to both such 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 one hundred pounds or to both such imprisonment and fine.

General
penalty.

18. The Governor-in-Council may make Regulations for prescribing everything which may be prescribed under the provisions of this Law and generally for the purpose of putting this Law into effect and in particular but without prejudice to the generality of the foregoing provisions may make Regulations—

Power to
make Regu-
lations.

- (a) prescribing the forms to be used for the purposes of this Law ;
- (b) as to applications for and the issue of certificates of insurance or other certificate and any other documents which may be prescribed and as to the keeping of records of documents and the furnishing of particulars thereof and the giving of information with respect thereto ;
- (c) as to the issue of copies of any certificates or documents which are lost, mutilated or destroyed ;
- (d) as to the custody, production, cancellation and surrender of any such certificates or other documents ;
- (e) for providing that any of the provisions of this Law shall, in relation to motor vehicles brought into the Colony by persons making only a temporary stay in the Colony, have effect subject to such modifications and adaptations as may be prescribed ;
- (f) prescribing fees to be charged in respect of anything done under the provisions of this Law ;
- (g) prescribing penalties for the breach of any Regulations made hereunder not exceeding imprisonment for one year or a fine not exceeding one hundred pounds or both such imprisonment and fine.

19. This Law shall come into operation upon a date to be fixed by notice by the Governor in the *Gazette*.

Date of
coming into
operation.

15th December, 1954.

J. FLETCHER-COOKE,
Colonial Secretary.