

Legislative Decree No. 105

The Compulsory Insurance against civil liability for bodily injuries
caused by road vehicles towards others

The President of the Republic

In view of the Constitution

In view of law No. 2/76 dated 30/12/1967 (granting the government the right to promulgate Legislative Decisions),

In view of law No. 76/67 dated 26/12/1967 (traffic code),

In view of the bill that is being implemented by the Decree No. 9812 dated 04/05/1968 (regulation of insurance organizations),

In view of the Code of Obligations and Contracts,

After consultation with the State Council,

In view of the suggestion of the Minister of Interior, Minister of Economy and Trade, and Minister of Finance,

After approval by the Council of Ministers dated 30/06/1977,

He enacts as follows:

First chapter - under the Compulsory Insurance

Article 1: In this legislative decree, we mean by:

1. The word Vehicle:

- A. any road vehicle equipped with an engine, regardless of its kind and the nature of its use
- B. any trailer or semi-trailer, regardless of the nature of its use
- C. any other type of road vehicles that could be subject to the insurance obligation specified in this legislative decree.

2. The expression bodily injuries: death and physical harm resulting from accidents, fires and explosions caused by the vehicle or its parts, components, instruments or tools used for its circulation or movement, or things or materials transported therein.
3. The Insurer: Insurance body or

The National Institute of Compulsory Insurance.

Article 2: Any owner of road vehicle in Lebanon is required to take out insurance with an insurance body authorized to transact insurance against the dangers of vehicles, in order to cover the civil liability that may result from physical hazards caused by the vehicle towards others.

Article 3: In situations that require granting travel permits, the issuance and renewal of all kinds of travel permit shall be suspended in order to prove the existence of a compulsory insurance contract mentioned in Article 2.

Article 4: The owners of vehicles registered outside Lebanon and entering the territory of the Republic of Lebanon shall conclude an insurance contract for the said vehicle, covering the duration of their stay in Lebanon or their passage through the country.

Excluded from this obligation are the vehicles having one of the international car insurance policies, if Lebanon is affiliated with this international organization providing these policies; are also excluded the vehicles registered and insured in one of the Arab countries and whose insurance contract includes the duration of the vehicle's stay in Lebanon, on condition of reciprocity, and provided that the organization that has issued the contract has a representative in Lebanon authorized to represent it, arrange and pay compensation payable thereto, according to the codes of this statutory appropriation.

The excluded Arab countries are specified as per a Decision issued by the Minister of Economy and Trade.

Article 5: The insurance contract covers the civil liability arising out of any bodily injury caused by the vehicle towards others, whether the vehicle is driven by its owner or by another person authorized to keep or drive it with or without the consent and apprehension of the owner.

Article 6: Anyone suffering from bodily injuries caused by the vehicle, whether he was inside or outside of the vehicle, benefits from the bodily injuries compensation, except for those excluded by an explicit text in the contract.

If need be, the right to compensation shall be transferred to the heirs.

Article 7: The persons mentioned below exclusively cannot be excluded from the right to benefit from the compensations in the compulsory insurance contract:

1. The owner of the insured vehicle and any person authorized to keep it.
2. The driver of the insured vehicle if he suffers from bodily injuries while driving it.
3. The spouse, ascendants and descendants of the persons mentioned in the two previous clauses, if they suffer from bodily injuries while they are inside the insured vehicle, or while getting in or out of it.
4. Staff and employees of the persons referred to in clause 1 of this Article, if they suffer from bodily injuries caused by the insured vehicle while carrying out their work.
5. Persons related to those referred to in clause 1 of this Article, if they suffer from bodily injuries while they are inside the insured vehicle, or while getting in or out of it.
6. Legal representatives of a normal person whose liability is insured in case they suffer from bodily injuries while they are inside the insured vehicle, or while getting in or out of it.

Chapter Two: The National Institute of Compulsory Insurance

Article 8: A private institute of public benefit shall be founded and known as the "National Institute of Compulsory Insurance"; its purpose is to perform the tasks specified in this legislative decree. This Institute shall have legal personality and financial and administrative independence. It includes by right all insurance bodies authorized to issue insurance policies against the dangers of road vehicles, and carry out its tasks under the supervision and recommendation of the Minister of Economy and Trade. This Institute is not subject to the control of the Council of Civil Service, the Central Inspection, nor the Court of Auditors.

Article 9: The Institute shall particularly undertake to:

1. Establish a compulsory insurance model contract that all insurance bodies must adopt.
2. Set the rate of compulsory insurance terms for each category of road vehicles.
3. Insure road vehicles registered outside Lebanon in the cases mentioned in this legislative decree.
4. Insure road vehicles whose insurance was denied by three insurance bodies.
5. Pay compensation for bodily injuries caused by road vehicles in the following cases:
 - a. Injuries caused by a vehicle insured by it.
 - b. Injuries caused by an uninsured vehicle.
 - c. Injuries caused by a vehicle that remained unknown.
 - d. Injuries caused by a vehicle whose concerned insurance body is unable to pay the compensation due because of its bankruptcy or payment stop.
6. Other tasks as may be specified by a decree issued by the Council of Ministers.

The compulsory insurance model contract and the rate will only be effective after the approval of the Minister of Economy and Trade, which will be given after consultation with the opinion of the National Insurance Board.

In the absence of the President responsible of the department of insurance bodies' affairs, he shall be replaced for the tasks of the State Attorney at the Institute by the employee lawfully entitled to carry out his work while absent.

Third Chapter –the liquidation of accidents, human rights advocacy and legal judgments

Article 13: The injured person and the right holders have the right to make direct claims against the insurer; it is possible to sue the insurer before the Criminal Court, if the complaint resulting from the accident is still suspended in this Court.

Article 14: Taking into account the time limits mentioned in this legislative decree, the following rights will be lost in a period of two years:

1. The right of the injured person to make claims before the concerned insurer for the compensation due as from the date of the accident that had caused the damages, or the date on which he was informed of these damages,
2. The right of the insurer to make claims before the insured or the responsible for the accident and ask them to pay the compensation that the insurer had already paid, as from the date of payment of the latter.

Article 15:

1. the person with bodily injuries caused by an unidentified vehicle or a member of his family shall notice by a written letter against a receipt the headquarter or one of the branches of the body about the accident, within a period of six days as from the day following the accident, otherwise they will lose the right to claim compensation unless the non-declaration happened due to force majeure. Thereupon, in case of death, the heirs must submit an application for compensation attached to supporting documents

within a period of two months from the date of the end of treatment or death; otherwise they will lose the right as well.

2. The company must decide on the application within a period of thirty days at the latest and for this purpose, it must undertake the investigation as it deems necessary to ensure the accuracy of facts, information, and amounts mentioned in the notice.
3. The company may refuse to pay though a justified decision if it obtained a confirmation about the inaccuracy of the facts and information presented or if the compensations claimed were not well - founded.
The company's failure to respond about the request within a period of one month is considered as acquiescence.
4. The injured person or his heirs have the right to appeal the decision of explicit refusal before the court of appeal of the province where the accident took place; this court should apply in this case the authorized procedures. Its decision shall not be subject to appeal, but on the other hand, the objection of others shall be allowed in the cases determined by law.
5. If the court dismisses the case of the injured person because he has provided incorrect information, it must condemn him to a fine for the benefit of society, the value of which varies between the third and the full amount claimed, in addition to the penalties to which he would be sentenced for the false testimony he gave.
6. If the court finds the vehicle that caused the injury, it has the right to refer to its owner and to the person responsible for the accident to claim the compensation it has paid for the injured person; the court should impose a fine on the vehicle owner that worth double the amount of the compensation paid.

Article 16: In addition to the cases mentioned in the Code of Obligations and Contracts, the Institute and insurance bodies have the right to refer to the vehicle's owner and to the person responsible for the accident

- or both together - to recover what they might have paid for the injured person as compensation in the following cases:

1. If it is proven that the driver of the vehicle was during the accident in a state of drunkenness or under the influence of drugs.
2. If it is proven that the vehicle was used for a different purpose than the purpose declared in the certificate of registration or for purposes conflicting the laws and regulations in force.
3. If the vehicle's driver does not have a legal, valid and enforceable travel permit for the type of insured vehicle.
4. If the vehicle has not been presented to the mechanical test in the date fixed for this purpose, or if the driver continued to drive it despite the refusal of renewal of its travel permit or if it has been proven, in an irrevocable sentence, that the accident resulted from negligence in the maintenance of the vehicle.
5. If it is proven that the accident resulted from a major mistake by the driver of the car, which helped to increase the possibility of the accident occurrence.
6. If it turns out that the insurance contract was signed according to the false testimony of the insured or according to his concealment of essential developments affecting the assessment of the insurance body or the society.
7. If it is proven that bodily injuries resulted from an act committed voluntarily by the driver and was pre-meditated.

Chapter Four – The sentences

Article 17: Any person who is required to make a compulsory insurance contract under the provisions of this legislative decree and has neglected this commitment shall be sentenced to a monetary fine ranging from one thousand to two thousand Lebanese pounds, and a period of two to six months in prison or one of these two penalties. The vehicle shall be seized until the violation is canceled.

In the event of repetition, the sentence mentioned shall be doubled and the right to drive road vehicles shall be prohibited to the violator for a period of one year.

Article 18: Anyone who drives an uninsured road vehicle under the provisions of this legislative decree shall be sentenced to a monetary fine ranging from two hundred to five hundred Lebanese pounds and a period of one to three months in prison or one of these two penalties. The vehicle shall be seized until the violation is canceled.

In the event of repetition, the abovementioned penalties shall be doubled and the right to drive road vehicles shall be prohibited to the violator for a period of six months.

Article 19: Anyone who concludes insurance operations contrary to the forms defined in this legislative decree shall be sentenced to a period not exceeding six months in prison and a fine not less than one thousand Lebanese pounds and not exceeding two thousand Lebanese pounds or one of these two penalties.

Chapter 5 - Final sentences

Article 20: In addition to the applicable decrees and decisions mentioned in other articles in this legislative decree, the following shall be defined:

First: by a decree enacted by the Council of Ministers according to the suggestion of the Minister of the Interior and the Minister of Economy and Trade, after consultation with the National Insurance Board:

- The types of other vehicles of the private sector and vehicles of the public sector that may be included in compulsory insurance, the forms and conditions of issuing and revoking travel permits regardless of their types, under the provisions of this legislative decree, the confirmatory method to conclude insurance contracts related thereto, and all the financial and administrative regulations concerning the services of the National Institute of Compulsory Insurance, their power, and the financing and management means.

Second: the subtle points of the implementation of articles nine, ten, eleven and thirteen of this legislative decree, in decrees enacted in the Council of Ministers according to the suggestion of the Minister of Economy and Trade after consultation with the National Insurance Board.

Third: The subtle points of the implementation of all provisions of this legislative decree by common Decisions issued by the Ministers of Economy and Trade and Interior after consultation with the National Insurance Board.

Article 21: The operational date of the compulsory insurance is specified by a decree enacted by the Council of Ministers according to the suggestion of the Ministers of Interior and Economy and Trade, after consultation with the National Insurance Board.

Article 22: Taking into account the provisions of Articles twenty and twenty-one, this legislative decree shall be operational upon its publication in the official gazette.

Baabda June 30, 1977