



THE ROAD TRAFFIC (AMENDMENT) ACT, 2024

Frequently Asked Questions

Date of Issue: February 17, 2025

1. How should General Insurers or General Insurance Agents and Brokers, (“Authorized Insurers”), address the birth month requirement under the Road Traffic (Amendment) Act (“the RTAA”)?

The Road Traffic Department has issued clarification on the birth month requirement and the requirement is under legislative review. In the interim and to ensure compliance with the RTAA:

- A. For existing policies, i.e. policies which were in effect at January 1, 2025, Authorized Insurers ought to notify their existing clients on a case-by-case basis of the requirement and implement a procedure to take steps to align insurance policies with birth month until such time as there is a legislative amendment. The Authorized Insurer should issue new policies to the insured which align with the birth month, transferring the value of the previous coverage to the new policy.
- B. With respect to new policies issued after January 1, 2025, Authorized Insurers should ensure that coverage aligns with the birth month as follows:
 - (i) If the period between the client’s birth month and the licensing/registration of the vehicle is less than six months, the Authorized Insurer should consider issuing an extension of coverage for six months only or, if the policy is issued for the full calendar year, the insured shall be entitled to cancel the policy once their birth month arrives, and purchase new annual coverage with effect from their birth month. with the transfer of the balance of any remaining insurance benefit to the new policy. For example:
 - a) Upon licensing/registering their vehicle, the insured can decide upon visiting their Authorized Insurer to either request cancellation and transfer the remaining balance of any remaining insurance benefit to a new policy to ensure insurance coverage comes in effect from January 2025 to January 2026.
 - (ii) If the period between the insured’s birth month and the licensing/registration of the vehicle is more than six months, upon the expiration of the insurance coverage the Authorized Insurer shall issue new annual coverage from the date of expiration to a period extending six months from the date of licensing and registration. For example:
 - a) If the insured's birthday falls on January 1, and their vehicle is licensed until January 30, 2025, with insurance coverage expiring on August 3, 2025; when the insured visits their Authorized Insurer,



they should aim to secure coverage starting from August 4, 2025, through at least July 31, 2026. This would ensure coverage for a full 11 months, which is six months beyond their birth month of January.

NB: (1) The Road Traffic Department has advised that pursuant to section 10 of the RTAA, which establishes a transitional period, with full enforcement scheduled to commence in 2026, that no person will be prohibited from renewing their vehicle's registration or license in 2025, irrespective of whether the period between their birth month and the expiration of their insurance coverage is shorter or longer than six months.

The Commission's recommendations do not and cannot address the mechanisms in which the Road Traffic Department and the Royal Bahamas Police Force will implement to verify that a vehicle is insured. The onus is on vehicle owners and drivers to ensure that they are in possession of a valid Certificate of Insurance.

2. When should the notice of cancellation be sent to the Controller of Road Traffic?

Section 16(b) of the RTAA requires that the notice of cancellation be sent to the Controller within 48 hours by the Authorized Insurer after the cancellation occurs. The information that should be provided should include the following particulars of the insured policy:

- a. Name;
- b. Address;
- c. Contact Information; and
- d. Reason for the cancellation.

3. As the RTAA does not indicate what mechanism should be used to send notices of cancellation, how should notices of cancellation be communicated to the Controller of Road Traffic by the Authorized Insurer?

Note that the obligation to give notice to the Controller by the Authorized Insurer is not a new obligation. The Road Traffic Act before amendment required insurers to send notice to the Controller. However, to facilitate the process, the Road Traffic Department has created a dedicated email address to receive notices of cancellation. All cancellation notices should therefore be sent to roadtraffic@bahamas.gov.bs.

4. Are the reasons for cancellation set out in the RTAA the only reasons that the Authorized Insurer can cancel a policy?

No. The RTAA is solely concerned with the circumstances by which the insured can cancel the policy before six months from the date the policy is issued. The Authorized



Insurer's contractual right to cancel the policy has not been affected by the Law. Examples where an Authorized Insurer can cancel a policy for contractual reasons within the six-month period from the date the policy is issued include:

- Where the insured has failed to meet premium payment obligations under a financing arrangement with the Authorized Insurer; or
- Where an event listed in the policy has occurred, which occurrence leads to the cancellation of the policy.

NB: Where a Policy identifies a loss/payee other than the insured, the Authorized Insurer shall not cancel the policy upon the request of the insured without the express consent of the loss/payee whether such request is made prior to or after six months from the date the policy is issued.

5. Does the Authorized Insurer have to provide written confirmation to the insured that the Policy has been cancelled?

Yes. The RTAA states that once the Authorized Insurer receives the surrendered Certificate of Insurance or the sworn Declaration from the insured, the Authorized Insurer confirms receipt of the Certificate or Declaration in writing.

6. Does section 2(7) of the RTAA prohibit the issue of cover notes?

No. The definition of "Policy of Insurance" has not been changed and includes "covering note" under the Road Traffic Act. As covering notes are not intended to be a substitute for the Certificate of Insurance, it can only be issued for a period not exceeding 90 days. If the Certificate of Insurance cannot be issued at the time the policy is purchased, the Authorized Insurer should ensure that the cover note reflects the length of the policy purchased and ensure that the policy is prepared and issued before the cover note's 90-day period expires. While the coverage is usually for a period of 12 months and will be evidenced on the cover note, it is imperative that the Authorized Insurer advise the client/insured that the cover note will expire within 90-days of issuance and therefore cannot evidence coverage past the date of expiration. The client/insured should be further advised that the original Certificate of Insurance is required to evidence coverage outside of the 90-day cover note.

7. For the purpose of the requirement for the insured to return the Certificate of Insurance upon cancellation of the policy, how should Authorized Insurers address the issue where a copy of the Certificate of Insurance has been sent electronically to the insured?

The Authorized Insurer shall ensure that its administrative procedures provide that all electronic versions of the Certificate of Insurance include a disclaimer that only the original document is valid for the purpose of registering the listed vehicle.



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