



THE ROAD TRAFFIC (AMENDMENT) ACT, 2024

GUIDELINES

Issued pursuant to sections 8(2)(m) and 234 of the Insurance Act, *Ch.347*

Date of Issue: December 24, 2024

1. BACKGROUND

Parliament has amended the Road Traffic Act, *Ch. 220* (“Traffic Act”) which amends traffic laws by addressing the issue of uninsured vehicles and public concerns for legislative steps to be taken to protect individuals from financial and legal hardships caused by uninsured motorists. These amendments take effect on the 1st of January 2025.

The Insurance Commission of The Bahamas (“Commission”) as regulator of the Insurance market is tasked with promoting and encouraging sound and prudent insurance management business practices¹, and, in exercise of its functions and powers, has issued these Guidelines addressing the legislative changes to the Traffic Act to support Registrants under Part III of the Insurance Act, *Ch. 347*, (“the Act”) who carry on general insurance business, which includes offering motor vehicle insurance through registered insurance intermediaries registered under Part V of the Act.

2. SUMMARY OF THE LEGISLATIVE CHANGES

The Road Traffic (Amendment) Act, 2024 (“Amendment Act”) introduces the following significant changes:

2.1 Policy Cancellation Restrictions

The inclusion of a new subsection (5) to section 10 of the Traffic Act, prohibits Registrants from cancelling motor vehicle insurance (“Policy”) within six months of its issuance, except in the following extenuating circumstances:

- a) Mechanical Flaw: The insured vehicle is no longer operational due to a mechanical defect that cannot be repaired;
- b) Sale of Vehicle: The insured vehicle has been sold to a third party; or
- c) Policy Transfer: The Policy is being transferred to another vehicle owned by the insured.

2.2 Notice of Cancellation

The new section 16 (1) (b) mandates that Registrants submit a cancellation notice to the Controller of Road Traffic.

2.3 Minimum Coverage Period

The definition of “policy of insurance” as included in the new section 10 (5) (b) impliedly requires Registrants to issue Policies with a minimum coverage period of six months.

¹ section 8 (c) of the Insurance Act, Ch. 347

3. REGISTRANT OBLIGATIONS

3.1 Cancellation Duties

Registrants shall not cancel motor vehicle insurance Policies at the request of the insured earlier than six months from the date the policy is issued unless satisfied that one or more of the exceptions under section 10 (5) of the Amendment Act are satisfied;

NB. This prohibition shall not apply

- i. Where the insured requests cancellation of a Policy which has been in effect for more than six months;
- ii. Where the insured has failed to honor any premium payment arrangements with the Insurer concerning the Policy; or
- iii. By virtue of any provision in the Policy permitting cancellation upon the occurrence of an event.

3.2. Cancellation Procedure

1. Where a request has been made to the Registrant to cancel a Policy in accordance with Clause 3.1, it shall be a requirement for the insured to first produce and surrender the certificate of insurance to the Registrant before cancellation is effected.

Where the insured is unable to produce the certificate of insurance either because it is lost or destroyed, the Registrant shall require the insured to submit a sworn declaration made before an external Notary Public, explaining the circumstances of the loss or destruction.

2. Once the Registrant receives the certificate of insurance or the sworn declaration, it shall confirm receipt in writing before proceeding with the cancellation of the Policy.

3.3 Duty to notify

Once a Policy has been cancelled, the Registrant shall have forty-eight hours in which to submit a cancellation notice to the Controller of Road Traffic via email at roadtraffic@bahamas.gov.bs.

Where the Policy is cancelled on a Friday, the cancellation notice shall not be submitted later than noon on the following Tuesday.



3.4 Cancellation Notification Policies

1. The cancellation notice shall include the policy number, policyholder's name, address, contact information, vehicle particulars to include the VIN number, make, model and colour or any other information that may be required from time to time, and the reason for cancellation.
2. If the cancellation occurs within six months of issuance of the certificate of insurance, the Registrant shall cite the exceptions from section 10 (5) of the Amendment Act as outlined in Clause 2.1, as the reason for cancellation.

3.5 Verification Policies

Registrants shall –

- a) verify that the Controller of Road Traffic acknowledges receipt of the cancellation notice; or
- b) where necessary, follow up to ensure that the cancellation notice has been received and processed.

3.6 Record Retention Policies

1. Registrants shall maintain within The Bahamas all documents and records pertaining to Policy cancellations for a minimum period of five (5) years. Such records shall be preserved in either written or electronic form, provided they are in the English Language.
2. The Commission may, to facilitate an onsite examination, review the records of the Registrant during ordinary business hours. The Registrant shall ensure that all records and documents related to a cancellation are readily available for examination.

3.4 Compliance Monitoring

Registrants shall –

- a) Implement procedures and policies to ensure compliance with these Guidelines;
- b) Periodically review the implemented procedure and policies to ensure ongoing compliance with any updates to legal or regulatory requirements related to Policy cancellations; and
- c) make adjustments to the procedure and policies as necessary to maintain compliance with these Guidelines.



4. SUPERVISORY EXPECTATIONS

During routine onsite inspections, the Commission shall review records, documents, procedures and policies to ensure compliance with the Amendment Act and these Guidelines. The review shall include, but not limited to, an assessment of the robustness of the procedures and policies, verification that Registrants are maintaining cancellation records for a minimum period of five (5) years and confirming that the procedures and policies have been implemented and are being periodically reviewed and updated as required.

Registrants are encouraged to submit questions or comments concerning these Guidelines to submit an email to legalunit@icb.gov.bs.

