



Road Traffic Act 1972

1972 CHAPTER 20

PART VI

THIRD-PARTY LIABILITIES

Compulsory insurance or security against third-party risks

143 Users of motor vehicles to be insured or secured against third-party risks

- (1) Subject to the provisions of this Part of this Act, it shall not be lawful for a person to use, or to cause or permit any other person to use, a motor vehicle on a road unless there is in force in relation to the use of the vehicle by that person or that other person, as the case may be, such a policy of insurance or such a security in respect of third-party risks as complies with the requirements of this Part of this Act; and if a person acts in contravention of this section he shall be guilty of an offence.
- (2) A person charged with using a motor vehicle in contravention of this section shall not be convicted if he proves that the vehicle did not belong to him and was not in his possession under a contract of hiring or of loan, that he was using the vehicle in the course of his employment and that he neither knew nor had reason to believe that there was not in force in relation to the vehicle such a policy of insurance or security as is mentioned in subsection (1) above.
- (3) This Part of this Act shall not apply to invalid carriages.

144 Exceptions from requirement of third-party insurance or security

- (1) Section 143 of this Act shall not apply to a vehicle owned by a person who has deposited and keeps deposited with the Accountant General of the Supreme Court the sum of £15,000, at a time when the vehicle is being driven under the owner's control.
- (2) The said section 143 shall not apply—
 - (a) to a vehicle owned by the council of a county, county borough or county district in England or Wales, the Common Council of the City of London, the

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council of a London borough, the Greater London Council, a county, town or district council in Scotland, or by a joint board or joint committee in England or Wales, or joint committee in Scotland, which is so constituted as to include among its members representatives of any such council, at a time when the vehicle is being driven under the owner's control;

- (b) to a vehicle owned by a police authority or the Receiver for the Metropolitan Police District, at a time when it is being driven under the owner's control, or to a vehicle at a time when it is being driven for police purposes by or under the direction of a constable, or by a person employed by a police authority, or employed by the said Receiver; or
- (c) to a vehicle at a time when it is being driven on a journey to or from any place undertaken for salvage purposes pursuant to Part IX of the Merchant Shipping Act 1894;
- (d) to the use of a vehicle for the purpose of its being furnished in pursuance of a direction under paragraph (b) of section 166(2) of the Army Act 1955 or under the corresponding provision of the Air Force Act 1955;
- (e) to a vehicle owned by the London Transport Executive or by a body which is within the meaning of the Transport (London) Act 1969 (but disregarding section 51(5) of the Transport Act 1968) a wholly-owned subsidiary of that Executive, at a time when the vehicle is being driven under the owner's control.

145 Requirements in respect of policies of insurance

- (1) In order to comply with the requirements of this Part of this Act, a policy of insurance must satisfy the following conditions.
- (2) The policy must be issued by an authorised insurer, that is to say, a person or body of persons carrying on motor vehicle insurance business in Great Britain.
- (3) Subject to subsection (4) below, the policy—
 - (a) must insure such person, 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 the vehicle on a road; and
 - (b) must also insure him or them in respect of any liability which may be incurred by him or them under the provisions of this Part of this Act relating to payment for emergency treatment.
- (4) The policy shall not, by virtue of subsection (3)(a) above, be required to cover—
 - (a) 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
 - (b) any contractual liability.

146 Requirements in respect of securities

- (1) In order to comply with the requirements of this Part of this Act, a security must satisfy the following conditions.

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- (2) The security must be given either by an authorised insurer or by some body of persons which carries on in the United Kingdom the business of giving securities of a like kind and has deposited and keeps deposited with the Accountant General of the Supreme Court the sum of £15,000 in respect of that business.
- (3) The security must consist of an undertaking by the giver of the security to make good, subject to any conditions specified therein, and up to the amount—
 - (a) in the case of an undertaking relating to the use of public service vehicles (within the meaning of Part III of the Road Traffic Act 1960), of not less than £25,000;
 - (b) in any other case, of not less than £5,000,any failure by the owner of the vehicle or such other persons or classes of persons as may be specified in the security duly to discharge any liability which may be incurred by him or them, being a liability required under section 145 of this Act to be covered by a policy of insurance.

147 Issue and surrender of certificates of insurance and of security

- (1) A policy of insurance shall be of no effect for the purposes of this Part of this Act unless and until there is delivered by the insurer to the person by whom the policy is effected a certificate (in this Part of this Act 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 any other matters as may be prescribed.
- (2) A security shall be of no effect for the purposes of this Part of this Act unless and until there is delivered by the person giving the security to the person to whom it is given a certificate (in this Part of this Act referred to as a "certificate of security") in the prescribed form and containing such particulars of any conditions subject to which the security is issued and of any other matters as may be prescribed.
- (3) Different forms and different particulars may be prescribed for the purposes of subsection (1) or (2) above in relation to different cases or circumstances.
- (4) Where a certificate has been delivered under this section and the policy or security to which it relates is cancelled by mutual consent or by virtue of any provision in the policy or security, the person to whom the certificate was delivered shall, within seven days from the taking effect of the cancellation, surrender the certificate to the person by whom the policy was issued or the security was given or, if the certificate has been lost or destroyed, make a statutory declaration to that effect; and a person who fails to comply with this subsection shall be guilty of an offence.

148 Avoidance of certain exceptions to policies or securities and of certain agreements, etc., as to risks required to be covered thereby

- (1) Where a certificate of insurance or certificate of security has been delivered under section 147 of this Act to the person by whom a policy has been effected or to whom a security has been given, so much of the policy or security as purports to restrict, as the case may be, the insurance of the persons insured by the policy or the operation of the security by reference to any of the following matters, that is to say,—
 - (a) the age or physical or mental condition of persons driving the vehicle, or
 - (b) the condition of the vehicle, or
 - (c) the number of persons that the vehicle carries, or

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- (d) the weight or physical characteristics of the goods that the vehicle carries, or
- (e) the times at which or the areas within which the vehicle is used, or
- (f) the horsepower or cylinder capacity or value of the vehicle, or
- (g) the carrying on the vehicle of any particular apparatus, or
- (h) the carrying on the vehicle of any particular means of identification other than any means of identification required to be carried by or under the Vehicles (Excise) Act 1971,

shall, as respect such liabilities as are required to be covered by a policy under section 145 of this Act, be of no effect:

Provided that nothing in this subsection shall require an insurer or the giver of a security 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 or the giver of a security in or towards the discharge of any liability of any person which is covered by the policy or security by virtue only of this subsection shall be recoverable by the insurer or giver of the security from that person.

- (2) A condition in a policy or security issued or given for the purposes of this Part of this Act providing that no liability shall arise under the policy or security, 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 or security, shall be of no effect in connection with such liabilities as are required to be covered by a policy under section 145 of this Act:

Provided that nothing in this subsection shall be taken to render void any provision in a policy or security requiring the person insured or secured to pay to the insurer or the giver of the security any sums which the latter may have become liable to pay under the policy or security and which have been applied to the satisfaction of the claims of third parties.

- (3) Where a person uses a motor vehicle in circumstances such that under section. 143 of this Act there is required to be in force in relation to his use of it such a policy of insurance or security as is mentioned in subsection (1) of that section, then, if any other person is carried in or upon the vehicle while the user is so using it, any antecedent agreement or understanding between them (whether intended to be legally binding or not) shall be of no effect so far as it purports or might be held—
- (a) to negative or restrict any such liability of the user in respect of persons carried in or upon the vehicle as is required by section 145 of this Act to be covered by a policy of insurance; or
 - (b) to impose any conditions with respect to the enforcement of any such liability of the user;

and the fact that a person so carried has willingly accepted as his the risk of negligence on the part of the user shall not be treated as negating any such liability of the user.

For the purposes of this subsection references to a person being carried in or upon a vehicle include references to a person entering or getting on to, or alighting from, the vehicle, and the reference to an antecedent agreement is to one made at any time before the liability arose.

- (4) Notwithstanding anything in any enactment, a person issuing a policy of insurance under section 145 of this Act 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.

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149 Duty of insurers or persons giving security to satisfy judgment against persons insured or secured against third-party risks

- (1) If, after a certificate of insurance or certificate of security has been delivered under section 147 of this Act to the person by whom a policy has been effected or to whom a security has been given, judgment in respect of any such liability as is required to be covered by a policy of insurance under section 145 of this Act (being a liability covered by the terms of the policy or security to which the certificate relates) is obtained against any person who is insured by the policy or whose liability is covered by the security, as the case may be, then, notwithstanding that the insurer may be entitled to avoid or cancel, or may have avoided or cancelled, the policy or security, he shall, subject to the provisions of this section, pay to the persons entitled to the benefit of the judgment any sum payable thereunder in respect of the liability, including any amount payable in respect of costs and any sum payable in respect of interest on that sum by virtue of any enactment relating to interest on judgments.
- (2) No sum shall be payable by an insurer under the foregoing provisions of this section—
 - (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 or security was cancelled by mutual consent or by virtue of any provision contained therein, and either—
 - (i) before the happening of the said event the certificate was surrendered to the insurer, or the person to whom the certificate was delivered made a statutory declaration stating that the certificate had been lost or destroyed, or
 - (ii) after the happening of the said event, but before the expiration of a period of fourteen days from the taking effect of the cancellation of the policy or security, the certificate was surrendered to the insurer, or the person to whom it was delivered made such a statutory declaration as aforesaid ; or
 - (iii) either before or after the happening of the said event, but within the said period of fourteen days, the insurer has commenced proceedings under this Act in respect of the failure to surrender the certificate.
- (3) No sum shall be payable by an insurer under the foregoing 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 or security, 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 some material particular, or, if he has avoided the policy or security on that ground, that he was entitled so to do apart from any provision contained in it:

Provided that an insurer who has obtained such a declaration as aforesaid in an action shall not thereby become entitled to the benefit of this subsection as respects any judgment obtained in 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 the plaintiff in the said proceedings

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specifying the non-disclosure or false representation on which he proposes to rely; and a person to whom notice of such an action is so given shall be entitled, if he thinks fit, to be made a party thereto.

- (4) If the amount which an insurer becomes liable under this section to pay in respect of a liability of a person who is insured by a policy or whose liability is covered by a security exceeds the amount for which he would, apart from the provisions of this section, be liable under the policy or security in respect of that liability, he shall be entitled to recover the excess from that person.
- (5) In this section—
- (a) "insurer" includes a person giving a security.
 - (b) "material" means of such a nature as to influence the judgment of a prudent insurer in determining whether he will take the risk and, if so, at what premium and on what conditions; and
 - (c) "liability covered by the terms of the policy or security" means a liability which is covered by the policy or security 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 or security.
- (6) In the application of this section to Scotland, the words "by virtue of any enactment relating to interest on judgments" in subsection (1) shall be omitted and for the reference in the proviso to subsection (3) to a plaintiff there shall be substituted a reference to a pursuer.

150 Bankruptcy, etc., of insured or secured persons not to affect claims by third parties

- (1) Where, after a certificate of insurance or certificate of security has been delivered under section 147 of this Act to the person by whom a policy has been effected or to whom a security has been given, any of the following events happens, that is to say,—
- (a) the person by whom the policy was effected or to whom the security was given becomes bankrupt or makes a composition or arrangement with his creditors.
 - (b) the said person dies, and an order is made under section 130 of the Bankruptcy Act 1914 for the administration of his estate according to the law of bankruptcy,
 - (c) if the said person is a company, a winding-up order is made with respect to the company or a resolution for a voluntary winding up is passed with respect thereto, or a receiver or manager of the company's business or undertaking is duly appointed or possession is 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,

the happening of that event shall, notwithstanding anything in the Third Parties (Rights Against Insurers) Act 1930, not affect any such liability of the said person as is required to be covered by a policy of insurance under section 145 of this Act, but nothing in this subsection shall affect any rights conferred by that Act on the person to whom the liability was incurred, being rights so conferred against the person by whom the policy was issued or the security was given.

- (2) In the application of this section to Scotland "company" includes a limited partnership, and the reference to an order's being made under section 130 of the Bankruptcy Act 1914 for the administration of a person's estate according to the law of bankruptcy shall be deemed to include a reference to an award's being made of

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sequestration of his estate and a reference to an appointment's being made under section 163 of the Bankruptcy (Scotland) Act 1913 of a judicial factor to administer his estate.

151 Duty to give information as to insurance or security where claim made

- (1) A person against whom a claim is made in respect of any such liability as is required to be covered by a policy of insurance under section 145 of this Act shall, on demand by or on behalf of the person making the claim—
 - (a) state whether or not, in respect of that liability, he was insured by a policy having effect for the purposes of this Part of this Act or had in force a security having effect for those purposes, or would have been so insured or would have had in force such a security if the insurer or, as the case may be, the giver of the security had not avoided or cancelled the policy or security, and
 - (b) if he was or would have been so insured, or had or would have had in force such a security, give such particulars with respect to that policy or security as were specified in the certificate of insurance or security delivered in respect of that policy or security, as the case may be, under section 147 of this Act.
- (2) If without reasonable excuse, a person fails to comply with the provisions of subsection (1) above, or wilfully makes a false statement in reply to any such demand as aforesaid, he shall be guilty of an offence.

152 Deposits

- (1) Where a person has deposited a sum with the Accountant General of the Supreme Court under section 144 or 146 of this Act, then so long as any liabilities incurred by him, being such liabilities as are required to be covered by a policy of insurance under section 145 of this Act, have not been discharged Or otherwise provided for no part of that sum shall be applicable in discharge of any other liabilities incurred by him.
- (2) Any regulations made, or having effect as if made, by the Secretary of State or the Board of Trade under section 20 of the Insurance Companies Act 1958 which apply to deposits made by insurers carrying on motor vehicle insurance business shall, with such necessary modifications and adaptations as, after consultation with the Lord Chancellor, may be prescribed, apply to deposits made with the said Accountant General under section 144 or 146 of this Act; and there may, after such consultation as aforesaid, be made by regulations with respect to the said deposits such provision as might be made by the Secretary of State or the Board of Trade under section 20 of the said Act of 1958 with respect to deposits under that Act.

153 Power to require evidence of insurance or security on application for vehicle excise licence

Provision may be made by regulations under section 37 of the Vehicles (Excise) Act 1971 for requiring a person applying for a licence under that Act in respect of a motor vehicle to produce such evidence as may be prescribed that either—

- (a) on the date when the licence comes into operation there will be in force the necessary policy of insurance or the necessary security in relation to the use of the vehicle by the applicant or by other persons on his order or with his permission ; or

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- (b) the vehicle is a vehicle to which section 143 of this Act does not apply at a time when it is being driven under the owner's control.