

[AS INTRODUCED IN THE SENATE]

**A
BILL**

further to amend the Motor Vehicles Act, 1939

WHEREAS it is expedient further to amend the Motor Vehicles Act, 1939 (IV of 1939), for the purposes hereinafter appearing;

It is hereby enacted as follows:-

1. Short title, extent and commencement. - (1) This Act may be called the Motor Vehicles (Amendment) Act, 2016.

- (2) It shall extend to the Islamabad Capital Territory.
- (3) It shall come into force at once.

2. Amendment of section 95, Act IV of 1939. - In the Motor Vehicle Act, 1939 (Act IV of 1939), hereinafter referred to as the said Act, in section 95, in sub-section (2),-

- (i) in clause (a), for the words "twenty thousand" the words "five hundred thousand" shall be substituted; and
- (ii) in clause (b), for the words "twenty thousand" occurring twice, the words "five hundred thousand" and for the words "four thousand" and 'two thousand' the words "two hundred thousand" shall be substituted.

3. Amendment of section 125, Act IV of 1939. - In the said Act, in section 125, for the words "three months" the words "one year" shall be substituted and for the words "five hundred" the words "five thousand" shall be substituted.

STATEMENT OF OBJECTS AND REASONS

The third-party insurance is a statutory requirement under the Motor Vehicles Act, 1939. It is called third-party insurance since the beneficiary of the policy is someone other than the two parties involved in the contract i.e. the car owner and the insurance company. This policy does not provide any benefit to the insured rather it covers the insured's legal liability for death/disability of a third party. The main objective of the third-party insurance policy is to help the victims and the legal representatives of the deceased victims to secure a substantial sum. This compensation can only be obtained if the motor vehicle that was involved in the accident was insured. Chapter VII of the Motor Vehicles Act 1939 provides for insurance against the third party risks and is still applicable in Pakistan. However, the amount of compensation is insignificant to cover the loss of the victims of traffic accidents. Despite the statutory requirement of third-party insurance many vehicles in the country are still uninsured. This is one of the key reasons behind the growing number traffic accidents. The purpose of this Bill is to enhance the insurance cover limit for the victims. To make the third-party insurance mandatory this Bill seeks to enhance the punishment for the drivers who drive uninsured motor vehicles.