

Motor vehicle insurance in the UAE is a contractual agreement between the Insurer and the Insured, where the Insurer provides financial compensation for accidents or risks as specified in the policy, in exchange for premiums paid by the Insured. This insurance is crucial as it offers protection against damages to the insured vehicle and liabilities for damages caused to others. There are two primary types of coverage: Third Party Liability Insurance, which covers damages to others but not to the Insured's vehicle, and Comprehensive Insurance, which includes both third-party liabilities and damages to the Insured's vehicle regardless of fault. The policy term is 13 months, with premium rates varying based on vehicle models and coverage types. Discounts are available for accident-free records, recurring customers, and for vehicles running on gas or electricity, among others.

Third Party Liability Insurance covers physical and material damages to third parties, with compensation limits set at AED 2 million for property damage per accident. Comprehensive Insurance covers a wider range of incidents, including collisions, fire, theft, and damage during transport. The Insurer is responsible for repairs at authorized shops, using new parts without depreciation for vehicles under one year old. In cases of total loss, compensation is based on the sum insured minus a 20% depreciation, while Third Party Liability compensation is based on the vehicle's market value.

Exclusions apply to both types of insurance, including damages from natural disasters, work-related incidents, and violations of laws. Specific deductibles are set based on the vehicle's value and type, with a structured recoverable premium schedule for early policy cancellation. The policy also includes provisions for substitute vehicles and allows for vehicle examination post-repair. The definition of 'the road' encompasses all public access roads, and the Orange Card facilitates cross-border travel within the Arab region under unified insurance coverage.