

Mandatory Third-Party Liability Insurance Requirements for Businesses

Dear Business Operator,

1. The Active Mobility (Amendment) Bill was passed in Parliament on 4 February 2020. This law sets out the requirement for third-party liability insurance to enable accident victims to have access to compensation and ensures that riders have protection from large claims.
2. With effect from December 2020, licensed¹ device-sharing operators providing motorised devices for hire, and all businesses who employ or contract riders who ride active mobility devices² on public paths in the course of their work, **must take all reasonable and practicable measures** to ensure that their riders, employees and outworkers³ who use such devices are adequately covered by third-party liability insurance against injury and death during the course of their work, under an approved policy.
3. An approved policy is any third-party liability insurance policy for commercial use that meets all the following requirements:
 - a. A sum insured of at least \$200,000 per claim;
 - b. An excess amount that does not exceed \$500 per claim; and
 - c. Does not contain exclusions preventing the rider from (i) carrying loads or (ii) using a device that is not registered in the name of the rider (applicable only to electric scooters and power-assisted bicycles).
4. Please refer to go.gov.sg/am-insurance for information on insurance products that meet the requirements. Alternatively, a business operator may approach insurance providers directly to negotiate an approved insurance policy that meets their operational requirements.
5. For more details on the third-party liability insurance requirements, please refer to the Annex for a list of Frequently Asked Questions.
6. Should you have further enquiries on this circular, you may contact us at: active_mobility_insurance@lta.gov.sg.

¹ As the class licensing regime under the Shared Mobility Enterprises (Control and Licensing) Act 2020 has not commenced yet, more details will be made known to affected businesses prior to implementation.

² Active mobility devices refer to bicycles, personal mobility devices (PMDs), power-assisted bicycles (PABs), motorised wheelchairs or mobility scooters.

³ Outworkers are individuals who perform work under a contract, agreement or understanding or other arrangement of any kind (whether written or unwritten) with a contractor, that is not a contract of employment.

Frequently Asked Questions

1. I operate a business or a home-based small-scale business. Must I purchase third-party liability insurance for my riders, outworkers or employees?

All businesses which engage employees or outworkers who use an active mobility device in the course of their work, and/or provides them with such a device must take all reasonable and practicable measures to ensure that their riders, employees and outworkers are adequately covered by third-party liability insurance against injury and death during the course of their work, under an approved policy.

2. As a business operator, how can I ensure that my riders/employees/outworkers are adequately covered by third-party liability insurance?

Some examples of measures that businesses may wish to undertake include the following:

- a. Purchase a group insurance or individual insurance policy that meets the requirements for an approved policy for all employees or outworkers using active mobility devices;
 - b. Check that employees or outworkers using active mobility devices have an approved policy in force. You may wish to retain a copy of the Insurance Cover Note that clearly states the name and coverage duration of the insured;
 - c. Conduct periodic checks to ensure that the approved policy is still in-force; and
 - d. Arrange for hirers to purchase third-party liability insurance before the device can be hired (in the case of licensees that make available for hire motorised devices for use on public paths).
3. What happens if I fail to ensure that my employees/outworkers are adequately covered by third-party liability insurance?
 - a. Under section 58A of the Active Mobility Act, it is an offence for a business to fail to take all reasonable and practicable measures to ensure third-party insurance coverage under an approved policy. This offence carries a fine not exceeding \$10,000, or imprisonment of up to 12 months or to both.
 - b. Where the offender is not an individual, the penalty will be a fine not exceeding \$20,000.

4. My business does not engage delivery riders directly, but instead relies on an intermediary company which engages riders who use active mobility devices to carry out my deliveries. Will my business need to ensure insurance coverage for these riders?

Only the intermediary company which engages these active mobility device riders will be responsible for ensuring that the riders are covered by an approved policy. Notwithstanding, as a responsible business, you should check with the intermediary company that they have the necessary arrangements in place.