



Board of Directors' Decision No. (15) of 2019

On the Instructions Concerning the Rules of Ownership Ratios in the Capital of Insurance Companies

The Chairman of the Insurance Authority,

Having pursued,

- Federal Law No. (4) of 2000 Concerning the Emirates Securities and Commodities Authority and Market, and the amendments thereof;
 - The Federal Law No. (6) of 2007 Concerning the Establishment of the Insurance Authority and Organization of its Operations, and the amendments thereof;
 - - Federal Law No. (4) of 2012 on the Regulation of Competition;
 - Federal Law No. (2) of 2015 Concerning Commercial Companies and its amending laws;
 - Cabinet Resolution No. (42) of 2009 Concerning Insurance Company Minimum Capital Regulations and the amendments thereof;
 - The Insurance Authority Board of Directors Decision No. (2) of 2009 Concerning the Issuance of the Executive Regulations of the Law No. (6) of 2007 Concerning the Establishment of the Insurance Authority and Organization of its Operations;
 - Insurance Authority Board Resolution No. (13) of 2015 on the Instructions Concerning Anti-Money Laundry and Combating Terrorism Financing in Insurance Activities;
- And, based on the recommendation of the Director General of the Insurance Authority and the approval of the Board of Directors,

Has decided,



Definitions

Article (1)

1. The following words and phrases shall have the meanings ascribed thereto hereunder unless the context indicates otherwise:

State: The United Arab Emirates

Law: Federal Law No. (6) of 2007 Concerning the Establishment of the Insurance Authority and Organization of its Operations and the amendments thereof.

Authority/IA: The Insurance Authority established by virtue of the provisions of the Law.

Board: The Board of Directors.

Chairman: The Chairman of the Board.

Director General: The Director General of the Insurance Authority.

Company: The insurance company incorporated in the State, and the foreign insurance company licensed to carry out insurance activities in the State, either through a branch or an Insurance Agent, including Takaful insurance companies.

Person: Any natural or legal person.

Strategic Partner: A partner whose contribution in the company provide Technical, operational or marketing support to the company for its benefit.

Control: The Insurance company shall be in controlling position in the following cases:

- (a) A single person or with the Related Parties possesses 10% or more of the capital or financial instruments (such as convertible bonds to shares) or voting rights in the company.
- (b) Any agreement or position leading to the empowerment to appoint and disqualify most of the Board of Directors members, managers and executive committees in the company.



Related Parties: Shall mean the following:

- 1- The persons who are linked with an agreement or arrangement for the purpose of controlling a company.
- 2- The Natural person and his minor children.
- 3- The legal person, in addition to any of the Board of Directors members, or companies to which he contributes at least 30% of its capital, or sister, subsidiary or associated companies, unless they prove that there is no agreement or arrangement between them for the purpose of control.
- 4- Relatives such as father, mother, brother, sister, children, spouse, spouse's father, spouse's mother and spouse's children, unless they prove that there is no agreement or arrangement between them for the purpose of control.

Rules of Ownership Ratios in the Capital of Insurance Companies: Controls and conditions that are necessary for the entry of persons as shareholders in insurance companies.

Electronic Systems: Electronic and smart or any other services adopted by the Insurance Authority.

2. Exception to what was provided above, the words and phrases contained in this Instructions shall have the meanings given to them pursuant to the provisions of the Law and its Executive Regulations.

Scope of Applicability

Article (2)

- 1- The provisions of these Instructions shall apply to any changes may occur to the Ownership Ratios Rules after their entry into force and shall not apply to any changes in Ownership Ratios of existing shareholders.



2- Without prejudice to the provisions of legislations and companies' articles of association with respect to the minimum ownership limit of a UAE Nationals in the capital of insurance companies, and taking into consideration the provisions of Federal Law No. (2) of 2015 Concerning Commercial Companies, and mergers and acquisitions rules of public joint stock and the Strategic Partner requirements issued by Securities and Commodities Authority, the provisions of these instructions shall apply to the controlling operations of insurance companies.

Requisites for the Shareholders Wishing to Control

Article (3)

- 1- Natural persons wishing to control shall comply with the following:
 - a) Providing information, documents and data with respect to their address, nationality, jobs, previous experience in the field of insurance and related professions inside and outside the State, the share of each of them and their financial solvency.
 - b) Submitting a statement indicating if there is a relationship with the company to be controlled or not.
 - c) Submitting a statement of his membership in one or more boards of directors of a financial institution or his ownership of more than 20% of the issued and paid up capital for any financial institution or more inside or outside the State.
 - d) Submitting a certificate showing that he has never been convicted on a felony or misdemeanour prejudicial to honour, trustworthiness or public morals, and submitting a declaration that he has not been declared bankrupt unless he has been rehabilitated.
 - e) Submitting a declaration on his financial resources of the applicant and an undertaking of his ability to provide more capital and other support forms to the insurance company when needed
- 2- The legal person wishing to control shall commit to providing the following:
 - a- Complete information regarding his addresses, nationality, legal form, branches, field of work and geographical scope of his activity.



- b- Names and nationalities of those who are responsible for managing the legal person;
- c- Two audited balance sheets for the last two financial years at least;
- d- Providing an undertaking or a letter of guarantee in an admissible form, stating that he is committed to providing financial support to the company he is wishing to control;
- e- Full information about the main owners, the nature of their work, their experience and shares in the insurance or reinsurance companies or related professions inside and outside the country;
- f- Providing the consent of the main regulatory authority to which the legal person is subject concerning the ratio or for his entry as a controlling person, as the case may be, with respect to the company that he is requesting to control if he is subject to a regulatory authority.

Strategic Partner Requisites

Article (4)

The Following Requisites should be fulfilled in the Strategic Partner:

- 1- His activity is similar or supplementary to the activity of the issuing company and leads to a real benefit thereof;
- 2- has issued at least two audited balance sheets for at least two financial years. This shall not apply to the Federal Government or the Local Government in the State;
- 3- A Strategic Partner may be a foreign person provided that his entry as a Strategic Partner in the company's capital shall not affect the UAE Nationals' ownership ratios or the company's articles of association;
- 4- The Strategic Partner shall conclude a contract with the company, indicating the mechanisms of his contribution, disassociation, and the company's development plan.
- 5- The availability of minimum required capital as well as the ability to provide more capital or any other form of support to the insurance company, if needed.
- 6- Documents and data referred to in paragraph (2) of the previous Article shall be made available.



Requesting clarifications

Article (5)

In the light of the application of these Instructions, the Authority may request any clarifications, information, data or additional procedures from the companies or the person who submits the controlling application, including any requirements pertaining to applying instructions concerning Anti-Money Laundering and Terrorist Financing in Insurance Activities, and all other relevant legislation applicable in the State.

Approving the Application for controlling

Article (6)

- 1- A person, whether individually or with the Related Parties may not increase his ownership more than 10% or double this Ratio of the issued and paid up share capital of the company or any Ratio leading to the control over the company without obtaining the approval of the Authority.
- 2- Subject to the Ratio mentioned in the previous clause, if any person wishes to increase his ownership more than 5% and not exceeding 10% of the issued and paid up capital, he shall notify the Insurance Authority within fifteen days from the date of ownership.
- 3- Exception from the provisions of this Article, with regards to obtaining prior consent in the event of increasing the person's ownership ratios more than the ratios referred to herein or any ratio that leads to controlling the company, is by inheritance or bequest.

Submitting an Application to Control

Article (7)

The application to approve the ownership of more than 10% of the issued and paid up capital shall be submitted to the Insurance Authority at least 60 days prior to the date of the control in accordance with the electronic systems prepared for this purpose or other means adopted by the Insurance Authority.



Decision on the control Application

Article (8)

The Insurance Authority shall take its decision on the application within thirty days from the date of submitting the application, fully completed with all required data and information, and shall notify the applicant of the acceptance or rejection in accordance with the electronic systems prepared for this purpose or other means adopted by the Insurance Authority. In case the decision was to reject the application, then the reason for such decisions must be provided. If the decision was to approve, then the decision shall specify the period of validity of such approval or the Insurance Authority shall restrict its approval with any conditions it deems appropriate for the public interest.

Article (9)

The Authority may reject the request for control if the conditions referred to in Articles (3), (4) and (5) of the Instructions herein are not met or if the request for control may cause unjustifiable harm to the policy holders, the company or the insurance sector or in case of a potential conflict of interest when controlling the company or breach of the objectives to protect and promote competition and anti-monopoly practices or in accordance with the criteria determined by the Insurance Authority.

Grievance

Article (10)

A grievance against the Decision to reject the application for control may be filed before the Authority within (Twenty) working days from the date of notification of such Decision in accordance with the electronic systems prepared for this purpose or other means adopted by the Authority. the grievance shall be submitted to the Board, which will decide on the application at its first meeting from the day following the submission of the complete application. The decision of the Board on such grievance shall be final.



Company obligations

Article (11)

The company shall comply with the following:

1. Notify the Authority of any potential controlling operation and provide all information about the persons wishing to control as soon as such information is available.
2. Notify the Authority in case the ownership of the shareholders has decreased from the levels of control specified in the Instructions herein.
3. Provide the Authority with the information and data it has with regard to the controlling persons or any other person who practices control directly or indirectly in the preceding financial year within one month of the end of the financial year in accordance with the electronic systems prepared for this purpose or other means adopted by the Authority.
4. The branches of foreign companies shall inform the Authority in case changes made to the control of the parent company as soon as they occur, and shall provide the Authority with the approval of the regulatory body to which the parent company is subject.

Penalties

Article (12)

Penalties stipulated in the relevant legislation, shall be applied to the acts violating the provisions of the Instructions herein.

Article (13)

The Director General shall issue decisions and circulars as required for the implementation of these Instructions.



Article (14)

These Instructions shall be published in the Official Gazette and shall come into force from the following day of its publication.

Eng. Sultan bin Saeed Al Mansoori.

Minister of Economy -Chairman of the Insurance Authority

Issued in Abu Dhabi on: 17 / 4 /2019

In case there is any inconsistency between this translation and the Arabic version of this decision, then the Arabic version shall prevail.