



Circular No. (36) of 2016 Concerning Inserting

Insurance for Additional Expenses of Rent for Alternative Accommodation

The Insurance Authority presents you with its best wishes for continuous success.

For the requirements of public interest, and taking into consideration the relevance of the following matter to the social wellbeing, the Insurance Authority recommends inserting the attached condition in the following insurance policies:

1. Fire and allied perils insurance policies.
2. Property all risk insurance policies.

In accordance with the following basis and directions:

1. The dwelling must be residential and high (i.e. residential dwellings that consist of four stories or more).
2. The sum insured must for this coverage shall be of no less than (10%) of the value of the dwelling.
3. The attached condition shows a difference in treatment between the occupant being the “Owner” or a “Tenant”. The reason for limiting the right of the “Tenant” to receive the difference between the former rent amount and the rent amount for alternative accommodation is that the “Tenant” if has already paid the rent amount, then the “Owner” should reimburse him proportionately from the date of evacuation until the end of the term of the lease. However, if the rent amount was not paid, the “Tenant” should bear the rent amount. Hence, in both cases the “Tenant” deserves the difference between the former rent amount and the alternative accommodation rent amount. Otherwise leads to the



- “Tenant” getting free accommodation, which contradicts the principle of “Indemnity” recognized in such lines of insurance.
4. Setting the maximum amount for the liability of the insurance company and the insurance premium shall be determined by the company and its agreement with the “Insured”, as follows:
 - a- The maximum amount for the relocation costs to the alternative accommodation.
 - b- The maximum amount of liability of the insurance company for the cost of the rent pertinent to alternative accommodation.
 - c- The maximum indemnity period for providing alternative accommodation.
 5. It shall be taken into consideration when inserting the aforementioned condition, that the insurance policies that have already been issued, to remain valid until their expiry date, and such condition is to be inserted upon the upcoming renewal.

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Director General

Issued by us in Abu Dhabi

On 06 /12/2016



Insurance for additional expenses of rent for alternative accommodation

The insurance company shall pay for expenses pertinent to providing for alternative accommodation for the “Owner” or the “Tenant” of the insured property, as the case may be, whom is compelled to evacuate such property being damaged by an insured peril during the insurance period, which results into making the insured property unfit for occupation or inaccessible, according to the following:

Eligibility for Indemnity:

1. If the occupant of the apartment is the “Owner”, the insurance company shall pay for:
 - a- Relocation expenses to the alternative accommodation.
 - b- Rent expenses of a similar furnished apartment of the same characteristics of the insured property.
2. If the occupant of the insured property is a “Tenant”, the insurance company shall pay for:
 - a- The difference between the former rent amount and the rent amount for the alternative accommodation, which shall be furnished and similar to the insured property, with the same characteristics.

Indemnity period:

The indemnity period shall be the period that falls between the date of evacuation of the insured property, and whichever comes first of the following circumstances:

1. Restoring the insured property to become fit for occupation.
2. Exhausting the sum insured designated to the alternative accommodation coverage.
3. The elapse of the indemnity period for alternative accommodation.