

**Insurance Authority  
Abu Dhabi  
United Arab Emirates**

**Establishment of the Insurance Authority  
&  
Organization of its Operations**

**Federal Law No. 6 of 2007**

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**on**  
**Establishment of the Insurance Authority & Organization of its**  
**Operations**

**We Khalifa Bin Zayed Al-Nahayan, the President of the United Arab Emirates,**

Having considered the constitution,

The Federal Law No.1 of 1972 on the ministries' responsibilities and the ministers' authorities and the amending laws,

The Federal Law No.6 of 1974 on Public Utility Societies and the amending laws,

The Federal Law No.5 of 1975 on Trade Register,

The Federal Law No.26 of 1981 on Marine Commercial Law and the amending laws,

The Federal Law No.8 of 1984 on Commercial Companies and the amending laws,

The Federal Law No.9 of 1984 on Insurance Companies & Agents and the amending laws,

The Law of Civil Transactions enacted by the Federal Law No.5 of 1985 and the amending laws,

The Penal Code enacted by the Federal Law No.3 of 1987 and the amending laws,

The Law of Civil Procedures enacted by the Federal Law No.11 of 1992 and the amending laws,

The Law of Punitive Procedures enacted by the Federal Law No.35 of 1992 and the amending laws,

The Federal Law No.21 of 1995 on Traffic

And on basis of the Minister of Economy's presentation, the Cabinet's approval, and the Federal Supreme Council's sanction, we have issued the following law:

## **Preliminary Chapter**

### **Article (1)**

#### **Definitions**

The following words and expressions shall bear the meanings indicated beside each of them unless the context provides otherwise:

<b>State:</b>	The United Arab Emirates
<b>Ministry:</b>	The Ministry of Economy
<b>Minister:</b>	The Minister of Economy
<b>Authority:</b>	The Insurance Authority established by virtue of the provisions of the law herein.
<b>Board:</b>	The Insurance Authority's Board of directors
<b>Chairman:</b>	The Chairman of the Board
<b>Director General:</b>	The Director General of the Insurance Authority
<b>Company:</b>	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 through an insurance agent.
<b>Insurer:</b>	Any insurance company incorporated in the State or foreign company licensed to carry out insurance operations in the State according to the provisions of the Law herein.

**Insured:** The person who has concluded an insurance contract with the company.

**Insurance Agent:** The person approved and authorized by the company to carry out insurance operations on its behalf or on behalf of any branch thereof.

**Insurance Policy (Insurance Contract):** The insurance document (policy) concluded by the insurer and insured containing the terms and conditions of the contract between the two parties, their obligations, and rights or the rights of beneficiary of the insurance or any endorsements therein.

**Re-insurer:** Any re-insurance company incorporated in the State or foreign re-insurance company licensed to carry out insurance operations inside the State or a foreign re-insurance company outside the State.

**Insurance Broker:** The person who independently intermediates in insurance and re-insurance operations between the insurance or re-insurance seeker on one side and any insurance or re-insurance company on the other side and receives for his efforts commission from the insurance company or the re-insurance company with which the insurance or re-insurance has been accomplished.

**Loss & Damage Adjuster:** The person who examines the damages occurred to the subject

matter of the insurance, and assesses them.

**Insurance Consultant:** The person, who studies the insurance requirements for his clients, gives advice in respect of the suitable insurance coverage, assists in preparing insurance requisites and receives for his efforts remuneration from his clients.

**Actuary:** The person who estimates values of the insurance contracts, documents and the related accounts.

**Register:** The register of the insurance companies or the insurance agents.

**Branch:** The branch of the company that carry out insurance operations in its name.

**Authorized Manager:** The person appointed by the foreign insurance company to manage its branch in the State.

**Beneficiary:** The person who acquired the rights of the insurance contract at the start or these rights has been legally transferred thereto.

**Technical provisions:** The provisions which the insurer must deduct and maintain to meet the insured's accrued financial obligations pursuant to the provisions of the law herein.

**Solvency margin:** The surplus in the value of the company's real assets over its liabilities that enables it to fulfill its

obligations in full and to pay the required indemnities right away when they befall due without impeding the company operations or weakening its financial status.

**Minimum Guarantee Fund:**

The amount that equates one third of the required solvency margin or the amount determined by the Board whichever is the greater.

**Accounts' Auditor:**

The accounts' auditor licensed to perform in the State.

**Article (2)**

1. The provisions of the law herein shall apply to the insurance companies incorporated in the State and the foreign companies licensed to perform the activity in the State including the companies engaged in the operations of cooperative insurance and *takaful* insurance or the operations of reinsurance provided for in the law herein and the insurance professions related thereto.
2. The provisions of the law herein shall not apply to the companies operating in the free zones in the State unless specifically provided for in the law herein.

**Article (3)**

1. An insurance is a contract pursuant thereto the insurer shall be obliged to pay the insured or the beneficiary whose in his favor the insurance has been concluded a sum of money, regular proceeds or other monetary indemnity in case the insured accident or risk occurred, in return of installments or any other monetary sums paid by the insured thereto.

2. The insurer shall pay the indemnity provided for in the insurance contract to the insured or the beneficiary, as the case might be, as soon as the insured accident or risk occurred and thereupon the insurer shall legally subrogate the insured or the beneficiary in respect of the rights or obligations of each one of them.
  
3. The company shall be obligated to conclude insurance contracts for all the vehicles licensed to get going in the State when so required by the pertinent authorities. The executive regulation of the law herein shall determine the insurance's premium tariffs while magnitude of the risks should be taken into consideration.

## **Chapter One**

### **Insurance Operations and Its Types**

#### **Article (4)**

In implementing the provisions of the law herein the direct insurance operations shall be divided into three types:

1. Life assurance and funds accumulation operations
2. Properties insurance
3. Life liability insurance

The executive regulation of the law herein shall determine others may be enlisted under each of the three types.

#### **Article (5)**

Insurance operations shall include the relevant activities of the types provided for in Article (4) of the law herein and as well shall include re-insurance, insurance agents, and actuaries, insurance brokers, loss and damage adjusters and insurance consultants' activities.

## **Chapter Two Insurance Authority**

### **Article (6)**

1. An authority to be called *The Insurance Authority*, entertaining the status of a legal person with financial and administrative independence shall be established, and shall have an independent budget subjoined to the State's budget. In such capacity, *the Authority* shall perform all operations and actions enabling it to achieve the objectives and duties assigned thereto pursuant to the provisions of the law and shall be an annexed to the Minister.
  
2. The main premises of *The Authority* shall be located in Abu Dhabi City and by decision of the Board branches thereto may be established within the State as the public interests may require.

### **Article (7)**

*The Authority* aims at organizing and overseeing the insurance sector in a way that would ensure suitable environment to develop it and enhance the role of the insurance industry to secure lives, properties, and liabilities against risks in order to protect the national economy; collect, develop, and invest the national savings to sustain the economic development of the State; encourage fair and effective competition; provide the best insurance services in competitive premiums and coverage, and *Emiratize* the insurance markets jobs and for the cause *the Authority* shall carry out the following duties:

1. Protecting the rights of the insured and the beneficiaries of the insurance operations and monitoring solvency of the companies to avail satisfactory insurance coverage in order to protect these rights.
  
2. Enhancing performance and efficiency of the insurance companies and binding them to observe the profession's code and rule of conduct to enhance their capabilities to render the

beneficiaries of the insurance the best services and attain constructive competition.

3. Providing efficient and qualified human resources to carry out insurance operations including establishment of an institute for the purpose in cooperation and collaboration with Emirates Insurance Association (EIA) according to the prevailing legislations.
4. Proposing programs and plans to develop the insurance sector in all aspects and enhancing insurance awareness, preparing studies and researches relevant to the insurance operations and disseminating the same.
5. Consolidating cooperation and integration ties with the authorities organizing insurance sector at both the Arab world and International levels.
6. Receiving applications to establish, open branches and representative offices for insurance and re-insurance companies, insurance brokers and the professions related thereto and issuing them the necessary licenses.
7. Identifying the risks which shall be compulsorily insured.
8. Determining unified tariffs of certain types of insurances and of those one enlisted there under in cases the public interest would require.
9. Any other assignment relevant to organizing the insurance sector as resolved by the Board.

#### **Article (8)**

The Insurance Authority shall be composed of the following:

1. The Board
2. The Director General
3. The Executive Body

### **Article (9)**

*The Authority* shall have a board of directors composed under the chairmanship of the Minister of ten members of the experienced and specialized individuals designated on basis of a presentation by the Minister as follows:

- Two members from the Ministry to be nominated by the Minister
- One member from the Ministry of Finance & Industry to be nominated by the Minister of Finance & Industry
- One member from UAE Central Bank to be nominated by the Governor.
- One member from the Federation of the Chambers of Commerce & Industry to be nominated by the President of the Federation.
- Five members to be nominated by the Minister out of the specialist in the sectors of finance, economy and insurance, provided they include among them one member from Emirates Insurance Association (EIA).

The Cabinet shall issue a resolution to form the Board, determine remunerations of its members, and indicate duration of membership. The Chairman shall select a deputy therefor out of the Board's members.

### **Article (10)**

The executive regulation of the law herein shall lay down the terms and conditions of the Board's membership.

### **Article (11)**

1. Membership of any of the Board's members shall end in any of the following cases:
  - A. Resignation or replacement by the nominating body.
  - B. Should he remained absent for three consecutive sessions or four non-consecutive sessions during one year without an acceptable excuse.
  - C. Should he become devoid of any of the terms and conditions provided for in the executive regulation of the law herein.

2. The Cabinet on recommendation of the pertinent body and within a period not exceeding sixty days as from date of vacating a seat of the board shall appoint another in his place to complete the tenure of the member who his membership came to an end.

### **Article (12)**

The Board shall assume the duties and authorities provided for in the law herein and the regulations, rules, directives, and decisions issued pursuant thereto including:

1. Laying down the general policy of *the Authority* and approving the necessary implementation plans and programs.
2. Approving draft laws relevant to insurance operations and report them to the Cabinet.
3. Issuing the necessary directives to implement the provisions of the law herein, and the regulations, and rules, issued pursuant thereto.
4. Approving the draft of the annual budget of *the Authority* and refer it to the Cabinet for sanction.
5. Approving the annual report and the final accounts of *the Authority* and refer them to the Cabinet.
6. Appointing an account auditor for *the Authority* and determining his remuneration.
7. Acknowledging aids, donations, grants, and bequests seen in line with the objectives of *the Authority*.
8. Settling the objections raised by the company in respect of amending the insurance's forms, policies and endorsements.
9. Executing any other duties related to *the Authority's* affairs and objectives.

### **Article (13)**

The Board shall meet once every three months at least and may be invited to hold an extraordinary meeting upon request of the Chairman or three members at least.

The quorum for holding the meeting of the Board shall be the attendance of the majority of the members, provided the chairman or his deputy shall be among them. Resolutions shall be issued by absolute majority of the votes cast and in case of a tie the side of

the chairman of the meeting shall have casting vote. Minutes of the Board's sessions shall be written down and approved by the chairman of the session. The resolutions shall be issued duly signed by the chairman.

The Board may invite whoever seen fit of those experienced and qualified experts and consultants to render assistance to attend its sessions without having voting rights in decisions making.

#### **Article (14)**

By virtue of a Federal Decree based on a recommendation by the chairman a director general of *the Authority* shall be appointed in the same scale of an undersecretary of a ministry.

#### **Article (15)**

The director general shall carry out the operations of *the Authority* and representing *the Authority* in its relations with the others and before the judiciary and in particular he shall:

1. Implement policies, plans and programs approved by the Board.
2. Suggest the organizational structure of *the authority* and superintend the same in a way that secures good performance of the operations.
3. Prepare programs and plans to develop the insurance sector and upgrade its services for submission to the Board.
4. Prepare draft laws, regulations, rules, directives and decisions issued in conformity with the provisions of the law herein related to insurance operations and refer the same to the Board.
5. Prepare the draft of annual budget *the Authority* and refer the same to the Board.
6. Consider complaints lodged pertaining to the insurance services and take the appropriate decisions in this respect unless seen necessary to refer them to the Board.
7. Issue the necessary decisions as may be authorized pursuant to the provisions of the law herein.
8. Carry out any other assignments entrusted to him by the Board.

### **Article (16)**

The Director General may delegate some of his assignments to the senior managerial employees of *the Authority* as provided for in the law herein, provided such delegation shall be specific and in writing.

### **Article (17)**

The executive body of *the Authority* shall be composed of the employees appointed or contracted according to the regulations issued pursuant to the provisions of the law herein.

### **Article (18)**

*The Authority* shall charge annul fees against the supervision and monitoring and any other fees proposed by the Board, provided a resolution therefor shall be issued by the Cabinet.

### **Article (19)**

The revenues of *the authority* shall be comprised of the following resources:

1. Any monies allotted for *the Authority* by the Government,
2. The fees charged by *the Authority*,
3. The surpluses of earlier years' budgets,
4. The bequests, grants, donations, and aids accepted by the Board that in line with *the Authority's* objectives,
5. Any other resources approved by the Board.

### **Article (20)**

The fiscal year of *the Authority* shall commence on the first day January and end on thirty first day of December each year. However, the first fiscal year shall commence as from date of enforcing the provisions of the law herein and end by the end of December of the following year.

### **Article (21)**

1. *The Authority's* funds shall be deemed public properties.
2. *The Authority* shall entertain the exemptions and facilities as entertained by the Government Ministries and Directorates.
3. Auditing of *the Authority's* accounts shall be taken over by one of those certified accounts auditors enlisted in the register of the operating accounts auditors.

### **Article (22)**

*The Authority* shall maintain reserves equal in amount to twice the total expenditures of its annual budget and the surpluses thereof shall be transferred to the State's public treasury.

### **Article (23)**

The Board shall issue on a recommendation by the director general the instructions pertinent to the insurance operations including:

1. The solvency margin and the minimum guarantee fund, provided the same shall not be less than one third of the solvency margin taking the international standards into consideration,
2. The basis of calculating the technical provisions,
3. The standards of re-insurance,
4. The basics of investing the rights of the policyholders,
5. Determining the company's assets that meet the accrued insuring obligations.
6. The accounting policies to be adopted by the company and the necessary forms needed to prepare reports and financial statements and presentation thereof.
7. The principles of organizing accounting books and records of each of the companies, agents, and brokers and determine data to be inserted in these books and records.
8. The records which the company shall be obliged to organize and maintain as well as the data and documents shall be made available to *the Authority*.
9. The profession's rules and code of conduct.
10. Anti-money laundering and terrorism financing in the insurance activities in collaboration with the pertinent bodies.

**Chapter Three**  
**Insurance Companies**  
**Section One**  
**The Insurer**

**Article (24)**

1. Insurance and re-insurance operations in the State may be carried out by any of the following entities which are licensed and registered with *the Authority*:

- A. A public stock company established in the State.
- B. A branch of a foreign insurance company
- C. An insurance agent

2. A. The prior approval of the Board shall be obtained before incorporating any insurance company in the State or opening a branch of a foreign insurance company or carrying out the operations of an insurance agent.

B. The fiscal year of the company shall commence on the first day of January and end on the thirty first day of December each year and as for the first fiscal year it shall commence as from date of incorporation and end on the thirty first day of December of the following year.

3. The capital of an insurance company shall not be less than the minimum limit as determined by the executive regulation of the law herein.

4. Any insurance contract concluded by a company not duly registered according to the provisions of the law herein shall be deemed invalid and the affected party may claim compensation by reason of so invalidation.

**Article (25)**

1. The company shall not carry out life assurance and funds accumulation operations together with the operations of properties and life liability insurances.

2. The existing companies engaged in the two types of insurance as provided for in Para (1) of the Article herein shall adjust their situations within five years as from date of enforcing the law herein. However, the said period may be extended by resolution of the Cabinet.

3. The existing companies engaged in the two types of insurance as provided for in Para (1) of the law herein upon enforcing the provisions of the law herein shall abide by the directives issued by the Board organizing the operations of each of these two types of insurances.

#### **Article (26)**

1. Properties or possessions in existence inside the State or liabilities resultant thereof shall not be insured with insurance companies outside the State and as well no mediation in insuring these properties, possessions or liabilities except with a company duly registered according to the provisions of the law herein.

2. The insurer may re-insure inside and outside the State.

#### **Article (27)**

Taking the provisions of the law herein into consideration, the company may open branches therefor in the State.

#### **Article (28)**

Insurance policies concluded in the State shall be written in Arabic and a faithful translation into another language may be attached therewith and in case of differences over the interpretation of the policy the Arabic text shall prevail.

The policy's articles releasing the company from the liability shall be written in bold letters, different color and endorsed by the insured.

### **Article (29)**

The company shall be maintain the number of UAE nationals working therewith as resolved by the Cabinet.

### **Article (30)**

No one shall be a member of the company's Board of Directors, a general manager or an authorized manager therein should he ever been:

1. Convicted of a crime or a felony of dishonor, distrust or public moral or pronounced bankrupt and never been rehabilitated.
2. Liable according to the Board's discretion for grief violations of any of the provisions of the law herein or of the companies' law in his capacity as general manager or board member of one of the companies including the liability of causing the company to go for compulsory liquidation.

### **Article (31)**

1. The chairman and the members of the board of directors of the company, its general manager and the authorized manager or whosoever acting on his behalf or any of the company's managers or a senior officer shall not:
  - A. Participate in managing other competing insurance company or a similar company thereto,
  - B. Compete the company's operations or do any actions or an activity that conflicts with the company's interest,
  - C. Carry out the operations of an insurance agent or a broker,
  - E. Receive a commission for any of the insurance operations.
2. Whosoever be in charge of the management of the company or any employee therewith shall not represent any of the shareholders of this company.

### **Article (32)**

Efficiency and experience in insurance operations shall be prerequisites have to be fulfilled by any general manger or authorized manager and the senior officers of the company. The company shall provide *the Authority* with detailed description thereof implying qualifications and experience of each one as specified in the executive regulations of the law herein.

### **Article (33)**

1. The company shall advise *the authority* of the names of the members of its board of directors, general manager or the authorized manager or any of the senior staff and whether the position of any one of them vacated. The company shall fill the vacancy within sixty days as from date of vacating the same and notify the Director General of *the Authority* as so.

2. The company's Board of Directors shall provide *the Authority* with copies of the minutes of the Board's meetings and its decisions related to the elections of the company's chairman, his deputy, and the board's members authorized to sign on behalf of the company and their specimen signatures within seven days as from date of issuing these decisions.

3. Should the chairman and the members of the board of directors lodged their resignations or the Board lost its quorum the board of directors shall form a provisional committee of experienced and specialized individuals, appoint a chairman thereto, a deputy therefor out of its members to take charge of the company's management, invite the general assembly to convene within a period not exceeding three months as from date of the formation of the committee which shall be subject to renewal for a similar period once only by decision of the Board - in order to elect the company's new board of directors. The company shall bear remunerations of the committee as decided by the Board.

#### **Article (34)**

The company in implementation of the instructions issued by the Board shall maintain the following:

1. Solvency margin and the minimum guarantee fund associated with the type of insurance engaged therein.
2. Technical provisions as estimated at the end of each fiscal year.
3. The reserves need be maintained inside the State.

#### **Article (35)**

The company licensed to carry out life assurance and fund accumulation operations shall appoint or approve a registered actuary within a month as from date of granting the license thereto, provided reporting the same to the Director General within a month as from date of appointing or approving the actuary. The companies licensed prior to implementing the provisions of the law herein shall adjust their situation to make it consistence with the provisions of the Article herein within six months as from date of implementing the provisions of the law herein.

#### **Article (36)**

1. The company shall provide any data or information requested by the Director General on the company *per se* or on any company possessively related or associated therewith during the period as determined by the Director General, in addition to any data or information submitted by the company to any other monitoring body and any data or information received by the company from these bodies on time of occurrence.
2. The company's Board of directors shall invite the Director General to attend the general assembly meetings before at least fifteen days as from date of its convention. The Director General may depute whosoever represents him out of *the Authority's* employees in this respect.
3. The Director General may assign one or more of the employees of *the Authority* to ascertain or verify at suitable times

any of the company's transactions, records, or documents. The company shall put any of the aforesaid at the disposal of the so assigned employee and cooperate with him to enable him to fully perform his duties.

4. The Director General on basis of the verification performed pursuant to the provisions of Para (3) of the Article herein shall appoint experts, consultants, actuaries or accounts auditors to check the company operations, evaluate the situations and file a report thereon. The company shall cooperate with them in a manner that enables them to fully perform their duties. The company shall bear their remunerations as determined by the Director General for each one of them.

5. The expert, consultants, actuary or the accounts auditor shall not disclose to any body whatsoever any information on the results arrived at according to Para (4) of the Article herein only after obtaining the written approval of the Board.

#### **Article (37)**

1. The company shall be obligated to provide *the Authority* with a detailed report on its operations signed by the chairman of its board of directors, the authorized manager or those authorized to sign on behalf of the company containing company's final annual accounts and all the related detailed information annexed thereto including the annual budget, detailed profit and loss accounts of the two types of insurance in which the company is engaged and of each branch therefrom plus the accounts auditor's report within a period not to exceed four months as from the end of the fiscal year. The report shall reach *the Authority* within at least thirty days period prior to inviting the company's general assembly to convene.

2. Should the accounts and data provided for in Para (1) of the Article herein proved to be not in agreement with the provisions of the law, and the regulations, rule, directives and decisions issued pursuant thereof the director general shall request the company's board of directors make them corrections in order to obtain the

approval thereto before presenting them to the general assembly. The company's board of directors shall not present the same before obtaining such an approval.

3. Should the company faces unfavorable financial or administrative situations or inflicted grief losses affecting the rights of the insured or the beneficiaries, the company chairman of the board of directors or its general manager shall forthwith inform the director general of *the Authority* as so.

### **Article (38)**

1. A. The company shall provide *the authority* with the insurance policies' forms and endorsements they have approved for its operations including the general and special terms and conditions and the technical basis of these policies and the premiums rates annexed thereto and as well shall provide the director general with schedules of the redemption values of the life assurance policies and funds accumulation operations and the premiums rates annexed thereto.

B. The director general should the public interest require or in case of existence of a genuine imperfection may demand insertion of amendments into these forms within the period he determines for the purpose. The company may oppose the amendment and in case no agreement reached the matter shall be referred to the Board to settle it.

2. The company shall provide the insured and the beneficiaries with copies of the insurance policies and the related details.

### **Article (39)**

The insurance and re-insurance companies registered with *the Authority* shall observe the doctrine of disclosure and transparency in their dealing with their patrons and in respect of all the documents, papers, bulletins, advertisements, propaganda and articles and scientific materials of their issue. The Board shall issue a resolution in respect of the matters must be observed in implementation the renderings of the Article herein.

### **Article (40)**

The accounts auditor shall forthwith file a report to *the Authority* with copy thereof to the company's chairman of the board of directors in any of the following cases:

A. Should he became evident that the financial situation of the company does not enable it to fulfill its obligations towards the insured or hinders its capacity to meet the financial requirements provided for in the law herein and the regulations, rules, directives and decisions issued pursuant thereto relevant to the financial situation of the company.

B. Should he became evident that there is grief imperfection in the company's performance of its financial procedures including the process of entering the statements into its accounting records.

C. Should he refused or have reservations in respect of any certificate issued by the company related to its income or its financial statements.

D. Should he decided to resign or refused to be reappointment with the company for unusual reasons.

2. The Director General may ask the accounts auditor to furnish him directly within a specific period with the information needed to monitor the company's operations.

3. The general assembly of the company, in case the accounts auditor recommended that the financial statements filed thereto by the board of directors not to be approved, may resolve either to:

A. return the financial statements to the board of directors and demand the budget and profit and loss account be corrected according to the auditor's remarks and deem them approved following the correction, or

B. refer the matter to the director general to appoint an expertise committee of account auditors, determine their

remunerations to be borne by the company, to settle the subject matter of the dispute between the company's board of directors and its accounts auditors. The decision of the committee shall be binding after presenting the same once more to the general assembly for approval. The budget and the profit and loss account shall be amended as decided by the committee.

#### **Article (41)**

*The Authority* shall conduct periodical inspection of the insurance and re-insurance companies to ensure safety of the financial situations, observance of the provisions of the law and the technical basis of conducting the insurance and re-insurance operations. Should the Director General came to know through such inspection or vide sufficient information that one of the following incidents took place he shall ensure soundness of such information:

- A. That the company did not fulfill its obligations or it's likely to fall short in doing so or unable to go on with its operations.
- B. That the company violated the provisions of the law herein, or the regulations, rules, directives or the decision issued pursuant thereto.
- C. That the company's procedures needed to re-insure the risks of its tolerance are inadequate or the company didn't make these procedures.
- D. That the company became devoid of one of the required terms and conditions for licensing or registration to carry out the activity of insurance.
- E. That the company's total losses exceeded 50% of its paid-up capital.
- F. That the company ceased to carry out its operations for more than a year without justified or legitimate reason.

2. Should the director general become evident that the said information are correct he shall ask the company to take certain procedures to rectify its situations within the period he may determine and should the company failed to do as so, the director general shall refer the matter to the Board to take the necessary actions to rectify these situations; including:

- A. Preventing the company from concluding any more insurance contracts or transacting in certain type or types of insurance.
- B. Setting upper limit for the premiums total amounts received by the company against issuing insurance policies.
- C. Retaining assets in the State equal in value to the company's total net obligations accrued from its operations in the State or to a certain percentage of their value as determined by the Board following a recommendation by the Director General.
- D. Restricting the company's involvement in any of its investments activities associated with the solvency margin or obliging it to liquidate its investments in any of these activities to serve this purpose unless such action would inflict harms on the company as decided by the expert specialized in this respect.
- E. Asking the company or the main office of the foreign insurance company as the case might be to take the necessary actions to rectify the administrative situation therein including removing the Director General, the authorized manager or any of its senior officers away from office.
- F. Removing the Chairman of the company's board of directors or any Board member proved to be liable for the ensuing situation of the company.
- G. Dissolving the company's board of directors, appointing a provisional neutral administrative committee of experienced individuals to take its place and as well appointing a chairman for the committee and a deputy thereof, determining their responsibilities and powers for a period not to exceed six

months subject to renewal for a period not more than a year in the cases requiring as so. The company shall bear the fees of the committee as determined by *the Authority* and upon accomplishment of the committee's mission a new board of directors shall be appointed according to the provisions of the Law of Commercial Companies.

- H. Taking the necessary action to merge the company into another according to the provisions of the Law of Commercial Companies.
- I. Ceasing or canceling the company's license.
- J. Restructuring the company.
- K. Liquidating the company.

### **Insurance Companies' Funds**

#### **Article (42)**

Every insurance company shall deposit into one of the banks operating in the State a deposit to stand as guarantee for fulfilling its obligations amounting:

1. Dirham four million for the two types of insurances of life assurance and fund accumulation operations provided for in Para (1) of Article (4) of the law herein.
2. Dirham two million for each branch of insurance enlisted under the two types of insurances of properties and life liabilities provided for in Para (2) & (3) of Article (4) of the law herein, provided the total amount shall not exceed Dirham six million at most regardless of the number of the branches.

According to a resolution by the Cabinet the deposit as provided for in the preceding two paragraphs may be increased on basis of a recommendation by the Chairman.

The deposit shall be in the form of money or the equivalent of shares and bonds of companies incorporated in the State or a

mortgage of a real-estate located therein, subject to the chairman's consent.

The deposit shall be deposited into one of the banks licensed in the State in the name of the company and to the order of the chairman in so capacity. As for the real-estate mortgage, an endorsement shall be entered into its registration with the Department assigned for mortgages' registration as an indication for that. *The Authority* shall be provided by an official certificate as so. The cash returns of the deposit (if any) shall be made for the company's interest. By consent of the Director General the whole deposit or part thereof shall be replaced by any other form of deposit provided for in the Article herein in condition that its value shall not be less than the legal limit of the deposit at the time of replacement.

#### **Article (43)**

The deposit shall not be disposed off except by a written permission from the chairman or whosoever authorized by him. The court of jurisdiction or the committee may order seizure of the deposit against the debts accrued from the insurance operations of the company. However, no order shall be given to seize the deposit against other debts.

*The Authority* shall request the company to complete the deposit should it become less than the legally determined limit due to decrease in the values of the shares, bonds, or real-estates or impose seizure thereon or on part thereof according to the provisions of the preceding Para or for any other reason. The company shall complete the deposit within a thirty day period at most as from date of the call to complete the deposit.

#### **Article (44)**

The bank shall not dispose off the deposit by any form or another except pursuant to a final judicial verdict or by a written permission from the chairman. The pertinent real estate registration bodies as well shall not lift off the endorsement signifying mortgaging of the real-estate kept as a deposit except by

a written permission from the chairman or whosoever he authorizes.

#### **Article (45)**

The companies engaged in any of the two insurances types provided for in Para (1) of Article (4) shall maintain funds therewith in the State equivalent in their value at least to the total amount of the special mathematical reserve of the contracts concluded inside the State or of those executed therein. The Cabinet on basis of a presentation by the Chairman may decrease percentage of the reserve to be maintained by the company to no less than 50%.

These funds shall be fully maintained separate from the monies of other insurance operations. However, in calculating the said reserve the deposit provided for in Para (1) of Article (42) of the law herein shall be taken into consideration in such a manner whichever the larger shall weigh up.

#### **Article (46)**

The insurance companies operating at the time of implementing the law herein shall be given one year grace period as from date of enforcing the law herein to adjust their situations according to the provisions of Para (1) and (2) of Article (42) of the law herein. The Cabinet on recommendation of the chairman may extend the period for another year.

#### **Licensing**

#### **Article (47)**

1. Incorporation of any insurance company in the State or opening a branch of a foreign insurance company therein shall not be only after obtaining a license from *the Authority* which shall have the right either to grant it or refuse as may seen fit to the national economy needs provided that the purpose of the company shall be carrying out insurance operations. The executive regulations of the law herein shall determine the documents need be submitted along with the licensing application.

2. Should licensing be granted on basis of inaccurate information the license shall be cancelled by decision of the director general.

## **Chapter Two**

### **Registration of Insurance Companies & Agents**

#### **Article (48)**

1. Any of the companies provided for in Para (1) of Article (24) of the law herein shall not carry out insurance operations only following its inscription in the register according to the provisions of the law herein and the requisites determined by the executive regulation of the law herein.
  
2. Should the registration been granted on basis of inaccurate information the registration shall be cancelled by decision of the director general.

#### **Article (49)**

The company shall not re-insure with another company unless that other company is duly licensed to carry out the type of insurance assigned thereto for re-insurance.

#### **Article (50)**

The Board on basis of the director general's presentation may cease the company to carry out certain type or types of the insurances of its practice for a period not exceeding a year and shall notify the company and the pertinent body given the cessation decision in any of the following cases:

1. Should the company is in violation of the provisions of the law herein and the regulations, rules and directives issued pursuant thereto.
  
2. Should the company became devoid of any of the terms needed for the registration according to the provisions of the law herein.
  
3. Should the company did not carry out its operations in any of the insurance types listed with those ones requiring

registration or ceased operating in such a type to carry out for period of one year.

4. Should the company failed to fulfill its accrued financial obligations.
5. Should the company refrained to execute a final judicial verdict related to an insurance contract.

#### **Article (51)**

1. Should the company within a period not more than one year as from date of the cessation eliminated the reason led to cease its operations due to any of the cases provided for in Article (50) of the law herein, the Board shall issue on basis of a presentation by the director general a decision approving the company to continue carrying out insurance operations. The decision shall be transmitted to the pertinent body and the company.

2. Should the company failed to eliminate the reason led to cease its operations within a period of one year at most as from date of the cessation, its license for that type or types of insurances shall be cancelled by decision of the Board. The decision shall be transmitted to the pertinent body and the company.

#### **Article (52)**

1. The procedures related to cessation of operations or cancellation of one or more of the insurance types and the powers bestowed upon the director general in this respect shall be determined by virtue of the decisions issued by the Board for the purpose.

2. The following shall result from the decision of ceasing the operations or canceling the license for one or more of the insurance types:

- A. The company shall be prohibited from concluding insurance contracts of any of those insurance types subject to the penalties provided for in the law herein.

- B. All rights and obligations accrued from the contracts concluded prior to the cessation of the operations or the cancellation of the license for that or those types of insurance shall be deemed proper and valid and the company shall remain liable therefor.

#### **Article (53)**

The company which its registration for one or more types of insurances has been cancelled may file an application to the director general to re-register it within a period not exceeding one year as from date of issuing the cancellation decision attached therewith the documents establishing elimination of the reasons of that the cancellation. The Board shall issue its decision pertaining thereto on basis of a presentation by the director general within a period of two months at most as from date of referring the matter to the Board.

#### **Article (54)**

1. Should the company which its registration for all types of insurance had been cancelled did not file an application for re-registration within the period provided for in Article (53) of the law herein or the Board rejected the application for re-registration, the company shall start procedures of voluntarily liquidation within a month as from the expiry date of such period or from date of notifying the company of the Board's decision and should the company did not conduct these procedures the company shall be liquidated according to the provisions of the law herein.

2. The registration of the company shall be deemed canceled should a non-compulsory liquidation decision been issued or a final judiciary verdict of compulsory liquidation been pronounced thereon or been declared bankrupt.

## **Chapter Three**

### **Branches of Foreign Insurance Companies**

#### **Article (55)**

1. Branches of foreign insurance companies shall be obliged before getting registered to appoint an authorized manager for the branch to carry out insurance operations on their behalf and they shall be responsible for his actions provided attaching along with the appointment decision an official documents and an attested copy thereof in order to be deposited with *the Authority* authorizing him to exercise all necessary powers to manage the branch including the acts of:

- A. Issuing insurance policies, making endorsements and paying the accrued indemnities.
- B. Representing the company before *the Authority*, the courts of jurisdictions, and all official and non-official bodies in connection with the branch's operations and management.
- C. Receiving of warnings and all notices and correspondences intended to the company.

2. The branches of the foreign insurance companies shall be obliged to notify the director general of the name of the so authorized manager within a month as from date of his appointment and shall appoint a replacement thereto within a month as from date of vacating his position.

3. The branches of the foreign insurance companies shall publish the company's consolidated final accounts in two widely circulated local daily newspapers issued in Arabic and in one local daily newspaper issued in English.

### **Representative Offices of Foreign Insurance Companies**

#### **Article (56)**

1. Representative offices of the foreign insurance companies shall not carry on their tasks in the State before obtaining a license for the purpose from *the Authority*.

2. *The Authority* shall issue a decision to organize the tasks of these offices.

3. The licensing applications may be approved or rejected by decision of the Board and the decision shall be notified to the relevant bodies.

**Chapter Four**  
**Special Provisions related to the Companies of Life assurance**  
**and Funds Accumulation Operations**

**Article (57)**

Companies engaged in any of the two types of insurances provided for in Para (1) of Article (4) of the law herein shall not discriminate between a policy and another of the same type in respect of insurance premiums or profit amounts allocated to the shareholders or the like of other stipulations unless such discrimination is a result of life expectancy variations in those policies which life span has an effect therein, with exception of:

1. Re-insurance policies.
2. Insurance policies in amounts with certain discounts according to the premium rates' schedules communicated to *the Authority*.
3. Insurance policies with special terms covering the life of the members of one-family or group of people professionally or occupationally related or having any other social relation.

**Article (58)**

The director general may license the company upon its own request to issue policies at premiums discounted than the usual should there are justifiable reasons.

**Article (59)**

Companies engaged in either of the two types of the insurances provided for in Para (1) of Article (4) of the law herein shall examine the financial status of the related type and assess the outstanding obligations related thereto at least once every three years by an actuary.

Such assessment shall include all insurance operations concluded by the company inside and outside the State one-by-one and

should the activity been conducted by a branch, the assessment shall be confined to the operations which their contracts been concluded inside the State or executable therein.

#### **Article (60)**

The assessment mentioned in Article (59) of the law herein shall be conducted whenever the company intended to examine its financial status in order to determine percentage of profits to be allocated to the shareholders or policyholders or whenever it intended to make such status public.

*The Authority* may demand such assessment be conducted at any time before the lapse of three years provided the lapse of one year at least as from date of conducting the latest assessment.

#### **Article (61)**

The executive regulation of the law herein shall determine statements should be incorporated in the expert's report in respect to the findings of the examination and the assessment referred to in Articles (59) & (60) of the law herein.

#### **Article (62)**

The company shall send *the Authority* a copy of the expert's report on the findings of the examination and the assessment referred to in Articles (59) & (60) of the law herein within six months as from the expiry of the period for which the examination was conducted accompanied with the following:

1. A statement of the insurance policies still in effect concluded by the company inside or outside the State on the date of conducting the examination and should such an activity been carried out by a branch of a foreign company the statement shall include only those policies concluded inside the State or those ones executable therein.

2. A declaration by those responsible for managing the company in witness that all statements and information required to get an exact report have been put under the disposal of the expert.

By decision of the director general following the lapse of the six months provided for in the Article herein an extension of time may be given to the company to file the said report provided such period shall not exceed three months.

#### **Article (63)**

Should *the Authority* become evident that the expert's report did not reflect the reality of the financial status of the company *the Authority* may order a re-examination thereof on the company's own expenses by an actuary to be elected by *the Authority* for the purpose.

#### **Article (64)**

The companies engaged in life assurance and funds accumulation operations shall not deduct whether directly or indirectly any part of the funds intended to meet their obligations accrued from the insurance policies in order to allocate as profits for the shareholders or the policyholders or to pay any amount other than their obligations according to the insurance policies they have issued. Allocation of profits shall be restricted to the surplus funds as determined by the expert in his report after conducting the examination referred to in Article (59) of the law herein.

In implementing the provisions of the Article herein the company's funds inside and outside the State shall be deemed without prejudice to the provisions of Article (34) of the law herein as one unit.

#### **Article (65)**

The companies engaged in life assurance and funds accumulation operations shall not issue saving bonds for a period exceeding thirty years and should the bond of a duration of twenty five years or more the surrender value after the twenty fifth year shall not be

less than the full amount of the mathematical reserve and the premiums undertaken by the bearer of the saving bonds shall be of equal amounts or receding.

#### **Article (66)**

The saving bonds shall include therein invalidation articles to be used by the company as an argument in face of the bearer to invalidate the bond for delaying payment of the premium.

The contract, however, shall not be invalidated before lapse of three months as from the due date of the premium and should the bond being nominal such period shall not become effective only as from date of serving a notice on the bearer of the bond by a registered letter.

Also, it shall be specified in these bonds that the right therein shall pass to the beneficiaries by reason of the death of the bearer of the bond without paying any additional monies or imposing any further provisos.

By decision of the Board based on a recommendation of the director general other statements need be included in the saving bond may be specified.

#### **Article (67)**

In case the company engaged in life assurance and funds accumulation operations gone bankrupt or in case of liquidation the due amounts of each holder of a policy with unexpired duration shall be estimated to equate the mathematical reserve thereto in the day of announcing the bankruptcy verdict or the liquidation decision calculated according to the technical basis of the premiums' tariff at the time of concluding the policy.

**Chapter Five**  
**Insurance & re-insurance Companies Operating in the Free**  
**Zones in the State**

**Article (68)**

Insurance companies licensed to operate in the free zones shall not carry on any activity outside these zones other than the activity of re-insurance.

## **Chapter Six Insurance Agent**

### **Article (69)**

1. The provisions relevant to the regulation of the insurance agent's operations and the accrued liabilities thereupon shall be determined pursuant to decisions or directives to be issued by the Board for the purpose.
2. No body shall carry out the operations of an insurance agent only after providing the director general with the agreement he concluded with the company stated therein him being authorized as agent therefor. However, the agent shall not act as an agent for more than one company. He shall fulfill the terms and conditions provided for in Article (30) of the law herein.

**Chapter Seven**  
**Insurance Brokers, Appraisal & loss Adjusters, insurance**  
**Consultants & Actuaries**

**Article (70)**

No body shall carry out operations of an insurance broker, a re-insurance broker, an appraisal and loss adjuster, an insurance consultant, or an actuary only after entering his registration in the register prescribed for the purpose according to the terms and conditions as determined by the Board pursuant to the rules issued for the purpose provided including therein the provisions determining his responsibility, organizing his operations and requisites of his registration. However, he shall fulfill the provisos provided for in Article (30) of the law herein.

**Chapter Eight**  
**Reassignment of Insurance Policies**  
**&**  
**Cessation of Operations**

**Article (71)**

The company may reassign the insurance policies it concluded inside the State, including the rights and obligations associated with any type of the insurances engaged therein, to another company or other companies engaged in the same type of insurance.

**Article (72)**

1. The reassignment application shall be placed to the director general attached therewith the instruments and documents establishing the agreement on the reassignment. The director general shall give directions to publish a notice about the reassignment in the Gazette just once, in two widely circulated local daily newspapers issued in Arabic and in one local daily newspaper issued in English for two consecutive times, on the applicant own expenses provided that the notice shall include reference to the right of the policyholders and the beneficiaries thereof or whosoever interested therein to raise to the director general an objection to the reassignment within forty five days as from date of the latest notice specified therein the subject matter of the objection and the sustaining reasons.

2. The director general shall issue a decision approving the reassignment should those concerned parties raised no objection within the period referred to in Para (1) of the Article herein. The decision shall be published in the Gazette within a month as from date of its issue and shall be used as an argument in face of the insured, the beneficiaries and the company's debtors. The funds of the company shall be relocated to the company which the policies have been reassigned, taking into accounts the provisions related to conveyance and reassignment of funds. The reassigned funds shall be exempted from registration and safekeeping fees imposed according to laws of conveyance and reassignment of funds.

However, should any objection been raised during the said period, the reassignment application shall not be finalized only after the concerned parties reached an agreement or a final verdict been pronounced in the subject matter of the objection.

Nonetheless, the director general may issue a decision approving the reassignment provided the company paying an amount equivalent to its obligations towards the objector including the expenditures may be needed to maintain any of the company's assets.

### **Article (73)**

The provisions of Articles (71) & (72) of the law herein shall be applied should any company ceased operating in certain type or types of the insurances or intended to release its monies need be maintained inside the State for such type or these types of insurances following the company submission of an evidence establishing fulfillment of its obligations towards all policies concluded inside the State or towards those executable therein of the type or types which the company decided to cease operating therein or reassigned these policies to another company in the manner as stated in Article (71) & (72) of the law herein.

**Chapter Nine**  
**Merger, Acquisition, Restructuring and Liquidation**  
**of**  
**Companies**

**Article (74)**

1. The special provisions on merger stated in the commercial companies' law shall be applied to mergers of insurance companies.
  
2. No merger of an insurance company except into another insurance company operating in the same type of insurance and no procedures for merger shall be initiated except after filing an application for merger to the director general attached therewith the necessary reports and statements and obtaining the approval of the Board.

**Article (75)**

1. The director general shall form an assessment committee participating therein one representative of each company, the accounts auditors thereof, as well as experts and specialist. The director general shall appoint one of them as chairman of the committee.
  
2. The committee provided for in Para (1) of the Article herein shall assume assessment of all assets, rights and obligations of the companies intending merger in order to indicate the shareholders' net rights on the date set for the merger. The committee shall file its report to the director general along with the company's statement of accounts produced as a result of the merger within a period not to exceed ninety days as from date of referring the matter thereto. The Board on recommendation of the director general may extend such period for a similar period in case of necessity, provided the companies intending merger shall equally bear remunerations of the assessment committee and in case of difference thereat these remunerations shall be determined by decision of the director general. However, director general's decision in this respect shall be final.

3. The director general shall file the committee's report to the Board along with his recommendations and should the Board approve the committee's report, the Board shall form an executive committee composed of the chairmen and Board members of the companies intending the merger and the companies' auditors to handle the excutionary procedures of merger according to the provisions of the commercial companies' law.

#### **Article (76)**

1. The companies, the parties of the merger, shall let the insured review the agreement on which the merger has been accomplished in order to verify its articles. The agreement shall be displayed at the main office of each one of these companies for fifteen days as from date of publishing the decision of merger in the Gazette.

2. Any interested party shall have the right to raise an objection before the Board within thirty days as from date of publishing the decision of merger, provided the objector shall indicate the subject matter of his objection, the sustaining reasons thereto and specifically state the damages alleged to be inflicted due to merger. Should the Board failed to settle the objection for any reason within thirty days as from date of referring the same thereto the objector shall have the right to recourse to the court of jurisdiction. However, these objections or claims filed with the court shall not cease the decision of merger unless the court orders otherwise.

3. The Board shall issue the instructions relevant to the procedures of merger and settlement of objections raised thereto in this respect and all the matters related thereto.

#### **Article (77)**

1. A. For the purposes of restructuring the company according to Para (2.J.) of Article (41) of the law herein the Board on basis of a presentation by the director general may dissolve the company's board of directors and form a neutral committee to restructure the company composed of experienced and

specialized individuals and appoint a chairman for the committee and a deputy thereto for a period not to exceed a year as from date of issuing a decision thereto. The fees of the committee as determined by the Board shall be borne by the company. The committee shall file a monthly report to the director general on the progress of the restructuring procedures or whenever so requested.

B. The process of restructuring shall include for the purpose, managing the company and organizing the staggering financial affairs through negotiations with all its debtors in order to determine means to settle debts of the company by approving a restructuring plan.

2. The committee provided for in Para (1.A.) of the Article herein shall publish a notice once in the Gazette and for three consecutive working days in two widely circulated local daily newspapers issued in Arabic and in a local daily newspaper issued in English; all at the company's own expenses. The notice shall include calling all the creditors to file statements of their debts supported with confirmatory documents within a period not exceeding thirty days as from date of publishing the latest notice. However, any statements filed by any creditor upon lapse of such period shall not be considered.

#### **Article (78)**

1. Irrespective of the provisions stated in any other legislation, the execution of any levy whether precautionary or executionary on the company's funds or assets or any action or execution on these funds or assets shall stay as from date of issuing the decision of the restructuring pending occurrence of any of the following cases:

A. The period provided for in Para 1.A. of Article (77) of the law herein lapsed in case the restructuring plan has been approved.

B. The Board issued a decision according to the provisions of the law herein rejecting the restructuring plan.

- C. The creditors rejected the restructuring plan according to the provisions of the law herein.
  - D. The Board issued a decision bringing the restructuring procedures to halt according to the provisions of the law herein.
2. Computing of the time limit to deny hearing of legal proceedings by reason of time-lapse shall cease in connection with the procedures provided for in Para (1) of the Article herein.

#### **Article (79)**

1. The committee shall prepare its report on the restructuring plan within a period not exceeding fifteen days as from date of substantiating the debts therewith and call the creditors to approve the plan by publishing a notice in two widely circulated local daily newspapers issued in Arabic and in a local daily newspaper issued in English, provided the same be approved by creditors representing no less than three quarters of the non-preferred and non-mortgage warranted debts.
2. A. in case the creditors approved the plan according to the provisions of Para (1) of the Article herein, the committee shall present the plan to the general manger whose in turn shall refer it to the Board along with his recommendations.  
  
B. In case the creditors rejected the plan prepared according to the provisions of Para (1) of the Article herein, the committee shall file a report thereon to the director general who shall refer it along with his recommendations to the Board to take the necessary action according to the provisions of Para (2) of Article (41) of the law herein.
3. The Board may approve or disapprove the plan presented according to Para (1) of the Article herein; in case of approval the procedures of restructuring shall proceed and in case of disapproval the Board shall decide about the suitable procedure to

be taken according to the provisions of Para (2) of Article (41) of the law herein.

4. Following the accomplishment of the restructuring a new board of directors shall be elected according to the provisions of the commercial companies' law.

#### **Article (80)**

1. Should the Board become evident that the situations of the company are staggering still despite applying the restructuring plan or the restructuring is ineffective, the Board may decide to cease the restructuring procedures and take the suitable procedures according to the provisions of Para (2) of Article (41) of the law herein.

2. The Board on basis of a presentation by the director general may issue the necessary directives to repeat the restructuring and all the matters related thereto according to the provisions of the law herein.

## **Chapter Ten**

### **Liquidation of the Company**

#### **Article (81)**

1. The provisions stated in the law herein, the rules and decisions issued pursuant thereto shall apply in case of liquidating the company. The liquidation shall be conducted by one liquidator or more to be appointed by the general assembly by the ordinary majority whereby the company's decisions are being issued.

Should the liquidation be on basis of a verdict, the Court shall specify method of liquidation and appoint the liquidator.

The decision of appointing the liquidator shall be determined therein his fees and powers coupled with commitment him to submit a guarantee should the matter necessitated. Should the liquidator's fees are not determined in the appointing decision the fees shall be determined by the court of jurisdiction.

2. The decision of appointing the liquidator shall be announced by insertion in the trade register and publishing in two widely circulated local daily newspapers issued in Arabic and a local daily newspaper issued in English within a week period at most as from date of the announcement. However, such an appointment shall not be used as an argument in face of the others except as from date of the announcement.

3. The powers of the board of directors shall end when the company starts the liquidation phase. However, the entities of the company shall remain in existence during the period of liquidation, provided their powers shall be confined to the liquidation operations that fall within the domain of the liquidators.

#### **Article (82)**

1. Any interested party shall have the right to appeal against the decision issued by the company's general assembly appointing

the liquidator before the court of jurisdiction within forty days as from date of entering the decision in the trade register.

2. The appeal made according to Para (1) of the Article herein shall not cease the liquidation procedures unless the court decides otherwise.

#### **Article (83)**

The liquidator shall be dismissed in the same manner of his appointment. Any decision or verdict to dismiss the liquidator shall include appointing whosoever will take his replace. The dismissal of the liquidator shall be announced by entrance in the trade register and publishing in two widely circulated local daily newspapers issued in Arabic and a local daily newspaper issued in English. Such dismissal shall not be used as an argument in face of the others except as from date of the announcement.

#### **Article (84)**

The following shall result from the decision of liquidation:

1. The liquidator will add the expression "*under liquidation*" to the name of the company on all its papers and correspondences.
2. Cessation of any signing authorization or powers issued by any body in the company. The liquidator shall solely be qualified to grant any signing authorization or powers required for the procedures of liquidation.
3. Cessation of computing the time-lapse barring hearing of claims of any rights or claims whether exiting or due to the company for a period of one year as from date of issuing the decision of liquidation.
4. Cessation of the legal proceeding and procedures filed by or against the company for a period of six months unless the court decides to proceed therein before the end of such a period; taking the provisions of Para (5) of the Article herein into consideration.

5. Cessation of the proceeding of any procedural or executionary processes against the company except should it be upon request of a mortgagee and related to the mortgaged fund *per se*, then all these processes shall cease or denied acceptance for a period of six months as from date of issuing the decision of liquidation.

#### **Article (85)**

The liquidator may take all the necessary decisions and procedures he may see necessary to accomplish the procedures of liquidation including:

1. Managing the company's operations to the extent required for the liquidation procedures.
2. Taking inventory of all assets and chattels of the company in collaboration with the board of directors which shall undertake to deliver the company's funds, books and documents to the liquidator.
3. Appointing any of the experts and individuals to assist him to accomplish the procedures of liquidation or appointing a special committee and delegate thereto any of the tasks and powers entrusted to him and issuing the necessary decisions to accomplish the procedures of liquidation.
4. Hiring one lawyer or more to represent the company under liquidation in any of the legal claims or procedures related thereto.

#### **Article (86)**

Irrespective of any agreement otherwise, the liquidator may take all the necessary procedures he may see necessary to protect the company's rights including:

- A. Canceling any action, rescinding any agreement concluded by the company or retrieving any amount paid by the company

during the three months prior to issuing the decision of liquidation should that constitute preferring certain body over the creditors of the company. The period shall be one year should the company happened to be in possessive relation or associated with that body. The preferentiality shall be deemed realized should the action or the procedure done without indemnity or with partial indemnity or involved assessment of a fund or right in a value other than the real or in a value other than the regular in the market.

- B. Canceling any action or rescinding any agreement concluded by the company with any body possessively related or associated therewith or retrieving any amount paid by the company to either of them during the three months prior to issuing the decision of liquidation.
- C. Concluding an agreement with any of the creditors of the company on the method of paying or installing any amounts or debts accrued therefrom.
- D. Terminating the service of any of the company's employee and paying his dues.
- E. Terminating any contract concluded by the company with any body before it expires.

2. The liquidator shall take any of the procedures referred to in Para (1) of the Article herein by a written notice to be served on the relevant person. These procedures may be appealed against before the court of first instance where under its jurisdiction the company's main office falls during thirty days as from date of notifying the person.

### **Article (87)**

1. All mortgages and warrantees in connection with any of the funds or rights of the company made before three months as from date of issuing the decision of liquidation shall be deemed null and void. The said period shall be one year should the mortgages and

warrantees were in favor of somebody possessively related to the company or associated thereto.

2. Every decision imposing a levy on any fund or right of the company prior to the issue of the decision of liquidation shall be deemed cancelled unless the decision was issued upon request of mortgagee or related to mortgaged fund.

#### **Article (88)**

For the purposes of the Article (86) & (87) of the law herein an individual shall be deemed associated with the company in any of the two cases:

1. Should the individual being an administrator in the company or having joint business interest with an administrator therein.
2. Should the individual being a spouse of an administrator in the company or a relative up to the third degree of that administrator or spouse thereof or having joint business interest with any one of them.

#### **Article (89)**

Taking the provisions of the legislations prevailing in the State into consideration, the liquidator may fulfill the company due debts and sell its properties whether in form of chattels or real-estate in public auction or by any other mean unless specified in his appointment letter that sales to be conducted in particular manner. However, the liquidator shall not sell the company's possessions in one lot except by permission of the general assembly.

#### **Article (90)**

1. Taking into consideration the provisions relevant to the insured and the beneficiaries of the insurance policies, the liquidator shall publish within thirty days as from date of issuing the decision of liquidation a notice in a clearly visible space in two widely circulated daily local newspapers issued in Arabic and in a daily local newspaper issued in English advising the creditors of

the necessity of presenting their claims against the company whether being due or not within two months should they are residing inside the State and three months should they are residing outside it.

2. The notice shall be republished in the same manner immediately after lapse of fourteen days as from date of publishing the first notice. The time-lapse period of the claims shall be computed as from date of publishing the first notice.

3. Should the liquidator or the court of jurisdiction became convinced that there is a legitimate excuse for the creditor failure to present his claim during the period specified in Para (1) of the Article herein such period shall be extended for another three month at most.

4. The period as from date of issuing the decision of liquidation up to date of publishing the first notice mentioned in Para (1) of the Article herein shall not be computed within the period determined to bar hearing of the creditors' claims of any rights or claims towards the company under liquidation.

#### **Article (91)**

1. Taking Para (2) of the Article herein into consideration, the liquidator shall issue, within three months as from date of issuing the decision of liquidation, the notices indicated here below unless there are justifying reasons to go beyond this period, provided the whole period shall not exceed six months:

A. Notice with an acknowledgment receipt to each of the insured or the beneficiary of the insurance policy indicating extent of his rights and obligations.

B. Claim notice with an acknowledgment receipt to each debtor indicating amount of debts and obligations owed to the company.

2. An objection against the notice mentioned in Para (1) of the Article herein may be placed to the liquidator within thirty days as

from date of serving the notice on the intended party and should no objection been placed during the period, the insured or the beneficiary shall be deemed to have recognized the contents of the notice.

3. The period determined to hear the claim filed pursuant to the provisions of Para (2) of the Article herein shall cease.

4. Should the claim's notice issued by the liquidator to the debtor according to the provisions of Para (1.B.) of the Article herein became final and decisive the liquidator may make settlement with the debtor or use the notice against him by virtue of the provisions of the prevailing laws.

#### **Article (92)**

1. A. The liquidator shall issue his decisions in respect of the claims and objections submitted to him according to the provisions of Articles (91) & (92) of the law herein within a period not to exceed six months as from date of submission.

B. should the liquidator didn't issue his decision within the period specified in Sec. (A) of the Para herein the claims and objections shall be deemed legally rejected.

2. Any interested party may file an objection before the court of first instance where under its jurisdiction the company's main office falls against the decision issued by the liquidator according to the provisions of Para (1) of the Article herein within thirty days as from date of notifying the intended party of the decision or within thirty days as from lapse of the six months period referred to in Sec. (1.A) of the Article herein whichever is shorter.

#### **Article (93)**

Irrespective of any other legislation the liquidator may file a petition to the competent court of first instance to impose a precautionary levy on any funds belonging to the company's debtors or take any precautionary or urgent measures against

them according to the provisions of the prevailing legislations taking the following into account:

1. The liquidator shall be exempted from attaching a guarantee with his petition.
2. The liquidator has served a claim notice on the debtor when he filed the petition referred to herein or will serve the same within the eight days following the issue of the decision. Such notice shall stand in place of the subjective claim need be filed according to the provisions of the Civil Procedures Law.

#### **Article (94)**

1. No creditor, debtor, insured, or beneficiary shall be entitled to file a claim against the company under liquidation after issuing the decision of liquidation except according to the principles and procedures provided for in the law herein.
2. Taking the provisions of Para (1) of the Article herein into consideration anybody inflicted harms due the liquidator actions or procedures may file according to the prevailing laws an objection before the court of first instance where under its jurisdiction the company's main office falls. The court may uphold, nullify, or amend these actions and procedures.

#### **Article (95)**

Irrespective of the provisions of any other legislation the company's due debts and obligations shall be paid according to the following order:

1. The due entitlements of the staff and employees for the last four months.
2. The costs and expenditures borne by the liquidator and the loans he obtained.
3. The rights of the insured and beneficiaries of the insurance policies. The liquidator shall be obligated to allot the

company's assets that represent the technical provisions required to be maintained according to the provisions of the law herein to pay these obligations and any monies acquired by the company according to any arrangements of re-insurance shall be deemed part of the technical provisions.

4. The rights of the other debtors by order of preferences according to the prevailing laws.
5. The rights of the shareholders.

#### **Article (96)**

1. The liquidator shall submit to the general assembly every six months a provisional account of the liquidation course of action and disclose any information or details required by the partners about the liquidation's state of affairs. He shall accomplish his mission within the period specified in his appointment letter and should no period been specified any partner may file the matter to the court of jurisdiction to determine a period for the liquidation.
2. The liquidation's period shall not be extended except by decision of the general assembly after considering the report of the liquidator indicated therein the reasons that hindered accomplishing the liquidation on time. Should the period of liquidation been determined by the court the same shall not be extended save by its permission.

#### **Article (97)**

1. The liquidator shall submit upon accomplishing the liquidation a final account to the general assembly about the processes of liquidation. The liquidation processes shall end upon approving the final account.
2. The liquidator shall declare the liquidation accomplished in the trade register and publish an announcement in two widely circulated local daily newspapers issued in Arabic and in one local daily newspaper issued in English and that shall not be used as an argument in face of the others only as from date of such an

announcement. The liquidator following the accomplishment of the liquidation shall file an application to write the company off the register.

#### **Article (98)**

1. A. Serving any notice or decision issued by the liquidator according to the law herein to the intended person shall be made by handing the same to him personally or to whosoever legally represent him or by posting it with an acknowledgement receipt to his last address as maintained by the company under liquidation.

B. Each notice sent pursuant to the Article herein shall be deemed duly handed to the consignee should that person refused to receive it.

2. Should it became difficult to serve the notice according to the provisions of Para (1) of the Article herein the liquidator shall serve the notice by publishing it in two of widely circulated local daily newspapers issued in Arabic and in one local daily newspaper issued in English at least twice. The publishing fees shall be on the intended person own expenses and such publishing shall be deemed legal notice in all aspects.

## **Chapter Eleven**

### **Emirate Insurance Society**

#### **Article (99)**

1. The insurance and re-insurance companies subject to the provisions of the law herein may establish a trade union to be called "*Emirate Insurance Association*" entertaining the status of a legal person and all the insurance companies operating in the State shall be members of the Association.
  
2. The Association shall look after the interests of the holders of the insurance policies and the beneficiaries thereof as well as the interests of its members and shall implement the rules of professional conduct and represent the insurance companies before any entity or individual in connection with the insurance operations.
  
3. The Association upon getting *the Authority's* approval shall issue a special regulation to determine pursuant thereto the Association's duties, responsibilities, its relation with *the Authority*, the rules and procedures of its general assembly, formation of the board of directors, meetings of each one of them, affiliation fees, annual subscription fees, rules of professional conduct, the disciplinary procedures of the members and other related affairs.

## **Chapter Four Penalties**

### **Article (100)**

A fine of no less than two hundred and fifty thousand Dirhams and no more than one million Dirhams shall be imposed on anybody who violated the provisions of Paras (1) and Sec. (2.A.) of Article (24), Article (25) and Article (49) and the Sec. A of Para(2) of Article (52) and Para (1) of Article (56), Article (68) and Para (2) of Article (69) and Article (70), and Para (1) of Article (72) of the law herein.

### **Article (101)**

A fine of no less than fifty thousand Dirhams and no more than two hundred fifty Dirhams shall be imposed on anybody who violated the provisions of Paras (1), (2), (3), (4), (5), (6), (9) and (10) of Article (23), Article (34) and Paras (1) and (5) of Article (36), and Article (37), and Article (40) and Article (116) of the law herein.

The same penalty shall be imposed on the liquidator who violated any of the obligations ordained on him according to the provisions of the law herein, and the regulations, rules, and directives issued pursuant thereto. The fine shall be doubled in case of repeating the violation.

### **Article (102)**

A fine of no less than a hundred thousand Dirhams and no more than two hundred Dirhams shall be imposed on anybody who violated the provisions of Article (30), Article (35), Article (59), Article (64), Article (66), Article (73), and Para (2) of Article (74), Para (1) of Article (76), and Para (2) of Article (117), of the law herein.

The same fine as well shall be imposed on anybody who refused to provide *the Authority* with the documents, information, and statements need be submitted according to the provisions of the law herein, the regulations, rules, and directives issued pursuant thereto or obstructed or hindered the Director General or

whosoever he authorized to execute his duties and powers stated in the provisions of the law herein, the regulations, rules, and directives issued pursuant thereto or interfered to prohibit them to obtain the information needed to execute their duties or abstained from providing them with these information or fallen short to provide them therewith within the limited period. The fine shall be doubled in case of repeating the violation.

#### **Article (103)**

A fine of no less than twenty five thousand Dirhams and no more than fifty thousand Dirhams shall be imposed on anybody who violated the provisions of Article (31), Article (60), Article (62), and Article (65) of the law herein.

#### **Article (104)**

A fine of no less than ten thousand Dirhams and no more than fifty thousand Dirhams shall be imposed on anybody who violated the provisions of Article (28) and Article (32), the Sub-Para (A) of Para (1) and Para (2) of Article (38), and Para (1) of Article (48) and Article (110) of the law herein.

#### **Article (105)**

A fine of no less than five thousand Dirhams and no more than fifty thousand Dirhams shall be imposed on anybody who violated the provisions of Para (7) & Para (8) of Article (23), Article (33), Article (39), and Article (55) of the law herein.

#### **Article (106)**

A fine of no less than five thousand Dirhams and no more than ten thousand Dirhams shall be imposed on anybody who violated any other provisions of the law herein.

**Article (107)**

The penalties stated in the law herein shall be doubled in case of recurrence and as well the court in such case may write off the company.

**Article (108)**

The crimes stated in the law herein shall be punishable by the penalties indicated therein without prejudice to any other harder penalties provided for in any other law.

**Article (109)**

The Minister of Justice in collaboration with the Minister shall issue a decision to assign *the Authority's* employees who shall have the capacity of law enforcement officers in the field of implementing the provisions of the law herein.

## **Chapter Five General Provisions**

### **Article (110)**

The company shall make clarifications about the complaints received by *the authority* from the policyholders, the beneficiaries thereof and others pertaining to the insurance operations conducted by the company inside the State.

### **Article (111)**

The companies in existence upon enforcing the provisions of the law herein shall be obliged to adjust their situations according to the provisions thereof and the regulations and directives issued pursuant thereto within the period determined by the Board, provided such period shall not exceed two years as from date of implementing the provisions of the law herein.

### **Article (112)**

Should the company failed to adjust its situations according to the provisions of article (111) of the law herein its registration shall be cancelled by decision of the Board.

### **Article (113)**

Any natural person carrying out operations of insurance agent, insurance broker, loss and damage adjuster, insurance consultant or actuary shall be obligated upon enforcing the provisions of the law herein to adjust his situation according to the provisions thereof and according to the regulations and rules pursuant thereto within the period determined by the Board, provided such period shall not exceed a year as from date of implementing the provisions of the law herein, otherwise his registration or license as might be the case shall be deemed lawfully cancelled and shall be prohibited from carrying out the operations of insurance subject to punishment according to law.

### **Article (114)**

1. Irrespective of what has been mentioned in any other legislation electronic data or printouts of the computers, correspondences generated by telex, fax, and e-mail shall be deemed suitable as proof of evidence should the legislative regulations relevant thereto been adhered to.

2. The companies may keep for the period determined by law microcopies (microfilm or other device of modern technology) instead of the original books, records, lists, documents, correspondences, telegrams, notices and other papers related to its financial operations. These microcopies copies shall have similar supremacy as proof of evidence according to the legislative regulations which a decision issued therefor.

3. The companies which are using in organizing its financial operations computers or other modern technological devices shall be exempted from organizing the commercial books needed according to the Commercial Transactions Law. Statements extracted from these devices or from other modern technological devices shall be deemed same as those statements extracted from the commercial books, provided compliance of the insurance companies with the established legislative regulations in this respect.

### **Article (115)**

All ministries, government directorates, public enterprises, and companies therein the government is having stakes which benefit from the insurance operations shall be required to present any statements or information related to the insurance operations they concluded as may be requested by the Director General within the period he determined.

### **Article (116)**

The insurance agent, broker, re-insurance broker, the actuary, the loss and damage adjusters, and the insurance consultant subject to the provisions of the law herein shall be obligated to present any

statements or information as may requested by the Director General within the period he determined.

#### **Article (117)**

1. The Director General shall notify the concerned bodies or the pertinent authorities as might be the case of the decisions related thereto issued by the Board or by him personally.
2. The Director General shall publish the decisions related to the registration's suspension, cancellation, or restoration or the decisions related to companies' merger, acquisition, restructuring, liquidation, or termination in the Gazette, in two widely circulated local daily newspapers issued in Arabic and in one newspaper issued in English on the company's own expenses.

#### **Article (118)**

The provisions of the Law of Commercial Companies shall not apply to the insurance operations only to the extent the provisions thereto do not contradict the provisions of the law herein, and the regulations, rules, directives, and decisions issued pursuant thereto.

#### **Article (119)**

1. The Cabinet shall issue the following regulations needed to implement the provisions of the law herein:
  - A. Fees charged pursuant thereto.
  - B. Minimum amount of the company's capital.
  - C. *The Authority's* human resources regulations.
2. The Board shall issue regulations, rules and directives necessary to implement the provisions of the law herein.

#### **Article (120)**

The employees whom the Minister decided to transfer from the Ministry shall be transferred to *the Authority* in the same scale, with all their rights and entitlements, provided their statues shall

be adjusted according to the provisions of the regulations of *the Authority's* human resources' affairs without prejudice to the salaries and allowances they are receiving.

**Article (121)**

The employees of *the Authority* shall be subjected to the laws and regulations of the Civil Service as applied in the Federal Government pending the issue of the regulations of human resources designated for *the Authority*.

**Article (122)**

The Federal Law No. 9 of 1984 on insurance companies and brokers referred to herein shall be cancelled and while no contradiction with the provisions of the law herein the executive regulation and the decisions issued thereby shall remain valid pending the issue of the executive regulation necessary to implement the provisions of the law herein.

**Article (123)**

Any provision in conflict or contradiction with the provisions of the law herein shall be cancelled.

**Article (124)**

The law herein shall be published in the Gazette and be effective after six months as from date of publication.

**Khalifa Bin Zayed Al Nahayan**  
**President**  
**United Arab Emirates**

Issued by us at the Presidential Palace in Abu Dhabi  
On: 21<sup>st</sup> Maharam 1428 Hijri  
Corr.: 15<sup>th</sup> February 2007