



**Federal Law No. (3) of 2018 on the Amendment of certain Provisions
of Federal Law No. (6) of 2007 Concerning the Establishment of the
Insurance Authority & Organization of its Operations**

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

- Having pursued the Constitution;
- Federal Law No. (1) of 1972, concerning to the Competencies of the Ministries and Powers of the Ministers and its amendments;
- Federal Law No. (5) of 1975 concerning the Commercial Register;
- Federal Law No. (26) of 1981 concerning Marine Commercial Law and its amendments;
- Federal Law No. (5) of 1985 concerning the promulgation of Civil Transactions Law and its amendments;
- Federal Law No. (3) of 1987 concerning the promulgation of Penal Code and its amendments;
- Federal Law No. (11) of 1992 concerning the promulgation of The Civil Proceedings Law and its amendments;
- Federal Law No. (35) of 1992 concerning the promulgation of The Criminal Proceedings Law and its amendments;
- Federal Law No. (21) of 1995, concerning Federal Traffic Law and its amendments;
- Federal Law No. (1) of 2006 concerning the Electronic Commerce and Transactions;
- Federal Law No. (6) of 2007 concerning the Establishment of the Insurance Authority & Organization of its Operations and its amendments;
- Federal Law No. (2) of 2008 concerning the National Societies and Associations of Public Welfare;
- Federal Law No. (2) of 2015 concerning Commercial Companies and its amendments;



- Federal Decree Law No. (9) of 2016 on Bankruptcy;
- Federal Law No. (14) of 2016, concerning Offences and Administrative Sanctions in the Federal Government; and
- Based on the proposal made by the Minister of Economy and the approval of the Cabinet and the Federal National Council and as ratified by the Federal Supreme Council,

Have promulgated the following Law:

Article One

Articles numbers: (1), (23), (25), (28), (35), (41), (95), (99) and (110) of Federal Law No. (6) of 2007 referred to herein shall be replaced by the following texts:

Article (1):

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

State: The United Arab Emirates.

Ministry: The Ministry of Economy.

Minister: The Minister of Economy.

Authority: The Insurance Authority established by virtue of the provisions of the law herein.

Board: The Insurance Authority's Board of Directors.

Chairman: The Chairman of the Board.



Director General: The Director General of the Insurance Authority.

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

Insurer: 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 and 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 reinsurance operations between the insurance or re-insurance Proposer on one side and any insurance or reinsurance 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 concluded.

Surveyor & Loss 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, policies and the related accounts.

Insurance-related Professions: Any person licensed by the Authority to practice any of the activities of Insurance Agent, Actuary, Insurance Broker, Surveyor & Loss Adjuster, Insurance Consultant or any other insurance-related profession that the Board decides to regulate.

Register: The register of insurance companies or insurance agents.

Data: All data and information (both paper and electronic) relating to any insurance activity, including data related to individuals who can be identified, directly or indirectly.

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 inception 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 fulfil 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 position.

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.

Auditor: The accounts' auditor licensed to practice work in the State.

Person: Any natural or legal person.

Article (23):

The Board shall issue on a recommendation by the Director General the bylaws, regulations, instructions and decisions 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 Re-insurance criteria,
4. The basics of investing the Company's assets,
5. Determining the company's assets that meet the accrued insuring obligations.
6. The accounting policies to be adopted by the company and the required forms to prepare reports, financial statements and presentation thereof.
7. The principles of organizing accounting books and records of each of the companies, Agents, and Brokers and determining the data to be contained 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 rules of professional practice and code of ethics
10. Anti-Money laundering and combating terrorism financing in the insurance activities in collaboration with the pertinent bodies.
11. The rules governing ownership in insurance companies' capitals, pursuant to the provisions of the Federal Law pertinent to Commercial Companies.

Article (25):

1. The company may not combine both Persons and Funds Accumulation Insurance Operations and Property and Liability Insurance Operations.
2. Exception to what is stipulated in paragraph (1) of the article herein, an existing company licensed to practice the two types of insurance prior to the promulgation of this Law may combine Persons and Funds Accumulation Insurance Operations and Property and Liability Insurance Operations, provided that it will comply to do the following:
 - (a) Complete separation between Persons and Funds Accumulation Insurance Operations and Property and Liability Insurance Operations in terms of technical, financial, technological, administrative and legal procedures and the relevant requirements in terms of technical, administrative and financial staff, with the exception of the Director-General of the company.
 - (b) Preparation of all reports and financial statements required by the Law herein, the instructions and decisions of the Board on a consolidated total basis, and on the basis of the separation between Persons and Funds Accumulation Insurance Operations and Property and Liability Insurance Operations.



Article (28):

1. 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.
2. The policy's articles exempting the company from the liability shall be written in bold letters and different colour and must be acknowledged by the insured.
3. Insurance policies may be issued electronically, in accordance with the circumstances and conditions established by a decision by the Board.
4. Exception to paragraph (1) of the article herein, the Director-General may exclude certain insurance policies from the condition of writing them in the Arabic language.

Article (35):

The company licensed to carry out insurance operations after the implementation of the provisions of the Law herein 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 in accordance with the provisions of the Article herein within three months as from date of implementing the provisions of the law herein.



Article (41):

The Authority shall conduct periodical inspection on the insurance and re-insurance companies to ensure the soundness of their financial situations, and their compliance with the provisions of the law and the technical basis of carrying out the insurance and re-insurance operations. Should the Director General come to know through such inspection or vide sufficient information that one of the following incidents took place, then he shall ensure soundness of such information:

- (a) The company did not fulfil its obligations, or it's likely to fall short in doing so or the company is unable to continue its operations.
- (b) The company violated the provisions of the law herein, bylaws, regulations, instructions or the decisions issued pursuant thereto.
- (c) The company's procedures needed to reinsure the risks accepted by it are inadequate or the company didn't make these procedures, with the exception of the insurance-related professions.
- (d) The company has lost one of the required terms and conditions for licensing or registration to carry out the insurance activity.
- (e) The company's total losses exceeded (50%) of its paid-up capital.
- (f) The company ceased its operations for more than one year without justifiable cause or legitimate reason.

2. Should the Director General became evident that the said information is correct he shall ask the company to take certain procedures to rectify its position within the period he shall determine, and in case the company failed to do so, the Director General shall refer the matter to the Board to take the necessary actions to rectify these situations; including:

- (a) Request from the company or the main office of the foreign insurance company, as appropriate, to take the necessary action to correct the administrative situations, including the disqualification of the Director-General, the Authorized Manager or any senior official.



(b) Disqualification of the Chairman of the Board of Directors or any member of the Board that proves accountability for the current status of the Company.

(c) Dissolving the Company's Board of Directors and appointing a provisional neutral administrative committee of experienced individuals to take its place and appointing a chairman for the committee and a deputy thereof. The functions and competencies of the committee shall be determined for a period not exceeding six months, extendable for a period not exceeding one year in cases where this is required. The company shall be liable for 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 elected in accordance with the provisions of the Commercial Companies Law.

(d) Taking the necessary action to merge the company into another according to the provisions of the Commercial Companies Law.

(e) Ceasing or cancelling the company's license.

(f) Restructuring the company.

(g) Preventing the company from concluding any more insurance contracts or preventing it from practicing a particular type or types of insurance.

(h) Setting upper limit for the premiums total amounts received by the company for issuing insurance policies.

(i) Retaining assets in the State equal in value to the company's total net obligations accrued from its operations in the State or a certain percentage of their value as determined by the Board based on the recommendation of the Director General.

(j) Restricting the company's involvement in any of its investments activities associated with the solvency margin or compelling it to liquidate its investments in any of these activities to serve this purpose, unless such action would cause damage to the company as decided by the expert specialized in this field.

(k) Appointing an independent observer member from outside the Authority to attend meetings of the Board of Directors of the company and participate in the discussions without having a vote during taking the decision and the Board shall determine his competencies and fees.



(l) Liquidating the company.

3. The provisions stipulated in paragraph (1) and (2) of the article herein shall apply to Insurance Related Professions to the extent appropriate to the nature of these professions.

Article (95):

Exception to the legislation in force in the State, the due debts and obligations of the company subject to liquidation shall be paid according to the following order:

1. The due entitlements of the staff and employees for the last four months.
2. The liquidator's fees, costs, expenditures and the loans he obtained.
3. The rights of insured and beneficiaries of insurance policies. The liquidator shall be obliged to allot the company's assets that represent the technical provisions required to be retained in accordance with the provisions of the law herein to pay these liabilities and any amounts acquired by the company according to any arrangements of reinsurance shall be deemed part of the technical provisions.
4. The rights of the other debtors by order of preferences according to the laws in force.
5. The rights of the shareholders.

Article (99):

1. The insurance companies, reinsurance companies and insurance-related professions subject to the provisions of the law herein shall establish a professional association to be called "Emirates Insurance Association" that shall have a legal personality and all the insurance companies operating in the State shall be members of the Association. The Association shall form independent committees for the different insurance activities carried out by the members.



2. The Association shall prepare Articles of Association issued by the Chairman after the Board's approval under which it shall determine the Association's functions, duties, its relation with the Authority, formation of its committees for different insurance activities, provisions and procedures of its general assembly, formation of its Board of Directors, meetings of each one of them, affiliation fees, annual subscription fees, code of conduct, disciplinary procedures against the members and other related affairs.

Article (110)

1. The insurance company shall manage insurance claims in accordance with the legislation in force and the provisions of the insurance policies, pursuant to the following procedures:

(a) Issuing a decision concerning any insurance claim in accordance with the instructions of professionals rules and code of conduct and ethics.

(b) In case any insurance claim is fully or partially denied, the Company must clarify the reasons for its decision in writing.

(c) In case of a dispute in relation to a claim, the concerned person may submit a written complaint to the Authority, which in turn may request clarification from the Company.

(d) In case the complainant has objection on the clarifications provided by the company, he may request that the dispute be referred to the Committee established pursuant to article No. (110).

2. One or more committees that will be concerned with resolving the disputes arising out of insurance contracts, operations and services shall be formed. The committee (s) shall have the competency to request any official papers or documents and to counsel experts, as well as hearing of witnesses and any other alternatives that need to be used to resolve the disputes before them.



3. Cases resulting from the disputes arising out of insurance contracts, operations and services shall not be accepted, if such disputes are not brought before the committees established in accordance with the provisions of paragraph No. (2) of the article herein.

4. The concerned party shall have the right to appeal against the decisions of the committees before the competent first instance court within thirty days of the day following their notification of the decision, otherwise the decision shall be deemed final and enforceable.

5. The Board shall issue the necessary decisions concerning the composition of the committees established in accordance with the provisions of paragraph No. (2) of the article herein, their competencies, powers, their work system, fees of its members and hired experts, types and classes of insurance for which insurance disputes are resolved before these committees, and other related matters.

Article (2)

New articles shall be added to the referred herein Federal Law No. (6) of 2007, with the numbers: (23) bis (1), (23) bis (2), (41) bis (1), (41) bis (2) and (41) bis (3), and shall read as follows:

Article (23) bis (1)

The Authority may compel those practicing insurance activities of certain types and classes, but not others, and determine the terms, conditions and applicable tariff rates, as well as regulating the rights and obligations of the related parties.



Article (23) bis (2):

The Authority may establish funds that have independent legal personality for the purpose of protecting and compensating persons. The Board shall issue a decision to determine how to establish these funds, their objectives, funding, as well as risks covered under these funds, and benefits in case those risks have occurred.

Article (41) bis (1):

1. Subject to the provisions of the Law concerning Offences and Administrative Sanctions in the Federal Government, the Authority has the power to impose administrative fines on insurance companies, reinsurance companies and insurance-related professions.
2. The Cabinet shall issue a decision to determine the offences for which the fines referred to in paragraph (1) of the article herein shall be imposed.

Article (41) bis (2):

1. The Director-General shall designate any expert, consultant, actuary or auditor for the purpose of conducting an inspection or audit.
2. Inspectors and auditors appointed by the Director General shall be given all necessary authorities to enable them to carry out their duties, including:
 - (a) Accessing records, registers, statements and internal audit reports. As well as collecting information and requesting necessary clarifications from the insurance company, reinsurance company, insurance-related profession and the members in respect of the insurance operations they carry out. In addition to obtaining prints or copies of records, registers and statements.



(b) Collecting the necessary information and clarifications from the members of the group of insurance company or reinsurance company in relation to all records, operations and activities relating to the insurance company.

(c) Collecting the necessary information and clarifications from any third party that has a relation with the insurance company, reinsurance company or the insurance-related profession concerning the subject matter of auditing.

Article (41) bis (3):

Any insurance company, reinsurance company or insurance-related profession, or any of their managers or employees shall not:

1. Prevent, intercept or obstruct any person appointed by the Director General to carry out inspections or audits pursuant to the law herein.
2. Conceal any data, registers or books requested by the Director General or the person appointed by him to perform the inspection or auditing duties.
3. Issue any misleading statements or give any inaccurate data, registers or books.

Article (3)

The current Articles of Association of the Emirates Insurance Association stipulated in article (99) of the Federal Law No. (6) of 2007, referred to herein shall continue to remain in force without prejudice to the provisions of the law herein until the new Articles of Association is issued by the Authority, within six months from the effective date of this law.



Article (4)

Paragraph (3) of article (24) and the articles from (100) to (108) of Federal Law No. (6) of 2007, referred to herein shall be cancelled.

Article (5)

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

Article (6)

This Law shall be published in the Official Gazette and shall take effect as of the following day of its publication.

Khalifa Bin Zayed Al Nahayan

President of the United Arab Emirates

Issued by us at the Presidential Palace in Abu Dhabi On: 9th Shaaban 1439 Hijri

Corresponding to: 25th April 2018

In case of any divergence of interpretation, the Arabic text shall prevail.