

**FEDERAL LAW NO: (9) OF 1984**  
**ON INSURANCE COMPANIES**  
**AND AGENTS**

# FEDERAL LAW NO: (9) OF 1984 ON INSURANCE COMPANIES AND AGENTS

We, ZAYED BIN SULTAN AL NAHYAN, President of the United Arab Emirates,

After perusing the provisions of the Provisional Constitution and Federal Law No: (1) of 1972 governing the jurisdictions of Ministries and powers of the Ministries and its amendments. and

In accordance with what was presented by the Minister of Economy and Commerce, approved by the Council of Ministries and the Federal National Council and endorsed by the Federal Supreme Council,

Issue the following Law:

## CHAPTER ONE GENERAL PROVISIONS

Applying the provisions of this Law, the following phrases and words shall have the following meanings unless the text implies otherwise: -

<b>State:</b>	United Arab Emirates
<b>Ministries:</b>	Minister of Economy and Commerce
<b>Ministry:</b>	Minister of Economy and Commerce
<b>Company:</b>	The national or foreign insurance company or any of its branches operating in the State.

### Article (2)

The provisions of this Law apply to national and foreign companies engaged in all or part of the insurance or reinsurance activities specified in this Law.

### Article (3)

Insurance is a contract by which an insurer is obliged to pay to the insured or his beneficiary, in whose favor the insurance is made, a sum of money, a regular income or other forms of

monetary compensation if the accident or risk stated in the contract occurs, in consideration of premiums or any other forms of payment made by the insured.

Applying the provisions of this Law, insurance operations are divided into the following categories:

1. Life Insurance: Covers all insurance operations connected with human life and related hazards.
2. Saving and Accumulation of Funds: Covers all insurance operations based on issuing documents, certificates or others by which the company is obliged to pay a specified sum or sums of money, at a future date against payment of a premium or periodical premiums.
3. Accidental and Liability Insurance: Covers damages resulting from personal accidents, work accidents, burglary, motor, civil responsibilities, engineering insurance, breach of trust and other insurance by which common practice or custom come under this category insurance.
4. Fire Insurance: Covers insurance against damages caused by fire, explosions, natural phenomena, all kind commotions and others which by custom or common practice, are included under fire insurance.
5. Land, Sea and Air Transport Insurance: Covers the insurance of cargo and other movables, freight charges, ship and aircraft hulls, machinery and the insurance against risks incidental to its construction, operations, repairs, docking including damages which afflict others, and other forms of insurance, which by custom or common practice, fall under such insurance.
6. Other Categories of insurance: Cover all risks not

covered by the above.

**Article (4)**

A Ministerial decision shall set up an Insurance Higher Committee (IHC) and regulate its membership and meetings. The concerned authorities in the emirates, and the Federation of Chambers of Commerce and Industry, shall be represented in the committee. This committee shall be responsible for the setting up the general policies concerning insurance activities in the State and suggesting the regulations pertaining to the following:

1. General rules pertaining to supervision over the companies' subject to the provisions of this Law.
2. Risks on which insurance is compulsory.
3. Principles governing the investment of insurance companies' reserves.
4. Unified tariffs for categories of insurance where it is deemed in the public interest.
5. Other functions specified in this Law.
6. Matters referred to the Committee by the Minister.
7. Proposing required measures for establishing an Insurance Association comprising all insurance companies operating in the State, provided that the overall majority of the Association's executive office be of representatives from insurance companies established in the State.

The Committee may, before passing an opinion under this Law request the representatives of insurance companies to submit their remarks on such matters in writing.

The Committee shall meet once a year at least to make its remarks on the annual report prepared by the Ministry which is mentioned in Article (7) of this Law.

**Article (5)**

A Ministerial decision shall set up a Supervisory Committee to supervise the activities of insurance companies including representatives of the concerned authorities in the member emirates. This Committee shall be concerned with the issues assigned to it as specified in the provisions of this Law.

**Article (6)**

Insurance shall not be effected abroad on monies or properties and liability thereof located in the State. Further insurance companies are not entitled to mediate in the insurance of such monies or properties except with companies registered in the Insurance Companies Register under this Law.

**Article (7)**

The Ministry shall in June of every year make a report on the insurance activities in the State covering the preceding financial year. During September of each year the Ministry shall refer this report to the IHC mentioned in Article (4) above for its comments and remarks.

## **CHAPTER TWO**

### **LICENSING INSURANCE COMPANIES**

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

No insurance company shall be established to carry on insurance business in the State before obtaining license from the Ministry which has the authority either to grant or refuse the license according to what it deems fit for the national economy provided that the main objectives in the establishment of an insurance company shall always be undertaking insurance activities.

#### **Article (9)**

Upon the enforcement of this law all foreign insurance companies practicing in the state shall have a local agent. In application of this Law, all branches of the same insurance company operating in the State shall be considered one company unless otherwise the Law specified.

#### **Article (10)**

Any insurance company established in the state shall be allowed to open branch (es) therein provided it sends the Ministry an at least one-month notice before opening the said branches (es). The Company head office, in this case, shall be responsible for the activities of all its branches in the State and for furnishing the Ministry with all the date and information related to them.

#### **Article (11)**

It is conditional for the Insurance Companies currently incorporated or being incorporated in future in the State to assume the form of a Public Stock Company, all of its stock shall be nominal, and all its capital is owned by national natural persons or legal entities fully owned by nationals.

### **Article (12)**

With the observance of the provisions of Article 81 of the Federal Law No. 8 of 1984, regarding the Commercial Companies, the amount of the paid-up capital of the Insurance Company should not be less than Fifty Million Dirhams in all cases.

The Insurance Company operating in the U.A.E at the time of enforcement of this Law, shall reconcile their situations according to the provisions of the preceding para, and that is within six years of the date of its enforcement, provided that the amount of the paid-up capital of the company should not be less than Twenty-Five Million Dirhams by the end of the first three years of this period.

### **Article (13)**

Persons intending to establish or manage one of the companies' subject to the provisions of this Law shall not be from among those previously convicted by a court of law in any crime constituting a breach of honour or trust, or whose properties have been sequestered or whose business were declared as bankrupt.

The above provisions also apply to insurance agents and surveyors and loss evaluators and in general to all persons approaching the public with operations related to the companies which are subject to the provisions of this Law.

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1. Amended by Federal Law No. 3 of 1997

**CHAPTER THREE**  
**REGISTRATION OF INSURANCE COMPANIES**

**Article (14)**

Each company which has obtained a license from the Ministry for its establishment or for practicing its business shall not be permitted to commence insurance activities in the State unless first registered in the Insurance Companies Register maintained by the Ministry.

The application for registration must be made within 6 months from the date of obtaining the license or else the license shall become null and void.

Regulations of the registration of companies in the said register shall be specified by a Ministerial decision.

**Article (15)**

Registration Applications shall be supported by the following documents:

1. A copy of the company's Memorandum and Articles of Association, both endorsed by the concerned authorities.
2. Certified documents proving that the company capital is not less than the amount specified in the Article (12) above.
3. A statement specifying the types of insurance activities, the company wishes to practice, explanations of the general conditions governing the insurance operations and their technical aspects if the type of insurance adopted so requires.



4. A statement of the benefits, obligations and conditions contained in the insurance policies issued by the company.

If the company is engaged in the insurance activities classified in items (1) and (2) of Article (3) of this Law it would then be required to submit a statement quoting the basis for computing its insurance premiums and a certificate from Life Insurance Actuary certifying that the basis, benefits and obligations of the company insurance operations are sound and valid for implementation.

5. Companies engaged in the activities indicated in items (1) and (2) of Article (3) shall present a schedule showing the surrender values and reductions.
6. A specimen of every type of insurance policy to be issued by the Company.
7. A certificate showing that the funds specified in Article (41) of this Law has been deposited.
8. An authenticated certificate showing that the name of the company director, his address a proof showing the authorization given to him to manage the Company and sign insurance policies. Moreover, the Ministry must be notified when the director has been replaced or when his powers have been altered. This must be done not later than 15 days from the date of replacement or change in powers.

The applicant on submitting his application for registration, shall pay the fees specified by the Executive Regulations for each type of insurance activities.

#### **Article (16)**

The Ministry shall enter the company in its Insurance Companies Register after verifying conditions for registration.

The Ministry shall then grant the Company a registration certificate stating the fields of insurance in which the company can engage. The Ministry shall also provide the concerned authority at the concerned emirate with a copy of the said certificate which is to be published in the official Gazette.

Company registration shall be renewed every year on the payment of the specified fees. However, the application and payment for renewal of registration must be made one month before the registration certificate expiry date.

No company shall engage in any insurance activities other than those for which the Company has obtained a license. Thus an insurance contract for policies which the company was not licensed to engage in, shall be considered null and void, yet the Company cannot claim nullity of the contract to escape its obligations towards the insured or his beneficiary.

#### **Article (17)**

The Ministry may refuse to register the Company for practicing all or any of the insurance activities mentioned in the Registration application for any of the following reasons:

1. Failure to state all the requested information in the application, or failure to provide the requested papers or documents.
2. If the Company presents inadequate technical bases for its computed premiums when proposing to engage in items (1) and (2) of Article (3) or when it presents inadequate technical bases for its computed premiums for insurance operations made compulsory by law.
3. When the Company is not in compliance with applied laws, regulations or executive regulations in the State.
4. When the company's trade mark is the same as another registered Company or similar to the extent that could cause error.

The Ministry, however, may instead of rejecting the application, request the applicant to take the appropriate remedial steps rendering the application eligible. The applicant, in this case, has to make the appropriate changes within three months from the date of the Ministry's registered letter.

The applicant shall be notified when his application is rejected and reasons for rejection shall be given in a registered letter within 30 days after the date the application was submitted.

In all cases, registration fees, are non-refundable.

#### **Article (18)**

The applicant shall, within 30 days after the date of rejection notice have the right to protest such decision in writing.

The protest is to be presented to the Supervisory Committee referred to in Article (15) of this Law and the said Committee shall give its decision which shall be final, within 30 days after receiving the protest.

#### **Article (19)**

The Company shall notify the Ministry of any alterations made in the information entered in the application for registration or changes made in the documents and certificates attached thereto. Such notice must reach the Ministry within 30 days after effecting such changes. Further, the notice should enclose the supporting documents or certificates which must be endorsed by the concerned authorities.

If the changes or alterations made are dealing with the bases of the insurance activities mentioned in items (1) and (2) of Article (3) of this Law, or related to the benefits or conditions contained in the insurance documents of the said policies, then the company must attach with the notice a certificate from the Life Insurance Actuary stating that the contained benefits,

registrations, and conditions are sound and valid for implementation. The said alterations or changes cannot be finally adopted by the company unless it obtains the written approval from the Ministry.

#### **Article (20)**

The Ministry may reject the application for alterations or changes, and in such case, it has to inform the applicant of its rejection giving reasons for that within 30 days from the date of receiving the application for the said alterations or changes.

#### **Article (21)**

The Company may protest against the Ministry's decisions rejecting the proposed alterations or changes. The protest must be made in writing within 30 days from the date of receiving the Ministry's rejection. The applicant shall present the protest to the Supervisory Committee referred to in Article (5) of this Law which shall give its decision, which will be final, within 30 days.

#### **Article (22)**

The Company's registration shall be cancelled by a Ministerial Decision for any of the following reasons:

1. If the Company ceases its business in the State and releases its funds in accordance with Article (68) of this Law.
2. If a decision is issued approving the transfer of the Company issued policies to another company as regulated by the provisions of Articles (66) and (67) of this Law.
3. If the Company is officially declared bankrupt or on its liquidation.
4. If it becomes clear that the Company registration was made on unsound bases.

The Ministry shall first notify the company by registered mail of its intentions to cancel the company registration enabling the latter to defend its position. In such case, the Company has to present its defense within 30 days from the date of receiving the Ministry's notice. However, if the company fails to submit its defense within the said period or if the Ministry remains unconvinced by the Company's defense, the matter shall be presented to the Minister to issue a decision cancelling the company's registration. In such cases, the Ministry shall notify the company of its decision together with its reasons, by registered mail. The Ministry shall also notify the concerned authority in the concerned emirate.

The cancellation decision shall be either partial or total depending on the conditions of the case; however, a partial cancellation shall only affect the operation specified in the cancellation decision.

The cancellation decision shall not be enforced, however, until the case is finally settled either through the rejection of the company's protest or when the company does not make its protest within the prescribed time.

#### **Article (23)**

The company may protest against the cancellation decision to the Supervisory Committee referred to in Article (5) of this Law within 30 days from the date of receiving relevant notice.

The Supervisory Committee shall make its decision on the case within 30 days from the date of receiving the protest and it will be final.

#### **Article (24)**

A final decision to cancel the Company's registration shall mean the termination of the Company's activities in the fields

of insurance operations specified in the decision.

The Ministry may, however, permit the company to continue in the operations it was engaged in when the decision was taken but under specified conditions. The Ministry may also decide to liquidate the Company's activities and in such a case the former has to notify the concerned authority in the concerned emirate.

The liquidation, when decided, shall take place according to the principles set by the IHC and under a Supervisory Committee comprising three members appointed by a Ministerial decision.

#### **Article (25)**

The Minister may suspend the Company from accepting new transactions for a period not exceeding six months. Such a suspension shall not affect the Company's obligations towards its policy holders prior to the Minister's decision in the following cases:

1. If the Company failed to keep funds specified in Article (44) and (45) of this Law inside the State.
2. If the Company's paid up capital falls below the minimum specified in Article (12) of this Law.
3. If the Company failed to abide by a final ruling issued by one of the State's courts
4. If the Company failed to present its books or documents for checking conducted by the Ministry in accordance with the provisions of this Law, or when the company fails to submit the statements or data as required by the provisions of this Law.
5. If it is proved as a result of checking that the rights of the policy holders are in jeopardy or that the company is unable to meet its obligations.

6. If it becomes clear that the company does not abide by the provisions of its Memorandum and Articles of Association, the provision of this Law or the Executive Regulations thereto.

Both the company and the concerned authority in the concerned emirate shall be notified of the decision taken and should the company fail to rectify its position within the prescribed time, the Minister may grant it another grace period within the maximum time specified in this article or issue a decision cancelling its registration as specified under Articles (22), (23) and (24) of this Law.

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

All policies, documents, advertisements, booklets and printed matters issued by the Company for public distribution shall show date and number of its registration indicating it to be complying with the provisions of this Law. However, the Company shall not publish its subscribed capital unless the Company's paid capital is also indicated.

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

No company shall publish in the statements required under this Law unless its contact is identical to the copy presented to the Ministry for registration.

The Company, however, shall be allowed to publish statements which are identical to those submitted to the Ministry.

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

Interested persons, upon payment of charges specified in the Executive Regulations, shall have access to the statements entered in the Insurance Companies Register and all decisions made by the Ministry concerning the Company, or obtain photocopies of such statements or decisions.

**Article (29)**

Upon request, the Company shall present to its policy holders statements or data related to their policies and supply them with photocopies of such statements on receipt of the fees indicated in the Executive Regulations.



## **CHAPTER FOUR**

### **INSURANCE AGENTS**

#### **Article (30)**

According to the provisions of this Law an insurance agent is any person who intermediates, offers or executes an insurance contract on behalf of a company registered in the Insurance Companies Register in the State, against a salary, bonus or commission.

However, staff employed by the insurance companies and agencies are not to be considered as agents under the provisions of this Law.

#### **Article (31)**

Insurance agents shall not function in this capacity before registering their names at the Ministry's Insurance Agents Register.

Applications for registration in the Insurance Agents Register shall be submitted to the Ministry according to the conditions and provision to be issued vide a Ministerial decision.

When the application is approved, the Ministry shall grant the insurance agent a registration certificate showing his name, address, date and number of the registration and the types of insurance he is licensed to engage in. The Ministry shall in such case provide the concerned authority in the relevant emirate with a copy of the registration certificate.

The agent shall renew the registration every year by presenting an application for renewal and paying the charges at least 30 days prior to his certificate expiry date.

### **Article (32)**

Applicants for registration in the Insurance Agents Register should:

1. Be of UAE nationality.
2. Have sound reputation of good conduct and behavior and never have been convicted by a court of law in crimes of breach of honour or trust.
3. Be more than 21 years of age enjoying full capacity.
4. Have never been adjusted bankrupted and not reinstated.
5. Have a permanent business address.

### **Article (33)**

If the insurance agent is a company, it must be incorporated in the State and its capital must be totally owned by UAE nationals. If the company is owned by persons, and partners therein must fulfil all present conditions for natural individual agents.

### **Article (34)**

If the agent fails to meet any of the conditions specified in the preceding two articles his name shall be cancelled from the register.

### **Article (35)**

No insurance agent shall act on behalf of an insurance company, unless granted agency rights therefrom and he shall act according to the terms and powers agreed on between the two parties.

### **Article (36)**

No insurance company shall appoint a non registered agent. Further insurance companies shall keep a special record listing names and addresses of agents acting on its behalf.

## **CHAPTER FIVE**

### **SURVEYORS AND LOSS EVALUATORS**

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

According to the provisions of this law, surveyors and loss evaluators are those who are engaged in surveying and assessing damages subject to an insurance policy.

No person however, shall practice this profession unless his name is registered in the Surveyors and Loss Evaluators Register maintained by the Ministry.

The rules and regulations governing the registration in the said register shall be made by a Ministerial decision which shall follow the necessary consultations with the Insurance Higher Committee.

#### **Article (38)**

The insurance company may employ the service of surveyors and loss evaluators who are not registered in the said register in cases requiring special technical expertise. In such cases, the company has to notify the Ministry of the same.

**CHAPTER SIX**  
**OBLIGATIONS OF INSURANCE COMPANIES**  
**Section One Reinsurance**

**Article (39)**

The Minister may, for reasons pertaining to public interest, obligate insurance companies operating under the provisions of this Law to reinsure part of their direct insurance operations conducted in the State with national reinsurance companies specified in a Ministerial decision issued to this effect.

Such reinsurance operations shall be made according to bases and principles determined in a Ministerial decision to be issued to this effect after consultation with the Insurance Higher Committee.

Provisions of this article shall not apply to saving and fund accumulation operations specified in para (2), Article (3) of this Law.

No reinsurance company shall be established in the State except by a federal decree proposed by the Minister and approved by the cabinet.

**Article (40)**

Following consultations with Insurance Higher Committee, the Minister shall issue a Ministerial decision determining rates of transactions between reinsurance and insurance companies for various operations specified in the preceding articles, conditions for these transactions and dates for presenting records and accounts pertaining thereto.

The said decision may also specify rates of commission for reinsurance operations and commission on profits to be paid by the reinsurance company for reinsurance business realized. Such provisions in the Ministerial decision shall be made if public interest

so require and after consultations with the Higher Committee. Provisions of this article shall not apply to other reinsurance operations undertaken by reinsurance companies except for the cases specified in Article (39) above.

## **Section Two**

### **Insurance companies Funds**

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

Each insurance company shall deposit in a bank operating with-  
in the State a specified sum as a guarantee to meet its obligations  
according to the following:

1. Two million dirhams against life insurance and savings and funds accumulation insurance categories specified in para (1) and (2) Article (3) of this Law.
2. One million dirhams for against each of the other insurance categories specified in Article (3) of this Law, provided that the total shall not exceed a maximum of three million dirhams excluding the sum specified in para (1) of this Article.

The Minister may, after consultation with the Insurance Higher Committee, issue a Ministerial decision increasing the deposits specified in terms (1) and (2) of this Article.

The deposits shall be made in cash or subject to the Minister's approval its equivalent of shares or bonds of companies incorporated in the Country or mortgage of properties in the State.

Deposits shall be made in a bank operating in the in the name of the company and to the order of the Minister ex officio.

Mortgage of properties shall be registered with the concerned department which shall provide the Ministry with an official certificate to the effect.

Interest accruing on deposited funds (if any) shall be credited shall be credited to the company's account and subject to the

Minister's approval, the deposited funds may be totally or partially exchanged for some other form of guarantees specified in this Article provided that the specified legal value of the deposited guarantee remain unchanged at the time of the exchange.

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

The deposited guarantees shall not be utilized except under a written permit issued by the Minister or person acting on his behalf. The competent court may also order the sequestration of the deposited guarantee to meet the debts arising from company insurance operations but may not sequester the said guarantee in settlement of any other liabilities.

The Ministry shall ask the company to raise the value of the deposited guarantee within a maximum of sixty days from the date of the Ministry's request, if the value of the deposit is reduced due to fall in the value of the deposited shares, bonds, or real estate or if such deposit is sequestered in full or part.

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

The bank shall not utilize the deposited funds in any way except under a final court decision or upon the receipt of a written approval from the Minister.

The concerned authority shall not release the mortgaged property subject to the guarantee without a written approval from the Minister.

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

The companies engaged in categories of insurance specified in paras (1) and (2) of Article (3) shall keep in the State funds equal to at least the full calculated reserves for the insurance policies issued or to be executed in the State. The Minister may, after consulting the Insurance Higher committee, reduce the said reserves to a minimum percentage of 40%. These funds shall remain completely separate from the funds allotted to

other forms of insurance.

The deposited guarantee under para (1) of Article (41) shall be taken into account while calculating the said reserves and whichever more shall apply.

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

Companies engaged in insurance activities specified in para (5) of Article (3) of this Law shall keep in the State funds equal to at least 25 per cent of total premium received in the previous year.

While companies engaged in insurance activities specified in para (3), (4) and (6) of Article (3) of this Law keep in the State, funds equal to at least 40 per cent of total premiums received in the previous year.

Upon calculating the reserves indicated in this Article the deposited guarantee specified in para (2) Article (41) shall be taken into account and whichever more shall apply.



### **Section Three**

#### **Records and Accounts of Insurance Companies**

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

The company any shall keep separate accounts for each insurance category it is involved in.

In addition, the Minister may, after consulting Insurance Higher Committee, request the company to hold a special account for one or more of the insurance activities falling under one category.

Each company shall annually distribute income and expenditure which cannot be attributed to a certain type or types if insurance, among all the categories of insurance it practices.

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

The company shall keep a special record for each category of insurance showing issued policies names and, addresses of the policy holders, received premiums, dates of issue, amendments and transfer of ownership.

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

The company shall keep a special record for each category of insurance showing claims dates submission, names and addresses of claimants, dates and the reasons for the rejection (if applicable).

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

Companies financial year shall begin on January 1 of each year and end on December 31. However, the company's first financial year shall begin from the date of its establishment and end on December 31 of the nest year.

Companies shall provide the Ministry with:

1. An audited annual balance sheet for each category of insurance.
2. Profit and loss account
3. Statement of income expenses and reserves for the outstanding obligations and unsettled claims under each category of insurance.
4. A detailed report on their insurance activities during that year.
5. A statement showing funds retained in the State in compliance with the provisions of this law, supported with the documents required by the Ministry.

All statements and documents shall be signed by the chairman and an authorized director or branch manager if the company is a branch of a foreign company or agent thereto.

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

Companies shall have their accounts audited by an auditor registered in the State's Accountants and Auditors Register meeting the qualifications determined vide a decision to be issued by the Minister to this effect.

The said auditor shall not be a director manager or employee of the company.

The company shall provide the auditor with all records, documents and statements he considers necessary for accomplishing his mission.

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

The auditor shall ensure that balance sheet, profit and loss account, income and expenditure statement, outstanding obligations, existing reserves and funds retained inside the State have been correctly prepared and present the company's true

financial position.

Life Insurance Actuary, shall assess the outstanding obligations of companies engaged in insurance activities, indicated in para (1) and (2) Article (3).

The auditor shall also verify the soundness of distribution mentioned in the third paragraph of Article (47), and submit a report on his findings to the company which shall in turn send a copy thereof to the Ministry.

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

The company shall submit to the Ministry the statements and information related to documents and papers required by law and necessary explanations for complaints the Ministry receives from policy holders or beneficiaries or others in respect of the company insurance activities in the state.

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

The Ministry shall inspect the company's activities if it has reasons to believe that the rights of the policy holders are in jeopardy, that the company is unable to meet its obligations or that it has violated the provisions of this Law.

If the expert appointed to conduct such inspection is not a government employee, the company shall pay his fees.

**Section Four**  
**Provisions Concerning Companies of Life Insurance**  
**and Savings and Funds Accumulation**

**Article (55)**

Companies engaged in insurance activities indicated in para (1) and (2) Article (3) shall not differentiate between policies of the same kind as regards insurance premiums or distributed profits or other forms of differentiation except those based on expectancy in life insurance policies and excluding the following:

1. Reinsurance policies.
2. Insurance policies given certain discounts according to premium schedules notified to the Ministry.
3. Special terms life insurance policies granted to members of one family or to a group of people of one profession or any other social relation.

**Article (56)**

The Ministry may, after consulting the Insurance Higher Committee authorize the company, on request of the latter, to issue policies at reduced premiums for justified reasons.

**Article (57)**

At least, once every three years, companies engaged in insurance activities indicated in paras (1) and (2) Article (3) shall verify through a Life Insurance Actuary the financial position of each category of insurance and evaluate the outstanding obligation in each of them.

Such evaluation shall cover policies issued in our out the State separately. However, if the insurance company is a foreign company the evaluation shall be confined to the policies issued or executed in the State.

### **Article (58)**

The evaluation referred to in the preceding Article shall be made each time the company wishes to evaluate its financial standing to determine the profits to be distributed share or policy holders or each time the company seeks to announce its financial position.

The Ministry may, after obtaining Supervisory Committee approval, request such evaluation at any time before the expiry of three years provided that one year has elapsed from the date of the last evaluation.

### **Article (59)**

The Executive Regulations shall specify the information to be included in the report submitted by the Life Insurance Actuary conducting the verification of evaluation specified in the two preceding articles.

### **Article (60)**

The company shall, within six months after the expiry of the evaluated period, provide to the Ministry with a copy of the Life Insurance Actuary report showing the result of the verification and evaluation referred to in Article (57) and (58) above along with the following documents: -

1. A statement showing the valid insurance policies issued inside or outside the State during the period of verification. However, if the company in question is a foreign company, the statement shall show only the policies issued or to be executed in the State.
2. A declaration from the company management stating that all the statements and information required by the Life Insurance Actuary to enable him to prepare a proper report, were put at his disposal.

The above six months' period may, vide a ministerial decision, be extended for a maximum period of 3 months.

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

If the Ministry finds that the Actuary's report does not reflect the true financial position of the company, it may order a revaluation of the company position to be conducted by another Life Insurance Actuary selected by the Ministry and on the expense of the company.

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

Companies engaged in Life, savings and funds accumulations insurance shall not reduce directly or indirectly, their funds assigned to meet obligations arising from insurance policies, in order to distribute them as a profit to share or policy holders or in order to make any payment other than payment of obligations arising from the insurance policies. The distribution of profit shall only be made out of the surplus funds indicated by the Actuary after conducting the verification indicated in Article (57) subject to the provisions of Article (41).

In applying the provisions of this Article and without prejudice to Article (41) the company funds inside and outside the State may be considered as one unit.

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

Companies engaged in life, savings and funds accumulation insurance shall not issue saving bonds for periods exceeding thirty years. Should bonds be issued for a period of twenty-five years or more, its recovery value after the 25th year shall not be less than the full accounting reserve.

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

Savings bonds shall contain the provisions under which the contract may be revoked by the company due to default in payment or premiums. However, the contract shall not be annulled before the lapse of one month after the premium due date and if the saving bond is nominal the one-month period shall start from the date of sending, by registered mail, a warning to the

holder.

These bonds shall specify the beneficiaries on the death of the bond holder without any additional charge or new conditions.

Other provisions to be included in the savings bonds shall be specified a by a Ministerial decision after consulting with Insurance Higher Committee.

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

In case of bankruptcy or liquidation of a company engaged in life or savings and funds accumulation insurance amounts due to un matured policy holders shall be equal to its accounting reserve at the date of bankruptcy or liquidation computed on the technical bases of premium tariff prevailing on policy issue date.

## **CHAPTER SEVEN**

### **TRANSFER OF POLICIES, AMALGAMATION AND**

#### **TERMINATION OF BUSINESS**

A company wishing to transfer its policies with rights and obligations attached t hereto for all part of its insurance activities, inside the State, to another company, shall submit an application to the Ministry under conditions and terms stipulated in the Ministerial decision to be issued to this effect.

The application shall be published in the Gazette and in two local Arabic dailies.

The application shall invite the policy holders and other interested parties to present to the Ministry within a period not exceeding three months from the date of publication, their objection against such a transfer.

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

The Ministry shall issue a decision approving the transfer, if no objection was received during the period specified in the preceding Article. The decision shall be published in the Gazette within one month after its issue date and shall be used as an evidence by holders of policies issued or to be executed in the State or their beneficiaries as well as by company creditors.

Subject to the provisions governing the transfer of property and assignment of funds, the company's assets inside the State shall be transferred to the other company and the transferred assets shall be exempted from the registration and preservation fees enforced by laws governing the transfer of property and assignment of funds.

However, if an objection is made during the period specified in the preceding Article, no decision shall be made on the



application for the transfer awaiting an agreement between the concerned parties or a final court decision, However, the Ministry may approve the transfer despite the objection subject to receiving from the company a sum of money equal to its obligations to the objecting party. This sum shall include expenses needed for retaining any of the company assets.

#### **Article (68)**

The provisions specified in the preceding two Articles shall apply in cases where the company decides to terminate its activities in the State in one or more of the insurance types it is engaged in and if it desires to release its funds retained in the State. The company, however, shall first, submit proof showing that it has met all its obligations towards the policies issued in the State in one type or types of insurance which it decided to terminate, or that it has transferred these policies to another company in the manner shown by the two preceding articles.

#### **Article (69)**

The provisions specified in article (66) and (67) shall apply in cases where two or more companies wish to merge into one company. However, each company shall first present a report endorsed by a chartered accountant and a Life Insurance Actuary verifying that the amalgamation does not harm the interests of the policy holders or the interests of others in general.

## **CHAPTER EIGHT**

### **PENALTIES**

#### **Article (70)**

Imprisonment for a period not less than one month and not more than one year and/ or a fine of not less than Dhs. 5,000 and not more than Dhs. 50,000 shall be the penalty of any director, manager, or agent of an insurance company and in general any person who might offer, conclude or mediate insurance policies prior to the company's registration in the Insurance Companies Register in accordance with the provisions of this Law or upon practicing insurance activities after cancellation of registration. The said penalty shall also apply to all those who practice categories of insurance other than those mentioned in their licenses.

#### **Article (71)**

Any insurance agent practicing insurance activities on behalf of a company registered in accordance with the provisions of this Law without being registered in the Insurance Agents Register shall be punished by imprisonment for a period not exceeding one month and / or a fine not less than Dhs. 5,000 and not more than Dhs. 10,000.

The said penalty shall also apply to surveyors and loss evaluators if they practice their profession prior to their registration.

#### **Article (72)**

A fine of not less than 1,000 and not more than Dhs. 5,000 shall be the penalty of all those who violate the provisions of articles (29), (36) and (38) of this Law.

#### **Article (73)**

penalties specified in Articles (70), (71) and (72) of this Law shall be doubled in case of recidivism.

**Article (74)**

A fine of not less than Dhs. 500 and not more than Dhs. 5,000 shall be the penalties for delaying the presentation of the information required by the provisions of this Law on specified dates.

The said penalty shall also apply to all those who refuse to submit the records, papers and documents to the Ministry's representatives who are authorized to have access to such items according to the provisions of this Law or its Executive Regulations and decisions.

A daily fine may also be imposed for delays in delivering the said documents and denying access thereto provided that such fines do not exceed Dhs. 1,000 per day.

**Article (75)**

A fine of not less than Dhs. 1,000 and not more than Dhs. 5,000 shall be the penalty of persons selling life insurance policies of a company governed by the provisions of this Law at prices and conditions different from those notified to the Ministry. The said penalty shall also apply to those violating the provisions of Articles (13), (19), (26) (27), (48) and (55) of this Law.

**Article (76)**

Without prejudice to any severer penalty specified in another law, an imprisonment of not less than three months and not more than three years and /or a fine of not less than Dhs. 2,000 and not more than Dhs. 10,000 shall be the penalty of persons who deliberately give or withhold declarations with intent to commit deception with regard to information, records or documents which are to be presented to the Ministry or for public information.

**Article (77)**

Insurance companies, agents and surveyors and loss evaluators,

operating in the State at the time this Law is being in force, shall be given in maximum grace period of one year from the date of its enforcement in order to adjust their conditions to comply with the provisions of this Law. An exception to this are cases for which fixed execution dates have been specified.

The Minister, after consulting with the Insurance Higher Committee, may extend the said period for an additional year if this is deemed to be in public interest.

## **CHAPTER NINE**

### **TRANSITORY AND CONCLUSIVE PROVISIONS**

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

All documents and information submitted, under provisions of this Law, shall be written in the Arabic languages or shall include an Arabic translation endorsed by the concerned authorities.

The Minister, however, may make exemptions for certain documents.

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

Government employees appointed by the Minister to supervise the application of this Law shall have judicial powers to prove violation thereof.

Insurance companies, agents and surveyors and loss evaluators shall allow the said employees access to all books, records and documents required to carry out their duties provided that this is carried out at the premises of the company and during official working hours.

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

The Minister may, after consulting with the Insurance Higher Committee, issue a rule containing the conditions pertaining to the acceptance of Life Insurance Actuaries.

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

Insurance companies and agents operating in the State at the time of applying this Law shall apply to the Ministry for registration in the Insurance Companies Register and the Insurance Agents Register in accordance with the provisions of this Law, within six months from the date this Law is in force.

**Article (82)**

Fees chargeable in respect of the formalities incidental to the provisions of this Law shall be fixed by a decision from the Minister provided that such fees shall not exceed Dhs. 10,000 in each case.

**Article (83)**

All provisions not complying with this law shall become null and void.

**Article (84)**

The Minister shall issue decisions and Executive Regulations required for the execution of this Law.

**Article (85)**

This Law shall be published in the Gazette and take effect after three months from the date of publication.

**ZAYED BIN SULTAN AL NAHYAN  
PRESIDENT OF THE UNITED ARAB EMIRATES**

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