

## **Insurance Authority Board Resolution**

**No. 08 of 2011**

### **Instructions Concerning the Regulation of Insurance Agents Business**

**The Minister of Economy, Chairman of the Board of Directors of the Insurance Authority:**

Having perused:

- The Federal Law No. 6 of 2007 concerning the Establishment of the Insurance Authority and the Regulation of Insurance Business;
- The Insurance Authority Board Resolution No.2 of 2009 issuing the Implementing Regulations of the Law no. 6 of 2007 concerning the Establishment of the Insurance Authority and the Regulation of Insurance Business; and
- Based on the recommendation of the Director General of the Insurance Authority and the approval of the Insurance Authority Board of Directors,

**Has decided:**

#### **Article (1)**

##### **Definitions**

1. These Instructions are called *Instructions Concerning the Regulation of Insurance Agents Business* and they shall be referred to hereinafter as "the Instructions"
2. The following words and expressions, wherever used in these Instructions shall have the meanings ascribed thereto below, unless the context otherwise requires:

<b>State/UAE:</b>	United Arab Emirates;
<b>Law:</b>	The Federal Law No. 6 of 2007 concerning the Establishment of the Insurance Authority and the Regulation of Insurance Business;
<b>Competent Authority:</b>	The local competent authority in the concerned Emirate;
<b>IA:</b>	The Insurance Authority established under the provisions of the Federal Law No. 6 of 2007 concerning the Establishment of the Insurance Authority and the Regulation of Insurance Business;
<b>Board:</b>	The Insurance Authority Board of Directors;
<b>Chairman:</b>	The Chairman of the Insurance Authority Board of Directors;
<b>Director General:</b>	The Director General of the Insurance Authority;
<b>Company:</b>	An insurance company incorporated in the UAE and a foreign insurance company licensed to practice the insurance business in the

UAE either through a branch or an Insurance Agent;

**Insurance Agent:** The person approved and authorized by the Company to practice the insurance business on behalf thereof;

**Register:** The register designated by the IA for Insurance Agents licensed to operate in the State.

## **Article (2)**

### **Scope of Application**

The provisions of these Instructions shall apply to all Insurance Agents in the UAE, excluding Insurance Agents operating in the free zones, unless otherwise stipulated under the laws and regulations of such free zones.

## **Article (3)**

### **Insurance Agent Business Practice**

1. No person shall practice the business of Insurance Agent unless registered in the Register with the IA in accordance with the conditions and terms set forth in these Instructions and resolutions issued pursuant thereto.
2. The Company must be licensed and registered in the Register of Insurance Companies with the IA to practice the insurance business in the UAE.
3. The Company may not contract with any person to authorize such person to practice insurance business as agent thereof, unless such person is an Insurance Agent registered in the Register.
4. An Insurance Agent may not be an agent for more than one insurance company.
5. An Insurance Agent may not practice its business unless such Insurance Agent has an agency contract to practice the insurance business, such contract must include the condition mutually agreed between him and the Company registered in the Register of Insurance Companies in the State. A copy of the agency contract shall be submitted to the IA.
6. The Insurance Agency shall be personal and the Insurance Agent may not assign it or authorize a third party to practice the insurance business for which he is the agent. The business of the Insurance Agent shall be limited to practicing insurance agency business.
7. An Insurance Agent may not practice the profession of an insurance broker.

## **Article (4)**

## **Insurance Agents Register**

1. A register named the *Insurance Agents Register* shall be prepared in the IA and shall be referred to as (the Register) in these Instructions. All approved Insurance Agents shall be registered in the Register in accordance to the provisions of these Instructions and the resolutions issued pursuant thereto.
2. A page in the Register shall be assigned to each Insurance Agent after accepting his registration where the following data and any amendments thereto shall be recorded:
  - a. Number and date of registration;
  - b. Name of the Insurance Agent;
  - c. The address of his headquarters and branches, if any;
  - d. Name of manager in charge, his nationality and limits of authority;
  - e. Name of the company for which he acts as Agent and the types and classes of insurance licensed to be practiced by him;
  - f. The geographical scope of the agency;
  - g. Number, date and place of registration in the Commercial Register; and
  - h. Any other data as determined by the Director General.
3. In case the Insurance Agent is a juridical person, the following data shall be recorded in the Register, in addition to the data set forth in Clause 2 of this Article.
  - a. The legal form of the corporate person;
  - b. Value of capital of the corporate person; and
  - c. Names, nationalities and shares of partners;

## **Article (5)**

### **Combining of Insurance types**

1. The Insurance Agent may not combine personal insurance and fund accumulation on the one hand and property and liability insurance on the other hand.
2. Exceptional to the provision of Clause 1, the juridical Insurance Agent may be registered to practice the business of Insurance Agent in personal insurance, fund Accumulation, property and liability insurance together by a decision of the Director General, provided that the following conditions are satisfied:
  - a. The Company for which the corporate Insurance Agent practices the insurance business as agent must be licensed to practice insurance business in the UAE in all aforementioned types of insurance in accordance with the provisions of Law; or such

corporate Insurance Agent shall be an agent for two or more companies, each of which must be licensed to practice a specific type of insurance.

- b. The conditions for practicing agency business in insurance must be satisfied in the type of insurance required to be practiced in accordance with provisions of these Instructions.
- c. Conduct a complete separation in the Insurance Agent's financial and technical records between the records for each above insurance type.

## **Article (6)**

### **Conditions for Registration**

1. For the registration of a natural person Insurance Agent in the Register, he must:
  - a. Be a UAE national;
  - b. Be of a minimum age of 21 years and have full legal capacity;
  - c. Be holder of the secondary education certificate and a diploma in insurance from an institute recognized by the IA, as a minimum;
  - d. Have practical expertise of no less than two years in practicing insurance business with an insurance company;
  - e. Have attended the training courses as determined by a decision of the Director General;
  - f. Practice the profession on full-time basis;
  - g. Be of good conduct and behavior and has never been sentenced in a crime or offense of moral turpitude, or declared bankrupt, unless rehabilitated;
  - h. Not be liable, at discretion of the Board, for a grave breach of any provision of the Law or the Companies Law in the capacity of a director general, chief executive officer, chairman or board member in a company, including responsibility for causing compulsory dissolution or liquidation of the Company;
  - i. His registration to practice the business of Insurance Agent, insurance broker, reinsurance broker, actuary, insurance consultant or any profession associated insurance has never been suspended or cancelled due to a disciplinary penalty; and
  - j. Successfully pass the examinations at the IA.
2. For the registration of a corporate person as an Insurance Agent in the Register, such corporate person must satisfy the following conditions:
  - a. The paid up capital may not be less than AED 500,000;
  - b. The capital must be fully owned by UAE nationals. Banks licensed to operate in the State shall be exempted from this condition. In addition, the Board may exempt any

other company from this condition for reason due to the public interest requirements;  
and

- c. The manager in charge must meet conditions that must be satisfied by a natural person Insurance Agent, excluding what is set forth in Item (a.) of Clause (1) above.

### **Article (7)**

#### **Documents to Register a Natural Person as an Insurance Agent**

The application for registration of a natural person as an Insurance Agent shall be submitted to the IA using the form prepared for this purpose by the IA, including the required data and enclosing the following documents:

1. A copy of the family record (Abstract of the Record) or the ID card;
2. Authenticated copies of the academic qualifications, practical experience certificates, and training courses certificates;
3. A true copy of the authenticated agency contract signed between the Insurance Agent and the Company;
4. A certificate of good conduct (Criminal Record) proving that the applicant has never been sentenced in a crime or offense of moral turpitude;
5. Acknowledgement of non-bankruptcy from the applicant;
6. Payment of the prescribed fees in accordance with the issued regulations and instructions; and
7. Any other documents required by the Director General.

### **Article (8)**

#### **Documents to Register a Corporate Person as an Insurance Agent**

The application for registration of a corporate person as an Insurance Agent shall be submitted to the IA using the form prepared for this purpose by the IA, including the required data and enclosing the following documents:

1. A true copy of the Memorandum of Association, Articles of Association, and names and shares of the partners of the corporate person;
2. A true copy of the authenticated agency contract signed between the Insurance Agent and the Company;
3. An undertaking to submit a copy of certificate of registration in the Commercial Register issued by the competent authorities;

4. A detailed statement including the qualifications and expertise of the officers of the corporate person in insurance areas and in technical and financial affairs;
5. Academic qualifications and expertise of the manager in charge of the corporate person, provided that they must be dully attested;
6. Payment of the prescribed fees in accordance with the issued regulations and instructions; and
7. Any other documents required by the Director General.

## **Article (9)**

### **Procedures of Registration**

1. When an application for registration is submitted, the IA shall:
  - a. Register the application in a special record and annotate it with a number and date of filing.
  - b. Provide the applicant with a receipt including the name of the registration applicant, subject, number and date of recording, and a statement of documents annexed thereto.
2. If the IA found that the application for registration does not meet any of the required conditions, data or documents, the IA may request applicant by a registered letter or a letter by hand delivery to meet or complete such shortcoming within two months as of the date of the notice. If the applicant fails to do so within this period, the application shall be cancelled by law and the applicant may not submit another application before the elapse of three months as of the date of cancellation of the first application.
3. The application for registration shall be examined and assessed within fifteen days as of the date of submission. Then, the application for registration shall be forwarded to the Director General enclosing the opinion of the competent department in the IA. The Director General shall decide to accept or reject the application.
4. The Director General may accept or reject the application for registration. In case of rejection, the reasons for rejections shall be stated and the IA shall notify the applicant of the Director General's decision in this regard.

## **Article (10)**

### **Grievance against Registration Rejection**

1. The concerned persons may appeal to the Board within 30 days as of the date of being notified of rejecting the application for registration. The appeal shall be forwarded to the Board enclosing the opinion of the Director General.

2. The Board may accept or reject the appeal in the light of what the Board deems more appropriate to the national economy. The Board shall not be required to justify or cause its decision in any case. The decision of the Board in this regard shall be final.
3. If the Board endorses the decision of the Director General to reject the application for registration, the applicant may not submit a new application before the elapse of at least six months from the date of notifying such applicant of the decision of rejection.

## **Article (11)**

### **Recording in the Register**

1. The following procedures shall be taken to complete the registration process in the Insurance Agents Register:
  - a. The applicant shall be notified of accepting the application thereof and required to submit a valid professional indemnity insurance policy from an insurance company licensed to operate in the State in his capacity as an Insurance Agent during the term of registration in the Register. Such insurance policy must be submitted within ten days as of the date of notification. The sum insured in the professional liability indemnity policy shall be AED 2,000,000, provided that the deductible may not be more than AED 100,000;
  - b. Upon registration of the Insurance Agent in the Register, the IA shall issue a certificate of registration of an Insurance Agent; and
  - c. The term of registration of an Insurance Agent shall be one year, renewable on annual basis.
2. The Insurance Agent shall practice the business within six months as of the date of registration thereof.

## **Article (12)**

### **Conditions for Registration Renewal**

1. The requirements of registration renewal in the Insurance Agents Register shall be as follows:
  - a. An application to be submitted to the IA using the form designated for this purpose, at least one month prior to the expiry of the registration term. The application for renewal shall be submitted in duplicate signed by the Insurance Agent; and
  - b. A statement containing the business practiced as Agent for the Company during the year using the form prepared for this purpose.
2. If the Insurance Agent is a corporate person, they must submit, in addition to the requirements set forth in Clause (1) herein, a list including the name(s) of the director(s)

in charge of its management, as the case may be, and all key staff in charge of agency business.

3. True copies of the trade license and certificate of registration in the Commercial Register shall be submitted.

### **Article (13)**

#### **Change of Data and Information**

1. The Insurance Agent shall inform the IA of any change in any data or documents based on which the Insurance Agent was registered within 15 days of the date such alteration occurs.
2. In case the position of the director in charge becomes vacant, the corporate Insurance Agent shall inform the IA and appoint an alternative director within one month as of the date of the position becomes vacant and notify the IA of the name and qualifications of the new director.

### **Article (14)**

#### **Suspension of the Business**

1. Cases of suspending the Insurance Agent from practicing the agency business shall be as follows:
  - a. Under an application submitted by the Insurance Agent to stop practicing the business thereof using the form prepared by the IA for this purpose;
  - b. Termination or expiry of the term of the agency agreement signed between the Agent and the Company and non-renewal thereof.
2. The Director General shall issue a decision to suspend the Insurance Agent from practicing the business which shall be notified to the competent authorities.
3. The Insurance Agent may not practice the agency business during the period of suspension of the registration thereof. The Insurance Agent shall remain responsible for the obligations resulting thereon or obligations arising from the business thereof before the date of issuing the suspension decision.
4. The term of the Insurance Agent registration shall be rescind or terminated if the suspension causes have not been addressed within six months as of the date of suspension.

### **Article (15)**

#### **Opening a Branch of the Insurance Agency in the UAE**



1. An Insurance Agent may apply for the opening of a branch or more of the insurance agency in the UAE if the following requirements are satisfied:
  - a. A period of not less than two years has elapsed since the Insurance Agent was registered in the Register during which the Insurance Agent actually practiced the business and has not been subject to any disciplinary penalty.
  - b. The principal company requests the opening of a branch for the agency;
  - c. The initial approval of the Competent Authority in the concerned Emirate is granted; and
  - d. A proposed Action plan for branch required to be opened is provided.
2. The Insurance Agent shall submit an application to the IA using the form prepared by the IA for this purpose.
3. The Director General shall issue a decision accepting or rejecting the application to open the branch. The decision of rejection by the Director General shall be final.

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

##### **Duties of the Insurance Agent**

1. The duties of the Insurance Agent shall be as follows:
  - a. When practicing the insurance business as agent of the Company, adhere to the types and classes of insurance set forth in the registration;
  - b. When practicing the agency business, observe the conditions and limits set forth in the agency agreement;
  - c. Includes his/their name and registration number with the IA in all stationary, correspondence and documents thereof;
  - d. Receive applications for insurance cover and for policy issuance, amendment or cancellation;
  - e. Receive insurance premiums against signed receipt;
  - f. Pay any amounts received by the Insurance Agent pursuant to the agency agreement to the principal Company within the period specified in the agency agreement and pay any amounts received from such principal Company to the insured or insurance beneficiaries without delay;
  - g. Respond to inquiries of an insurance applicant, insured or beneficiary;
  - h. Receive the exchanged correspondence between the Company on the one hand and the insured and beneficiaries on the other hand concerning compensation claims and other issues;

- i. Settle undisputed claims without receiving any consideration in return, follow up the implementation of settlements by the relevant parties, and practice the right of recourse against third parties, when necessary;
  - j. Immediately notify the IA of any change or amendment in the agency agreement between the Insurance Agent and the Company.
2. The Insurance Agent must deposit all insurance premiums or any amounts received in his/their capacity as Insurance Agent for the Company in a special account in a bank operating in the State. This bank account shall be dedicated only for depositing the funds related to the agency and the payment of amounts due to the Company after deduction of commissions due to the Insurance Agent under the provisions of contract signed between the two parties and after payment of amounts due from the principal Company to third parties. This bank account shall be subject to the control of the auditor appointed for the Insurance Agent.

## **Article (17)**

### **Code of Conduct and Ethics**

The Insurance Agent shall comply with the code of conduct and ethics of the insurance agency profession represented in the following:

1. Commitment to integrity, honesty and good conduct in all acts and deeds all the time;
2. Identity himself/their selves to the insurance applicant and the Company, for which the Insurance Agent practices the insurance business;
3. Provide the insurance applicant with advice and guidance with respect to insurance programs offered by the Company, for which the Insurance Agent practices the insurance business within the limits of authorities granted thereto, taking into consideration that offered insurance program is consistent with requirements and capabilities of the insurance applicant;
4. Explain to the insurance applicant that the insurance applicant is responsible for providing all material data and information he/she/they required to disclose when completing the application for insurance or in any other document submitted by him/her/they. In addition, the Insurance Agent shall stress to the insurance applicant the importance of disclosure of material information when submitting the application for insurance or when signing the insurance contract and the consequences of concealing information or of providing false information, inaccurate data or information;
5. Not to provide any incorrect or misleading information about the insurance cover proposed to the insurance applicant and provide all necessary information, which would give the insurance applicant the real image of the insurance cover applied for;
6. Deal with all data provided thereto during the business thereof, whether by the Company, insurance applicant or insured with full caution and conservation. In addition, the

Insurance Agent shall take the appropriate measures to maintain the confidentiality of the information and documents in his/its possession;

7. Explain the basic conditions, exclusions, special conditions and restrictions of the insurance cover offered to the insurance applicant and ensure that the insurance applicant understood what he/she/it is about to be committed to;
8. Provide assistance to the insured or insurance policy beneficiary in the settlement of claims with the Company, if necessary;
9. Not to ask for or accept any commission or fee from the insurance applicant, insured, or beneficiary;
10. Not to continue practicing the business as an Insurance Agent, if he/she becomes a chairman, board member, director general, director or an employee with an insurance Company;
11. Neither to illegitimately influence the insurance applicant to accept the insurance program proposed by the Insurance Agent, nor to refer the insurance applicant to another Company through the Insurance Agent authorized for that company for purposes of receiving commission, nor to request an insured to terminate the insurance contract with another company in order to accept insurance program offered by him/her/them to receive the commission.

## **Article (18)**

### **Records of the Insurance Agency**

1. The Insurance Agent shall duly keep regular books and records and shall record the data and information and shall store the papers related to the business practiced by agency for the Company, as the case may be, including:
  - a. Name and address of the Insurance Company for which the Insurance Agent practices the insurance business;
  - b. A copy of the agency agreement signed between the Insurance Agent and the Company;
  - c. The Insurance business practiced by agency for the Company;
  - d. Memos and correspondence related to the agency business;
  - e. Applications for insurance received by the Insurance Agent for the Company;
  - f. Names of the insurance applicant, insured and the beneficiary of insurance, and the collected premiums;
  - g. Insurance policies and endorsements concluded by agency for the Company;

- h. Paid compensations and outstanding claims;
  - i. Receipts and serial numbered documents related to receipt, disbursement, recording, settlements and other financial transactions related to the insurance agency business practiced by the Insurance Agent; and
  - j. Bank accounts for the insurance agency business.
2. The Insurance Agent shall keep the records for a period of no less than five years from the date of their closure.
3. The Director General shall determine the records to be kept by the Insurance Agent, including records set forth in the instructions on regulating the records of insurance companies applicable pursuant to resolutions of the IA.

## **Article (19)**

### **Auditing the Records and Books of the Insurance Agent**

1. The Director General may assign one employee or more of the IA or hire an external party to audit the insurance agency business. The Insurance Agent shall place all records, documents, entries and accounts of the agency at the disposal of the auditors, cooperate with them, and respond to their requests so that they can fully do their work.
2. The Insurance Agent shall incur the expenses determined by the Director General in case of hiring an external party for the audit.
3. The Insurance Agent must submit any data or information required by the Director General within the period specified for this purpose by the Director General.

## **Article (20)**

### **Disciplinary Penalties**

1. In case the IA finds out that the Insurance Agent has violated the provisions of the Law, these Instructions, or any regulations issued pursuant to the Law, the Director General shall have the right to impose the following disciplinary penalties:
  - a. Serve the Insurance Agent with a written notice to rectify his/her/their situations in accordance with the procedures and within the period set forth in such notice;

- b. Suspend the Insurance Agent from practicing the business for a period of no more than six months; and in case of recurrence, the suspension period shall be doubled; or
  - c. Cancel of the Insurance Agent's registration in the Register.
2. If the Insurance Agent fails to rectify the situations thereof in accordance with requirements of the provisions of items (a) and (b) of the preceding clause, the Director General may cancel the registration of the Insurance Agent in the Register.
3. Disciplinary penalties imposed by the Director General may not prejudice the civil and penal liabilities prescribed by the Law and other applicable laws in the UAE.

### **Article (21)**

#### **Final Provisions**

1. Insurance Agents licensed to practice the agency business when these Instructions take effect must rectify their status in accordance with the provisions of these Instructions within a period of no more than one year for the effective date of these Instructions.
2. The IA shall collect the prescribed fees for any procedures taken by the IA in accordance with the provisions of the Law and regulations issued pursuant thereto.
3. The Director General shall issue the resolutions necessary to implement the provisions of this Resolution.

### **Article (22)**

This Resolution shall be published in the Official Gazette and shall take effect as of the date of its publication.

**Eng. Sultan Bin Saeed Al-Mansoori**  
**Minister of Economy**  
**Chairman of the Board of Directors of the Insurance Authority**

Issued in Abu Dhabi on:

03 Jumada I 1432 H

07 April 2011

