



The Board of Directors' Decision No.(22) of 2017 Concerning the Application of the Investment Limits Stipulated in the Financial Regulations for Insurance Companies and the Financial Regulations for Takaful Insurance Companies

The Director General of the Insurance Authority;

Having perused:

- The Federal Law No. (6) of 2007, concerning the Establishment of the Insurance Authority and the Organization of Insurance Operations as amended ,and its Executive Regulation;
- The Board of Directors' Decision No. (25) of 2014, Concerning the Financial Regulations for Insurance Companies;
- The Board of Directors' Decision No. (26) of 2014, Concerning the Financial Regulations for Takaful Insurance Companies;
- And, pursuant to what has been presented by the Director General of the Authority and approved by the Insurance Authority Board of Directors ,

Has decided:

Definitions

Article (1)

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

State: The United Arab Emirates.

Law: Federal Law No. (6) of 2007 on Establishment of the Insurance Authority and Organization of the insurance Operations and its amendments.

Executive Regulation: the Executive Regulation of the Federal Law.

Authority The Insurance Authority.

Board: The Insurance Authority Board of Directors.

Director General: The Director General of the Insurance Authority.



The Company: The insurance company incorporated in the state or a branch of a foreign insurance company, licensed to carry out insurance operations in the State either through a branch or an insurance agent, including Takaful Insurance Companies.

Financial Regulations: Board of Directors' Decision No. (25) of 2014 Pertinent to Financial Regulations for Insurance Companies and Board of Directors' Decision No. (26) of 2014 Pertinent to Financial Regulations for Takaful Insurance Companies, as the case may be.

Investments: The act of investing, laying out money or capital by a Company with the expectation of profit or the process of investing or engaging funds or capital by the Company with the aim of achieving an expected profit, provided that this is compliant with the Islamic Shari'a provisions, as the case may be.

Investment limits: The limits of Asset distribution and allocation stipulated in the Financial Regulations.

Minimum Capital Requirement: The minimum capital required to be maintained by a Company at all times as directed by the Authority.

Solvency Capital Requirement: Funds that the Company must maintain to cover current and projected operations during the next twelve months, which are measured to ensure that all quantitative risks have been taken into account.

Minimum Guarantee Fund: Funds that the Company must maintain to cover current and projected operations during the next twelve months, which is at least one third of the Solvency Capital Requirement or as determined by the Authority.

Associate companies: The Company in which the insurance company owns 20% to 50% and has a significant effect on its decisions and in accordance with International Financial Reporting Standards.



Scope of application

Article (2)

1: The Company shall implement the provisions contained in this decision when applying the Asset distribution and allocation limits contained in Chapter I of the financial Regulations.

2: The provisions of this Decision shall be read in conjunction with the financial Regulations and shall be deemed complementary thereto.

Asset distribution and allocation limits

Article (3)

For the purpose of implementing the Asset distribution and allocation limits in accordance with the provisions of Article (3) of the Financial Regulations, the Company shall comply with the following:

1. If the Company has investments exceeding the investment limits or sub-limits without a deficit in the Minimum Capital, Solvency Capital or Minimum Guarantee Fund requirements , it shall include the annual and quarterly investment portfolio analysis reports stipulated in Article (10) of Chapter 1 of the Financial Regulations sequel to the Asset distribution and allocation limits on the Company and any plans the Company intends to take as part of the investment risk management process.

2. If the Company has investments that exceed the Asset distribution and allocation limits and result in a deficit in the Minimum Capital , Solvency Capital or Minimum Guarantee Fund requirements, the Company shall submit a detailed realistic correction plan including outdistance the deficit in accordance with Article 8 of Chapter II of the Financial Regulations.

3. If the Company desires to enter into new investments outside the asset distribution and allocation limits and has no deficit in any of the Minimum Capital, Solvency Capital or Minimum Guarantee Fund requirements, it may:

A. Purchase, improve or increase any of the assets if the investment limit or sub-limit of that asset category has been exceeded.



B. Purchase, improve or increase any assets if this would lead to exceeding the investment limit or sub-limit.

Provided that the procurement, improvement or increases referred to in paragraphs (A) and (B) of this clause do not result in a default in meeting any of the Minimum Capital, Solvency Capital or Minimum Guarantee Fund requirements.

4. If the Company has a deficit in any of Minimum Capital, Solvency Capital or Minimum Guarantee Fund requirements, or if this results from a purchase, improvement or if a deficit in meeting any of the Minimum Capital, Solvency Capital or Minimum Guarantee Fund requirements resulted from a purchase, improvement or increase, the company shall comply with the following:

A. No purchases, improvements or increases in any assets if the investment limit or sub-limit of that asset category has been exceeded.

B. No purchases, improvements or increases in any assets if this would lead to exceeding the investment limit or sub-limit.

5. If the Asset distribution and allocation limits are exceeded by the Company for reasons beyond its control such as changes in the value of the assets or a change in the classification, the Company shall comply with the following:

A. If this does not result in incapability to meet any of the solvency requirements, the investment portfolio analysis report stipulated in Article 10 of Chapter 1 of the Financial Regulations shall include an analysis of the excesses in the Asset distribution and allocation limits.

B. If this results in a deficiency in any of the financial solvency requirements, the Company shall submit a detailed realistic correction plan including the outdistance of the deficit in accordance with Article 8 of Chapter II of the Financial Regulations.



Article (4)

A. The Company shall process investments in the listed and not listed Associate Companies in the financial markets within the State in a separate category with a limit of (20%) of the invested assets therein with no sub-limit.

A . The Company shall process investments in the listed and not listed Associate Companies in the financial markets outside the State in a separate category with a limit of (10%) of the invested assets therein with no sub-limit.

General Provisions

Article (5)

1. All assets invested outside the Asset distribution and allocation limits determined in the Financial Regulations are considered not acceptable for the purpose of calculating the financial solvency and pursuant to the provisions of Article (11) of Chapter II of the Financial Regulations.

2. In cases not stipulated in this decision, the provisions of the Financial Regulations prevail; including the provisions stipulated in Part II (General Provisions).

Article (6)

The Director General shall issue the decisions and circulars necessary to implement the provisions of this Decision.

Article (7)

This decision shall be published in the Official Gazette and shall come into effect from the date of its issuance.

Engineer Sultan Bin Saeed Al Mansouri

The Minister of Economy - Chairman of the Insurance Authority

Issued in Abu Dhabi

Date: 17/07/2017

In case there is any inconsistency between this translation and the Arabic version of this decision, then the Arabic version shall prevail.