

**UNITED ARAB EMIRATES  
INSURANCE AUTHORITY  
CHAIRMAN**

**Insurance Authority Board of Directors Resolution No. 15 of 2013  
Concerning Insurance Brokerage Regulations**

**The Chairman of the Insurance Authority,**

Having perused:

- The Federal Law No. 1 of 1972 concerning the Functions of Ministries and the Powers of Ministers, and the amending laws thereof;
- The Federal law No. 8 of 1984 concerning Commercial Companies, and the amendments thereto;
- The Federal law No. 6 of 1985 concerning Islamic Banks, Financial Institutions and Investment Companies;
- The Federal law No. 6 of 2002 concerning Criminalization of Money Laundering;
- The Federal law No. 8 of 2004 concerning the Financial Free Zones;
- The Federal law No. 6 of 2007 concerning the Establishment of the Insurance Authority and the Regulation of Insurance Business;
- Cabinet Resolution No. 28 of 2007 concerning the Implementing Regulations of the Federal Law No. 8 of 2004 concerning the Financial Free Zones;
- Cabinet Resolution No. 23 of 2009 concerning the Fees for Supervision, Control and Insurance Transactions;
- Ministry of Economy Resolution No. 543 of 2006 concerning the Regulations of the Insurance Consultation Practice;
- Insurance Authority Board of Directors Resolution No. 2 of 2009 issuing the Implementing Regulations of the Federal 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 Board of Directors;

**Has decided the following:**

## **Article 1**

### **Definitions**

Unless the context otherwise requires, the following words and expressions shall have the meanings ascribed thereto below:

- The State / UAE** : The United Arab Emirates.
- The Law** : The Federal Law No. 6 of 2007 concerning the Establishment of the Insurance Authority and the Regulation of Insurance Business.
- Implementing Regulations** : The implementing Regulations of the Law.
- IA** : The Insurance Authority.
- Board** : The Board of Directors of the Insurance Authority.
- Director** : The Director General of the Insurance Authority.
- Free Zone** : Any financial free zone established in the UAE pursuant to the provisions of the Federal Law No. 8 of 2004 concerning the Financial Free Zones.
- Company** : An insurance company incorporated and licensed to practice insurance activities in the UAE, or a foreign insurance company licensed to practice insurance activities in the UAE, whether through a branch or an insurance agent.
- Client** : A person for whom the Insurance Broker practices the Insurance Brokerage business in accordance with the provisions of these Regulations.
- Insurance Policy** : The contract concluded between the Company and the Client containing the rights and obligations of each party or the rights of the Beneficiary and any endorsement thereto.
- Beneficiary** : A person who acquires the insurance policy rights from the beginning, or to whom such rights have been legally transferred.
- Insurance Brokerage**: Intermediation (brokerage) in insurance and reinsurance transactions between the Company and the Client in return for a commission paid by the Company.
- Insurance Broker** : A juridical person licensed by the IA to practice the Insurance Brokerage activity.

## **Chapter I**

### **General Provisions**

#### **Article 2**

1. The provisions of these Regulations shall apply to all Insurance Brokers operating in the UAE.
2. No one may practice the Insurance Brokerage activity in the UAE without obtaining a license from the IA. Such license shall be renewed annually in accordance with the provisions of these Regulations.

#### **Article 3**

1. An Insurance Broker may combine brokerage business in personal insurances and funds accumulation operations on the one hand, and brokerage of property and liability insurance on the other hand, provided that both classes of business are completely separated in terms of books and records or personnel working in each class.
2. An Insurance Broker may be specialized in any one of insurance types or insurance classes.
3. An Insurance Broker may not combine their role as an insurance broker on the one hand and the role of an insurance agent, insurance consultant, surveyor and loss adjuster, or actuary on the other hand.
4. An Insurance Broker may combine the Insurance Brokerage business in accordance with the provisions of these Regulations and the re-insurance brokerage business, subject to not combining both roles (insurance broker and re-insurance broker) for the same transaction and for the same party he works for.
5. An Insurance Broker may not be partner or agent of any other Insurance Broker.

## **Chapter II**

### **Licensing and Registration**

#### **Licensing and Registration Conditions**

#### **Article 4**

##### **I. The licensing requirements for Insurance Brokerage are as follows:**

1. The applicant must be a juridical person having one of the following forms:

- a) A company incorporated in the UAE in accordance with the Commercial Companies Law, having the objective of practicing the Insurance Brokerage activity.
  - b) A branch of a company incorporated in a financial free zone in the UAE, or a branch of a foreign company, provided that such company is licensed to practice this activity in the said financial free zone or in the country of origin in the same insurance type and class; and should be subject to the control of a counterpart supervisory authority, with a minimum five years of practice in Insurance Brokerage, and subject to any controls or conditions set by the IA.
2. The paid capital may not be less than (AED 3,000,000) three million Dirhams for a company incorporated in the UAE and (AED 10,000,000) ten million Dirhams for the branch of a company incorporated in a financial free zone or the branch of a foreign company.
  3. A Letter of Guarantee produced by a bank in favor of the IA must be submitted in accordance with the terms and conditions referred to herein.
  4. A professional indemnity insurance policy in favor of the IA must be submitted in accordance with the terms and conditions referred to herein.
  5. The technical and administrative staff required for practicing the activity must be appointed in accordance with the provisions of these Regulations.
  6. A suitable headquarters, software and technical systems required to practice the activity must be provided.
  7. An internal control system to ensure the sound application of law, regulations, instructions, resolutions and circulars issued thereunder must be provided.
  8. A true copy of the agreement concluded between the license applicant and a bank operating in the UAE concerning the account designated for the practice of Insurance Brokerage must be submitted.
  9. Full payment of the prescribed fees must be made.
  10. To comply with any additional conditions or requirements determined by the IA.

**II.** An Insurance Broker must continuously satisfy all the license conditions.

### **Technical and Administrative Staff**

#### **Article 5**

- 1. Individuals to be appointed in the technical and administrative staff must satisfy the following conditions:**

- a) Be a natural person enjoying full capacity.
  - b) Be of good conduct and behavior, and has never been sentenced for a freedom restricting punishment in a moral turpitude crime without being rehabilitated.
  - c) Has not stopped the payment of his commercial debts even if not associated with bankruptcy declaration, or has been judged bankrupt without being rehabilitated.
2. An Insurance Broker shall notify the IA of the appointment of any accredited personnel, and of any modification or alteration that may arise regarding their transfer or termination, stating the reasons thereof. An Insurance Broker shall also notify the IA once any of the accredited posts becomes vacant and an alternative is appointed until such vacant post is permanently filled within a maximum period of 60 business days from the date of vacancy.

### **Article 6**

1. An Insurance Broker must continuously have the technical staff required to practice the licensed activity and must at least appoint employees to assuming the following jobs:
  - a) General Manager or Chief Executive Officer.
  - b) Operations Manager.
  - c) Internal Auditor.
  - d) At least one specialized employee for each licensed insurance type or class.
2. The shall hold a decision to determine the qualifications, experience, duties and restrictions for each one of the jobs listed in clause (1) of this article.
3. No one may combine two jobs of the jobs approved by the IA at the same time.

### **Application for License**

#### **Article 7**

The application of a license to practice the activities of the Insurance Brokerage shall be submitted to the IA according to the designated form enclosing information, data and documents supporting the application for license, particularly:

1. The legal form of the applicant, along with a report stating the names of the partners, members of the board of directors or management board and the executive management.
2. An acknowledgment that the partners and the Director General or Chief Executive Officer have never been declared bankrupt, as well as providing certificates of good conduct confirming that none of them has been sentenced for a freedom restricting punishment.

3. A statement showing any legal or judicial obligations or liabilities related to the applicant.
4. A statement showing the technical systems used and the work procedures proposed for practicing the activity of Insurance Brokerage.
5. Types and classes of the insurance business applied for.
6. Training and Emiratization plan for AUE nationals.
7. In addition to the above, a branch of a foreign company, or a branch of a company incorporated in a financial free zone shall submit the following:
  - a. An official certificate issued by the competent authority showing the company's incorporation, registration and licensing to practice the activity of Insurance Brokerage in the types and classes of insurance to be practiced in the UAE.
  - b. A copy of the financial statements for the last two years audited, approved and prepared in the UAE Dirhams.
  - c. A true copy of the board of directors' or management board's decision approving the opening of a branch in the UAE.
8. An undertaking to satisfy all license conditions required in case of approving the application for license within the period determined by the IA; otherwise the approval shall be null and void; as well as undertaking not to start practicing the activity before the IA ensures that the applicant has satisfied all license conditions and IA's approval in this regard is issued.
9. Any other documents and data required by the IA.

### **Considering the Application for License**

#### **Article 8**

1. The IA shall issue its decision of approving or rejecting the application for license within a maximum period of 20 working days as from the date of submitting the complete application. The IA may subject its approval to grant the license to the conditions and restrictions at the discretion of the IA, or may suspend the granting of licenses due to the requirements of the public interest for the period it deems suitable.
2. Once the application for license is approved, the Insurance Broker shall be registered in the IA's Insurance Brokers Register.
3. An Insurance Broker may add a type or class of insurance to the granted license under an application to be submitted to the IA on the form designated for this purpose after meeting all the related conditions and requirements.

## **Term and Renewal of the License**

### **Article 9**

1. The term of license shall be one year expiring at the end of December every year. The validity period of the first license shall be from the date of issuance through the end of December of the same year.
2. The license shall be renewable under an application to be submitted to the IA at least one month prior to the expiry date after ensuring that the Insurance Broker has continuously abided to the provisions of these Regulations and has paid the prescribed annual renewal fees. The IA shall issue its decision on the complete application within 10 working days as from the date of submitting the same.
3. The IA may suspend the Insurance Broker from practicing the activity in case of failure to submit a complete application for license renewal.

## **Temporary Suspension and Cancellation of the License**

### **Article 10**

1. An Insurance Broker wishing to temporarily suspend the activity practice, or an Insurance Broker having a contingent reason preventing it from practicing the activity, must submit an application to the IA to temporarily suspend the activity practice and to continue practicing the activity until the IA's decision is issued. The IA may reject or approve the application for suspension after meeting all the requirements deemed appropriate by the IA in a manner achieving the interests of companies, clients and beneficiaries, provided that the suspension period may not exceed (3) months as from the date of approval thereon. Such period may be extended for another similar period subject to the Insurance Broker continuing to comply with the conditions and requirements deemed necessary by the IA to reinstate the license. The Insurance Broker shall maintain the letter of guarantee and professional indemnity insurance policy during such period.
2. The Insurance Broker may not practice their activity during the suspension period. In all cases, the Insurance Broker may request to resume the practice before the end of the suspension period whether the suspension was optional or when the preventing cause ceases to exist.
3. An Insurance Broker wishing to suspend the practice permanently shall submit an application to the IA, and shall continue to practice the activity until it has satisfied all requirements for the cancellation of the license as determined by the IA and the issuance of the IA's decision in this regard.

The cancellation decision shall be issued by the IA and immediately published in two widely circulated daily newspapers in the UAE one in Arabic language and the other in English language at the Insurance Broker's expense. The letter of guarantee shall be recovered and the professional indemnity insurance policy shall be terminated after the elapse of 3 months as from

the date of publication in case the IA approved the same after the settlement of all the Insurance Broker's transactions and ensuring that there are no liabilities thereon towards the IA or towards other companies, clients or beneficiaries arising from its practice of the Insurance Brokerage activity.

### **Chapter III**

#### **Letter of Guarantee and Professional Indemnity Insurance Policy Provisions**

##### **Conditions for Issuing the Letter of Guarantee**

###### **Article 11**

The Letter of Guarantee shall be:

1. Issued by a bank operating in the UAE, in favor of the Chairman of the IA Board of Directors in his capacity according to the form designated by the IA.
2. Unconditional, unrestricted, payable on demand – by the IA – at any time and may only be canceled under a written consent of the IA.
3. Issued for the purpose of guaranteeing the settlement of the Insurance Broker's transactions and meeting their obligations arising from practicing Insurance Brokerage towards companies, clients or beneficiaries, or in implementation of the IA's decisions.
4. Its value may not be less than (AED 3,000,000) three million Dirhams for companies incorporated in the UAE and (AED 1,000,000) one million Dirhams for any branch thereof. For the branch of a foreign company or companies incorporated in any financial free zone, its value may not be less than (AED 5,000,000) five million Dirhams for the branch and (AED 3,000,000) three million Dirhams for any addition branch thereof in the UAE.
5. At any time, the IA shall have the right to liquidate the Letter of Guarantee submitted by the Insurance Broker in full or in part to ensure meeting its liabilities resulting from practicing its activity towards the companies, clients or beneficiaries, or in implementation of the IA's decisions.

##### **Conditions for Issuing the Professional Indemnity Insurance Policy**

###### **Article 12**

The Professional Indemnity Policy shall be:

1. Issued by a company licensed by and registered with the IA, after the IA's approval of the conditions of such policy.



2. The insured shall be the Insurance Broker and the beneficiary shall be the Chairman of the IA Board of Directors in his capacity.
3. Issued for the purpose of guaranteeing any liability arising from damages resulting from practicing Insurance Brokerage, unintentional error, omission and unintentional negligence.
4. Valid throughout the license term and applicable to the annual renewal of the license. The Insurance Brokerage activity may not be practiced unless such policy is available and valid.
5. The insured sum under the policy may not be less than (AED 2,000,000) two million Dirhams for companies incorporated in the UAE, provided that the deductible amount may not exceed (AED 30,000) thirty thousand Dirhams for each accident. As for the branch of a foreign company or companies incorporated in any financial free zone, the insured sum under the policy may not be less than (AED 3,000,000) three million Dirhams, provided that the deductible amount may not exceed (AED 50,000) fifty thousand Dirhams for each accident.
6. Any amendment or alternation to the insurance policy may only be made under the written approval of the IA.

## **Chapter IV**

### **Obligations of the Insurance Broker**

#### **Internal Bylaws of the Insurance Broker**

##### **Article 13**

To practice its activity, the Insurance Broker shall comply with the following:

1. Producing of written internal bylaws within (3) months from the date of obtaining the license, and providing the IA with a copy thereof, subject to amendment of such bylaws in accordance with any amendments made to the Law, regulations, instructions, resolutions and circulars issued by the IA and notifying the IA thereof. Such internal bylaws shall include the following data:
  - a) The documentary cycle to be followed as of the beginning of dealing with a company and client, until the full completion of the insurance transaction.
  - b) The organizational structure of the Insurance Broker showing the actual functions, responsibilities and powers of directors and other employees working for the Insurance Broker.
  - c) The relationship between the headquarters of the Insurance Broker and its branches; and determining the powers that the branch is authorized to practice.
  - d) Correspondences recording system.

- e) Internal record-keeping system.
  - f) Clients' complaints recording system.
2. Periodical review and continuous update of the internal control system in a manner to ensure the sound application of the Law, regulations, instructions, resolutions and circulars issued by the IA.
  3. Producing an Operational Guide for risk management to include the listing and definition of the specific risks that could be encountered and how to address them once realized. The Guide shall be updated and reviewed periodically as appropriate to the nature of the Insurance Broker business and according to the applicable rules in this regard.
  4. Development of a professional code of conduct for the Insurance Broker employees; and supervising and organizing their undertakings to ensure compliance with the Law, regulations, instructions, resolutions and circulars issued by the IA, especially those related to trust, integrity and conflict of interest.
  5. When practicing the activity of Insurance Brokerage, the Insurance Broker and their branches shall be independent from any other party in terms of place or organizational, technical or administrative aspects.
  6. Cooperation and coordination with the internal controller, enabling him/her to perform the assigned tasks and notifying the IA of any violation of the Law or the regulations, instructions, resolutions or rules issued thereunder, or the applicable internal bylaws.
  7. Not to dismiss the internal controller except by a decision of the board of directors or management board of the Insurance Broker, provided that the IA and the internal controller are notified of the dismissal decision at least (30) working days before such dismissal, explaining the causes and justifications of the dismissal.

### **Obligations of the Insurance Broker towards the IA**

#### **Article 14**

The Insurance Broker shall comply with the following obligations towards the IA:

1. Open an independent account with a bank operating in the UAE to be designated for the financial transactions related only to the Insurance Brokerage business. Such account shall be subject to audit by the IA.
2. Complete separation between the Insurance Broker's personal accounts and the accounts related to the Insurance Brokerage practice.
3. Refrain from obtaining any interests on the funds deposited in the account of the Insurance Brokerage business, or from holding such funds in the form of time deposits, or to obtain credit facilities or bank loans secured by such funds.

4. Maintain the financial solvency required to practice the activity in a manner to ensure the continued performance of its obligations according to the rules set by the IA.
5. Abide by the limits of insurance types and classes which the Insurance Broker is licensed to practice.
6. Not to manage or bear any insurance risks.
7. Conclude Insurance Brokerage agreements with companies; and providing the IA with true copies thereof within a maximum period of one week after the date of their signature, as well as any amendments or alternations thereon once made.
8. Conclude at least two Insurance Brokerage agreements with companies within (60) working days after the license date.
9. Not to depend only on one company at any time to practice the activity in the UAE.
10. Maintain the records, documents, accounts and financial statements that show the Insurance Broker's financial position, transactions, Insurance Brokerage agreements concluded with companies, authorizations issued by Clients, Clients' data, copies of insurance policies issued to such clients, and any other documents or data related to the practice for a period of (10) years, provided that back-up copies of all such statements and documents are maintained for the same period in order to protect the clients' data and transactions against any causes of damage. The IA shall be allowed access to obtain and review same on demand.
11. The fiscal year shall commence on the first day of January and ends on the thirty-first day of December every year, provided that the balance sheet and the closing accounts are prepared in the UAE Dirham.
12. The Insurance Broker shall provide the IA with the following reports:
  - a) A quarterly report signed by the Chairman of the IA Board of Directors, the Director General or Chief Executive Officer, and audited by the external auditor. This report shall address the Insurance Brokerage business and the accounts related thereto, and shall be submitted within a maximum period of (20) working days from the end of the quarterly period.
  - b) An annual report signed by the Board of Directors or Management Board and audited by the external auditor. This report shall include all Insurance Brokerage business performed during the year, the accounts related thereto, the closing accounts and the annual balance sheet; and shall enclose a copy of the Insurance Brokerage agreements that have been concluded with companies. This report shall be submitted within a maximum period of (60) working days from the end of the fiscal year.
  - c) Any other reports or statements required by the IA.

13. To immediately notify the IA of any change occurring on the data or documents based on which the license was granted within (5) working days from the date of occurrence of such change; and of any deficit affecting its financial position.
14. Inform the IA of the content of advertising campaigns to promote its services before presenting to the public.
15. Not to publish or promote any incorrect data, information or transactions.
16. Insert their name and registration number with the IA on all its papers, correspondence and documents in both Arabic and English languages.
17. Not to assign any business carried out by them to another Insurance Broker(s), unless with the consent of the IA, companies, clients or beneficiaries, subject to notifying the IA of the details of such transfer in case of temporary suspension or cancelation of the license, voluntary or due to a penalty.
18. Comply with the laws and any decisions or instructions on combating money laundry and terrorist finance.
19. Comply with all regulatory rules, procedures and requirements as prescribed by the IA regarding internal controls and the undertakings of the internal auditor.
20. Practice the licensed activity with due diligence in accordance with the provisions of the Law and regulations and the conditions and controls based on which the license was issued; observe commercial norms; nurture Clients' interests and abide by the rules of professional conduct and integrity in practicing its activity with the clients, companies and third parties.

## **The Insurance Broker's Obligations towards the Company**

### **Article 15**

The Insurance Broker shall comply with the following obligations towards the Company:

1. Sign an Insurance Brokerage agreement with each Company they deal with. The agreement must be executed in Arabic language, signed by both parties and authenticated before the official authorities. It shall remain in force throughout the period of dealing with the respective Company, and shall include the rights and obligations of each party in conformity with the provisions of these Regulations, particularly the following:
  - a) The term of the agreement, how and why it can be terminated;
  - b) Types and classes of insurance subject of brokerage;
  - c) Geographical scope;
  - d) A provision authorizing the Insurance Broker to receive the premiums in favor of the Company in cases where the Insurance Broker is permitted to collect the

premiums. However, the Insurance Broker may not use the collected premiums for any other purpose.

- e) The agreed commission for the Insurance Broker, the manner to calculate such, when its due date for payment and its collection procedures.
2. The agreement may not include the following:
    - a) Authorization to the Insurance Broker to issue insurance policies or endorsements thereto, or to amend policies or endorsements except for the issuance of motor insurance certificates if both parties wish so.
    - b) Authorization to the Insurance Broker to receive compensations payable to clients or beneficiaries to be paid to the entitled recipients.
    - c) Preventing the Insurance Broker from practicing its activity with any other company.
  3. Submit all customer information and data which may affect the decision to be taken by the Company regarding the insurance cover, rates and conditions, in order to enable the Company to assess the risks to be insured or to renew its insurance.
  4. Follow up on the collection of premiums in all types and classes of insurance licensed to be practiced by the Insurance Broker.
  5. Receive insurance premiums from clients, excluding premiums related to insurance types and classes shown below which must be paid by the clients directly to the Company or to be deposited into the Company's account:
    - a. Life insurance and fund accumulation operations;
    - b. Group health insurance;
    - c. Marine and air cargo insurance;
    - d. Hull insurance; and
    - e. Petroleum insurance.
  6. Deposit insurance premiums collected by the Insurance Broker in the cases where it is permitted to receiving such premiums in the account designated for the practice of Insurance Brokerage.
  7. Transfer the received premiums to the Company within a period of no longer than (20) working days without deducting any due amounts, interests or commissions from such premiums; and provide the Company with a detailed report thereon.
  8. Not to use the letterhead of the Company - for which the Insurance Broker works - for their own correspondence or correspondence to their Clients.

9. The Insurance Broker may not, directly or indirectly, seek the cancellation of an insurance policy issued by the Company through another Insurance Broker with the aim of re-issuing the same through them. In this case, the new policy will not be counted when calculating their entitlements.
10. The Insurance Broker shall maintain the confidentiality of conditions, rates, information and data obtained from the Company and not to disclose such information to other companies.

### **The Insurance Broker's Obligations towards the Clients**

#### **Article 16**

The Insurance Broker shall comply with the following obligations towards the Clients:

1. Sign a written authorization with all its Clients to authorize it to perform the Insurance Brokerage business according to the form designed for this purpose and approved by the IA. The authorization shall particularly include the following:
  - a. The authorities of the Insurance Broker to communicate with any company licensed by the IA or with any licensed company nominated by the Client.
  - b. The responsibilities and authorities of the Insurance Broker regarding the claim procedures for compensation which may be entitled by a Client who reports an insured accident.
2. Not to restrict the Client's freedom to withdraw or cancel the authorization, and not to charge the Client for any financial costs as a result thereof.
3. Provide technical advice and consultation, and inform the Client of the best conditions and rates of the companies and keep the documents proving such and register them in duly organized records. In addition, they must negotiate in favor of the Client and represent them before the Company and not to receive any commission for such negotiation.
4. Observe the interests of the Client whether when comparing the conditions, rates and the scope of insurance cover, or in terms of preferring to work with a certain Company rather than others; and not to recommend or advocate any company just because it offers higher commission to the Insurance Broker.
5. Ensure that the Client is aware of and has understood the type of service provided and the nature of relationship between them, as well as ensuring that the policy meets all the Client's requirements.
6. Notify the Client of all the details of the insurance policy in terms of insurance cover, co-insurance rate (deductible), if any, the surrender amount prior to the scheduled maturity or before the insured risk is realized, or any other conditions, exclusions or restrictions of the insurance policy.

7. Explain the importance of disclosure of the essential and fundamental information when submitting an application for insurance and the consequences of concealing, inaccuracy or invalidity of any data or documents provided by the Client, as well as explaining the Client's full responsibility for such data and information.
8. Explain the importance of disclosing any future changes that may affect the insurance cover during the term of the insurance policy.
9. Explain the method of payment of insurance premiums highlighting the importance of remitting same in due dates, and the consequences that may be incurred due to failure to observe such due dates.
10. Send insurance policies to Clients without undue delay, enclosing a notice stating the importance of reading the policy carefully.
11. Explain the procedures that must be followed by the Client in case the insured risk occurs; and assist in the negotiations with the Company regarding the claims arising from the occurrence of the said risk; and notify the Client immediately of Company's decision to accept or reject the provision of the insurance cover related to such claims.
12. Not to assign the insurance brokerage tasks to other insurance brokers without obtaining the written approval of the Client and the insurance company thereto.
13. Inform the Client in writing (20) days before the expiry date of the insurance policy so that the Client can express their desire in writing regarding the following:
  - a) Renewal of the insurance policy with the same Insurance Broker or not.
  - b) Renewal of the insurance policy with the same company under the same conditions, or with the same company under different conditions, or with another company according to other proposal presented by the Insurance Broker to the Client.
14. Deal in accordance with the principles of good faith and transparency and professional rules and ethics, subject to the confidentiality of the Client's data and information

## **Chapter V**

### **Rights of the Insurance Brokers**

#### **Article 17**

1. The Company may not directly communicate with the Client who authorized the Insurance Broker unless upon the Client's written desire.
2. The Company may not offer different conditions and rates for the same insurance transaction to another Insurance Broker unless such another Insurance Broker provided different information influencing the Company's decision regarding the insurance conditions and rates.

## **Chapter VI**

### **Branches of the Insurance Brokers**

#### **Article 18**

1. The Insurance Broker may not open branches thereof in the UAE unless after obtaining the IA approval for each individual branch according to the following conditions:
  - a. A decision is taken by the board of directors or management board of the Insurance Broker to open a branch thereof.
  - b. The appointment of an officer in charge of the branch who must satisfy the conditions stipulated in the rules issued by the Director. The branch officer shall submit an acknowledgment that he/she is fully responsible for of the actual management of the branch.
  - c. The new branch shall operate under the direct supervision of the General Director or Chief Executive Officer in the headquarters of the Insurance Broker.
  - d. Provide the title deed of the branch premises or the lease thereof approved by the competent authorities;
  - e. Submit a statement showing the technical equipment available in the branch, as well as a list of the names of the branch employees and their job titles.
  - f. A minimum period of two years has elapsed since the Insurance Broker was licensed during which the Insurance Broker must have actually practiced the activity and have not been subject to any administrative fines or penalties.
  - g. Obtain the approval of the competent authority in the relevant Emirate.
  - h. The volume of premiums achieved by the Insurance Broker during the fiscal year preceding the application for approval must be at least AED 3,000,000.
2. The legal representative of the Insurance Broker shall apply for branch opening using the form designated for this purpose enclosing the supporting information, data and documents, as well as a proof of full payment of the prescribed fees. The IA shall issue its decision approving or rejecting the opening the branch within (20) working days as from the date of submitting the complete application to the IA. The branch registration shall be renewed under an application to be submitted to the IA after ensuring that the Insurance Broker has continued comply with the provisions of these Regulations and full payment of the prescribed annual renewal fees.
3. All the provisions stipulated herein shall apply to the activity of the branch.
4. The Insurance Broker may request the closure of a branch, and the IA shall issue its decision approving the closure of the branch within 20 working days as from the date of submitting the complete application to the IA.



5. Without prejudice to the penalties stipulated herein, the IA may cancel the approval issued for the branch in case the branch lost any of the conditions whereupon the approval decision was issued, or in case the branch has violated any provisions of the Law, regulations, instructions, resolutions and circulars issued in implementation thereof.

## **Chapter VII**

### **Merger and Settlement of Disputes**

#### **Merger of Insurance Brokers**

##### **Article 19**

**Subject to merger provisions stipulated in the Commercial Companies Law, the following provisions shall apply in case of the merger of Insurance Brokers licensed to operate in the UAE:**

1. The merger of Insurance Brokers shall be by annexation or combination. The merger decision may only be implemented after obtaining the approval of the IA and the competent authority as stipulated in the Commercial Companies Law according to the form resulted from the merger.
2. If the merger between two or more Insurance Brokers by annexation, an application must be submitted to the IA supported by the following documents:
  - a) Approved resolution from the boards of directors or management boards of both the merging and the merged Insurance Brokers, confirming their desire to merge.
  - b) A copy of the merger contract.
  - c) A statement signed by the internal auditor and external auditor of the Insurance Broker stating the obligations of each Insurance Broker and the right of its Clients.
  - d) The financial statements of each Insurance Broker duly audited to nearest date to submitting the application.
  - e) Evaluation of the net assets of the merged Insurance Broker in accordance with the provisions of evaluation of in-kind shares as provided for in the Commercial Companies Law.
  - f) Undertaking by the merging Insurance Broker to increase its capital once the merger is approved according to the result of the evaluation of the merged Insurance Broker.
  - g) Undertaking by each party to the merger to commit to all the rights of the clients, beneficiaries and companies as well as the outstanding obligations of the merged Insurance Broker in accordance with the final report.

3. In case the merger between two or more Insurance Brokers by combination, the insurance brokers applying for the merger shall comply with all obligations and procedures set forth in clauses (2) and (7) of this article, provided that each of the merging Insurance Broker shall issue a resolution to dissolve itself. The new Insurance Broker shall be incorporated under the provisions of the Commercial Companies Law. Its capital shall be the net evaluation results of the merging insurance brokers and all obligations and rights as per the final report submitted to the IA immediately before the merger shall be transferred to the new Insurance Broker.
4. Any party with interest may object to the merger process within three months from the date of its publication in the Commercial Register. Such objection shall be submitted to both competent authority and the IA stating the reasons thereof and including all data and rights owed by the Insurance Broker. The merger may only be approved after the objection has ended, whether amicably or by court judgment.
5. The merged and merging Insurance Brokers shall be inspected to verify all data, information, obligations and rights related to any of them, and a report thereon shall be prepared.
6. The complete merger application including all documents and conditions shall be forwarded to the Board to take a decision thereon.
7. The merged Insurance Broker shall comply with the following:
  - a) Implementation of the merger resolution and the issuance of a resolution to dissolve the Insurance Broker within three months after the date of publication in the Commercial Register, provided that the actual date of Insurance Broker's dissolution and merger shall be published in two widely distributed daily newspapers, at least one of them in Arabic language.
  - b) The merged Insurance Broker may not dispose of any of its assets after their evaluation by the committee formed for this purpose. In case of disposal of any assets due to an urgent cause, the Insurance Broker shall notify the IA of such disposal immediately as occurred.
  - c) To notify the IA of any changes occurring to their financial status, and to submit a statement showing the rights and obligations of companies, clients and beneficiaries towards them, duly audited as of the date of application until the day preceding the actual dissolution of the Insurance Broker and implementation of the merger resolution. Such statement must be signed by the Insurance Broker's board of directors or management board and its auditor.
8. Both the merged and merging Insurance Brokers shall continue practicing their activities normally until the decisions of the IA and the competent authority are issued approving the merger.

## **Dispute Resolution**

### **Article 20**

The companies, clients, beneficiaries and Insurance Brokers may submit complaints to the IA to take the appropriate decisions thereon pursuant to the applicable procedures of the IA.

## **Chapter VIII**

### **Supervision and Penalties**

#### **Supervision and Inspection**

##### **Article 21**

1. The IA shall conduct regular and surprise inspection and control visits without prior notice to Insurance Brokers in order to ensure their compliance with the Law, regulations, instructions, resolutions, rules or circulars issued by the IA, and to investigate any violations revealed by such inspections or contained in the complaints received by the IA.
2. The IA may request all information and documents – as it deems necessary for the purposes of controlling and investigating on the Insurance Broker or any of their staff, the companies, clients and beneficiaries.
3. The Insurance Broker shall place all brokerage records, documents and entries at the disposal of the IA and its employees; and shall cooperate with them and respond to their requests to fully perform their work.
4. The Insurance Broker shall provide any data or information requested by the IA within period specified by the IA.

##### **Penalties**

##### **Article 22**

1. In case of a breach by the Insurance Broker of the Law, regulations, instructions, resolutions or circulars issued thereunder, the IA may sanction any of the following penalties:
  - a. Serve a warning to the Insurance Broker and compel them to remove the breach causes and take the necessary actions to prevent recurrence it in the future.
  - b. Suspend the Insurance Broker from practicing the activity for maximum period of one year.
2. The IA may cancel the Insurance Broker's license in any of the following cases:
  - a. Losing any of the license conditions stipulated herein.

- b. Gross breach of any of the duties and obligations.
  - c. Failure to renew the license, or to pay the annual renewal fees or prescribed delay fines.
  - d. Issuance of a final court judgment declaring the Insurance Broker bankrupt.
  - e. The dissolution and liquidation of the Insurance Broker.
  - f. If the Insurance Broker fails practice the licensed activity within 6 months from the date of granting the license.
  - g. If the Insurance Broker fails practice the activity after a suspension period.
  - h. If it is found out that the license was granted on the basis of invalid information or data, or based on an undertaking that has not been implemented as determined by the IA.
3. The cancelation of the license shall entail the following:
- a. Publishing the decision to cancel the Insurance Broker's license and write off its name from the Insurance Brokers Register as soon as the decision is published in two widely distributed daily newspapers in the UAE, one of them in Arabic language, at the Insurance Broker's own expense. The IA may pay such expenses from the Insurance Broker's Letter of Guarantee.
  - b. Recover the Letter of Guarantee and terminate the professional indemnity insurance policy after 3 months from the publication date once the IA approved the same; and after the settlement of all transactions of the Insurance Broker and ensuring there are no obligations towards the IA, clients, companies or any beneficiaries arising from practicing the Insurance Brokerage business.
  - c. No application for license may be submitted before the lapse of (3) years from the date of issuing the license cancelation decision.

### **Article 23**

In case the Insurance Broker's employees violate the Law, regulations, instructions, resolutions or circulars issued thereunder, the IA may impose the following penalties:

1. Warning;
2. Suspension from practicing the activity for a maximum period of two months;
3. Cancellation of the accreditation in case of excessive breach of the Law, regulations, instructions, resolutions or circulars issued by the IA.

#### **Article 24**

Imposing any of the above stipulated penalties shall not prejudice the civil or criminal liability of the Insurance Broker or any of its employees for the committed violations.

#### **Grievance**

#### **Article 25**

A decision rejecting an application for license, registration, cancelation or write-off may be appealed within (20) working days from being notified of the relevant decision. The appeal shall be submitted to the IA Board of Directors to decide thereon within (20) working days from the date of submission of the complete appeal. The Board's decision on the grievance shall be final.

#### **Final Provisions**

#### **Article 26**

1. Whoever practices the insurance brokerage business must rectify their status in accordance with these Regulations within a maximum period of one year from the date it takes effect.
2. The IA shall collect the prescribed fees for any procedures or services provided by the IA according to the provisions of the Law, regulations or resolutions issued thereunder.
3. Without prejudice to the procedures stipulated in the Commercial Companies Law, in case of a voluntary or mandatory liquidation of an Insurance Broker, such liquidation shall be under the supervision of the IA.
4. It is prohibited to deal with any person practicing insurance brokerage business without a license from the IA pursuant to the provisions of these Regulations.

#### **Article 27**

The Director General shall issue the resolutions, circulars and instructions required for the implementation of these Regulations.

#### **Article 28**

The Ministry of Economy Resolution No. 543 of 2006 concerning the Regulation of the Profession of Insurance Brokers shall be revoked.

## **Article 29**

These Regulations shall be published in the Official Gazette, and shall come into effect on the following day to its publication.

**Engineer Sultan bin Saeed Al Mansoori**  
Chairman of the IA Board of Directors

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