

Instructions (6) of 2005
Instructions for Opening A Branch of an Insurance Company
Inside or Outside the Kingdom*
Issued by the Board of Directors of the Insurance Commission pursuant to the
provisions of Article (28) and paragraph (B) of Article (108) of the Insurance
Regulatory Act No. (33) of 1999 and the Amendments Thereof

Article (1):

These Instructions shall be known as the (Instructions for Opening A Branch of an Insurance Company Inside or Outside the Kingdom of 2005) and shall come into force as of the date of its publication in the Official Gazette.

Article (2):

- A- The words and phrases mentioned in these Instructions shall have the meanings ascribed thereto in Article (2) of the Insurance Regulatory Act No. (33) of 1999 and the Amendments Thereof, unless otherwise indicated by context.
- B- For purposes of these Instructions, the words and phrases mentioned hereunder shall have the following meaning:-
- Act : The Insurance Regulatory Act in force.
 - Host Country : The country where the foreign branch of the Company will be opened.

Article (3):

- A- Subject to what is mentioned in Article (4) of these Instructions, the application for opening a branch outside the Kingdom shall be submitted according to the form designated for this purpose, which includes the following data:-
- 1- Name of the Company.
 - 2- Number of branches inside and outside the Kingdom.
 - 3- Type of insurance required to be transacted.
 - 4- Classes of insurance required to be transacted.
 - 5- The geographical location where the branch will be transacting business.
- B- The following documents and information shall be attached to the application:-
- 1- A decision issued by the board of directors of the Jordanian insurance company for opening the branch.
 - 2- The feasibility study for opening the branch, including the estimated balance sheet for the financial status for the first three financial years of the opening of the branch.
 - 3- A statement that shows the relationship between the Company and the branch, and the authorities granted to it.
 - 4- The organizational structure of the branch, as well as the number of employees.
 - 5- A list of the names of the key employees including the director or the person in charge of the branch, with a detailed description that includes the qualifications and expertise of every one of them, pursuant to the

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provisions of Article (33) of the Act, and a proof of fulfilling the conditions, stipulated in Article (31) of the Act, provided that the list shall include names of the authorized signatories of the branch.

- 6- A statement of the equipment and real estate required for the operation of the branch.
- 7- A written declaration indicating that all the data, information and documents stipulated in this Article are correct.
- 8- Any other data, documents or information requested by the Director General.

Article (4):

- A- The solvency margin percentage, at the level of the unified data, of the Company requiring to open a branch outside the Kingdom shall not be less than (200%) pursuant to the Solvency Margin Instructions in force. The Company shall maintain this percentage during the period of operation of its branch outside the Kingdom.
- B- When looking into the application for opening a branch outside the Kingdom, the following shall be taken into consideration:-
 - 1- The scope of supervision by the Company on the branch.
 - 2- The regulatory and supervisory environment on insurance business in the Host Country.
 - 3- The financial and technical capability of the Company to open a branch outside the Kingdom, the qualifications and expertise of the persons in charge and scope of compliance with the provisions of the Act, Regulations, Instructions and Decisions issued by virtue of any of them.

Article (5):

- A- The Director General shall notify the Company submitting the application, within a month as of the date of submitting the application, either by the completion or incompleteness of the application to all data and documents stipulated in Article (3) of these Instructions.
- B- In case of incompleteness, the applicant shall fulfill the incompleteness within a period not exceeding one month as of the date of notification of such; otherwise, the application shall be considered null and void. The applicant shall not be allowed to submit another application before the elapse of six months as of the date of voidance of the application.

Article (6):

- A- In case of completion of the application to all data and documents stipulated in Article (3) of these Instructions, the Director General shall issue a decision either by the approval or rejection for opening a branch, within a period not exceeding one month as of the date of notification of such. In case of rejection, the decision of the Director General shall be justified.
- B- In case of approval for opening a branch, pursuant to paragraph (A) of this Article, the branch shall be listed in the register designated for this purpose, after submitting a certified copy, by the Company, for transacting insurance business in the Host Country and paying the fees and charges determined pursuant to the Regulations and Instructions issued for this purpose by virtue of the Act.

Article (7):

- A- The Company, which obtained the approval for opening a branch outside the Kingdom, shall transact its business through that branch, within a period not exceeding one year as of the date of notification of the approval.
- B- In case the Company did not transact its business pursuant to the provisions of paragraph (A) of this Article, the Director General may cancel or extend the approval for a period not exceeding six months upon justified reasons. In all cases, if the branch has not been opened within the determined period, the approval shall be legally considered void.

Article (8):

It shall be prohibited for the branch of the Company outside the Kingdom to transact:-

- A- Any insurance business, before obtaining the approval for opening a branch.
- B- Any type or class of insurance which is not within the Company's license and is not licensed to transact.

Article (9):

The Company that has been granted the license to open a branch outside the Kingdom pursuant to the provisions of these Instructions shall immediately notify the Director General of any change that has occurred on the data, information and documents, which the Company has been granted the license by virtue thereof.

Article (10):

The Company that has a branch outside the Kingdom shall furnish the Director General with the following:-

- A- Balance sheet, profits, losses and the underwriting accounts for every license of the first quarter of the financial year by the end of April, at the most, and of the third quarter of the financial year by the end of October, at the most, for all classes for every country separately, according to the form designated for this purpose.
- B- Semi-annual financial statements, audited by a licensed auditor, by the end of July, at the most, for all classes for every country separately, according to the form designated for this purpose.
- C- Annual financial statements, audited by a licensed auditor, by the end of February, at the most, for all classes for every country separately, according to the form designated for this purpose.
- D- Notes related to the temporary audit concerning the examination of the internal audit and internal control systems, for all classes for every country, as soon as receiving of such from these branches.
- E- Proof of transferring the branch's realized profits, annually, to the Kingdom, in case of transferring its capital from the Kingdom.
- F- Any directions or correspondences from the Insurance Regulatory and Supervisory Body of the Host Country that has direct relation with the business of the branch, as soon as received.
- G- Any other data, information or documents requested by the Director General.

Article (11):

The branch, outside the Kingdom, shall be subject to auditing pursuant to the provisions of the Act. The Company shall bear full expenses resulting from such auditing, and the provisions of the Personnel Regulation of the Insurance Commission in force, Instructions and Decisions issued by virtue of any of them related to the travel allowances shall be applied in this regard.

Article (12):

A- The Company that wishes to close its branch, outside the Kingdom, suspend its business or move its place, shall notify the Director General of the following:-

- 1- The approval by the Host Country to close the branch, suspend its business or move its place according to the legislation in force of the Host Country, if any.
- 2- Plans regarding the closure process of the branch, suspension of its business or moving its place, and results of such.

B- Subject to Regulations of the Host Country, the following rules shall be applied upon closure of the branch, outside the Kingdom, or the suspension of its business:-

- 1- Rights and responsibilities of the branch, after the closure, shall be transferred to the Company.
- 2- The Company shall not be allowed to submit another application to open a branch in the same location where its branch has been closed or suspended pursuant to the provisions of paragraph (A) of this Article, before the elapse of one year as of the date of closure or suspension.
- 3- The branch shall not underwrite any new Insurance Policies after the closure or the suspension decision is issued.

Article (13):

The branch, outside the Kingdom, shall comply with the provisions of the Act, Instructions and Decisions issued by virtue of any of them, including the Basis of Calculating the Technical Provisions Instructions and Reinsurance Instructions in force, where there is no legislation at the Host Country to regulate its business in this regard.

Article (14):

A- The Company that wishes to open a branch inside the Kingdom shall:-

- 1- Notify the Director General of such, in writing, before the commencement of its business.
- 2- Provide any data or information requested by the Director General concerning the Company or the branch, within the period determined by the Director General.

B- The branch shall be listed in the register designated for this purpose after paying the fees and charges determined pursuant to the provisions of the Regulations and Instructions issued for this purpose by virtue of the Act.

Article (15):

The branch, inside the Kingdom, shall not be allowed to transact any type or class of insurance which does not fall within the Company's license and is not licensed to transact.

Article (16):

The Company that opened a branch inside the Kingdom pursuant to the provisions of these Instructions shall immediately notify the Director General of any change or modification that has occurred on any of the information, which the Branch has been granted the license by virtue thereof.

Article (17):

- A- The Company that wishes to close, suspend or move the place of the branch inside the Kingdom, shall notify the Director General of the plans concerning the closure process, suspension of business or moving the place and the results of such.
- B- The Company shall not be permitted to underwrite any new Insurance Policies through its branch, inside the Kingdom, after notifying the Commission of closing or suspending that branch.

Article (18):

- A- The Director General may issue a decision to close the branch and cancel its registration, in any of the following cases:-
 - 1- If the approval to open a branch was made upon false information, data and documents attached to the application.
 - 2- If the branch, outside the Kingdom, did not commence its business within the period specified in Article (7) of these Instructions.
 - 3- If the branch lost any of the conditions it has been granted the license by virtue thereof.
 - 4- If the branch breached the provisions of the Act, Regulations, Instructions or Decisions issued by virtue of any of them.
 - 5- If a decision issued by the Host Country relating to closing the branch outside the Kingdom.
 - 6- If the branch stopped transacting its business for a consecutive twelve month, or non-consecutive within a period not exceeding three years.
- B- If the Director General issues a decision to close the branch and cancel its registration, the Company shall not be allowed to submit another application for opening a branch in the same location, before the elapse of two years as of the date of the closure and cancellation of the registration decision is issued.
- C- Where a decision to close the branch and cancel its registration is issued, the Director General shall notify the Company with that pursuant to the provisions of the Act. The registration of the branch shall be cancelled from the register designated for this purpose at the Commission.
- D- Regulations of the Host Country shall be taken into consideration when applying the provisions of this Article.

Article (19):

The Company shall undertake to adjust the status of its branches inside and outside the Kingdom pursuant to the provisions of these Instructions, within a period not exceeding one year as of the date these Instructions came into force, subject to closure of the branch and the cancellation of its registration.

Article (20):

The Director General shall issue the Decisions necessary for implementing the provisions of these Instructions.

Board of Directors of the Insurance Commission