

Instructions No. (3) of 2008
Instructions of Licensing Reinsurance Company
and Offshore Reinsurance Company*

Issued by the Board of Directors of the Insurance Commission
pursuant to the provisions of paragraph (B) of Article (24), paragraph (B)
of Article (45), Article (101) and paragraph (B) of Article (108) of the Insurance
Regulatory Act No. (33) of the year 1999

Article (1):

These Instructions shall be known as (Instructions of Licensing Reinsurance Company and Offshore Reinsurance Company of 2008), which 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 under Article (2) of the Insurance Regulatory Act, unless otherwise indicated by context.

B- For purposes of these Instructions, the following words and phrases shall have the meanings ascribed thereto hereunder:-

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| Act | : The Insurance Regulatory Act in force. |
| Prior Approval | : The approval stipulated in item (1) of paragraph (B) of Article (25) of the Act or any Article that might amend or replace it. |
| Business Plan | : A brief of the suggested activity that the Reinsurance Company shall conduct for the next financial years inside and outside the Kingdom clarifying the means for the usage of the available resources for the achievement of its goals. |

Article (3):

A- The application for obtaining the prior approval shall be submitted according to the form designated for this purpose pursuant to the Decision issued by the Director General including the following data, as the case may be:-

- 1- Type or types of reinsurance required to be transacted.
- 2- Classes of reinsurance required to be transacted.
- 3- Amount of the declared capital and the amount of the capital subscribed.
- 4- Name of the constituents, chosen addresses for the purpose of notification and the number of shares for each of them.
- 5- Name and address of the legal counselor during establishment.
- 6- Name and address of the Auditor during establishment.
- 7- Name and address of the Actuary during establishment.

* These Instructions were published in the Official Gazette volume (4912) dated 16/6/2008 page (2493).

- 8- Name and address of the accredited bank by the constituents during establishment.
- B- The following documents shall be attached with the application, as the case may be:-
- 1- Signed memorandum of association and articles of association of the Reinsurance Company.
 - 2- Constituents minutes of meeting that include the election of the constituents committee which shall supervise the establishment procedures and the authorized signatories during establishment.
 - 3- Detailed information about the constituents, including information about their educational qualifications, experiences, ownership in other companies and their membership in the board of directors of these companies. These information shall be submitted to the Commission according to the form designated for this purpose, which shall be issued pursuant to a Decision by the Director General, and each constituent shall fill and sign the form.
 - 4- Business plan for the first financial years of the operation of the Reinsurance Company organized pursuant to the provisions of Article (4) of these Instructions.
 - 5- A certificate from the Actuary that includes the following:-
 - His approval on the basis of calculating reinsurance premiums.
 - The adequacy of the Technical Provisions, and the possibility of compliance with the Solvency Margin pursuant to the provisions of Instructions in force in this regard, during the first three years of the operation of the Reinsurance Company.
 - His approval on the basis for which the information submitted, in accordance with the provisions of Articles (4) and (5) of these Instructions, was based on.
 - 6- A list of the proposed names for the post of the director general of the Reinsurance Company and the key employees therein, with a detailed description that includes the qualifications and expertise of each of them pursuant to the provisions of Article (33) of the Act, and a proof of their fulfillment to the conditions stipulated in Articles (31) and (32) of the Act.
 - 7- Copies of the agreement forms that will be concluded with the insurance services providers and the primary agreements for reinsurance and retrocession.
 - 8- Proof of paying the fees and charges legally determined.
 - 9- Any other requirements, data, documents or information requested by the Director General.
- C- The applicant shall present a written declaration which includes that all the data and documents submitted pursuant to the provisions of paragraphs (A) and (B) of this Article are correct and consistent with the provisions of the Act, Regulations, Instructions and Decisions issued by virtue of any of them, as the case may be.

Article (4):

The Business plan shall include the following data and information as a minimum:-

- A- A detailed strategic plan for the operations of the Reinsurance Company, which the constituents shall discuss it with the Commission upon request. This plan shall include the following as a minimum:-
 - 1- The activities which the Reinsurance Company will transact and the needed resources for performing it.
 - 2- The expected geographical locations for the operations of the Reinsurance Company.
 - 3- Details of the organizational structure of the Reinsurance Company.
 - 4- Details of the computerization systems which the Reinsurance Company will apply.
- B- A brief of the risks that the Reinsurance Company will cover and the policy for such risks.
- C- A brief of the retrocession arrangements including the maximum net retention per risk or matter filed to it, and a list of the addresses and nationalities of the reinsurers who are expected to deal with.
- D- The retrocession policy pursuant to the provisions of the Reinsurance Instructions in force.
- E- Clear basis for assessing and selecting reinsurers to deal with.
- F- Sources of the operations of the Company whether directly through agreements with insurance companies or through Reinsurance Brokers, and the percentages expected for each source.
- G- Statement for each type of the treaty or facultative reinsurance agreements, for each year of the first three years of the operations of the Reinsurance Company, including the following:-
 - 1- The benefits and conditions of the reinsurance agreements, endorsements, and copies of such.
 - 2- The expected number of these treaty and facultative reinsurance agreements that will be issued.
 - 3- The estimation of the gross premiums and the net premiums of the reinsurance premiums, after deducting the shares of retrocession, and the estimation of the claims after deducting what could be recovered by retrocession.
 - 4- The total sums reinsured or the amounts of annuity per annum related to reinsurance business.
- H- The technical basis proposed by the Actuary for each class of the reinsurance classes, including the basis required for calculating the reinsurance premiums and Technical Provisions.
- I- The projected future plans for the development of the business of the Reinsurance Company.
- J- Estimated financial statements for the first three years of the operations of the Reinsurance Company organized according to the provisions of Article (5) of these Instructions.

- K- Written preliminary policies of the activities, procedures and systems that will be applied by the Reinsurance Company in order to comply with the Law, Regulations, Instructions and Decisions issued by virtue of any of them.
- L- Assets and liabilities management policy.
- M- Description of the plan which the Reinsurance Company will apply for encountering the emergency cases that it may face, provided that it shall include as a minimum the arrangements and preparations for dealing with such cases before, during and after its occurrences.
- N- Description of the accounting system which the Reinsurance Company will apply.
- O- Human resources development plan in the Reinsurance Company.

Article (5):

The applicant shall submit the projected financial statements prepared on the bases of the most possible case and the sensitivity analysis, for each year of the first three years of the operation of the Reinsurance Company, in accordance with the forms necessary for preparing the financial reports issued by virtue of the Instructions prepared for this purpose, provided that the following is included:-

- A- The sources and uses of funds for the Reinsurance Company.
- B- The estimated income of the Reinsurance Company and the expected expenditures.
- C- The estimated Technical Provisions the Reinsurance Company should maintain, and the Solvency Margin.
- D- The assumptions and the technical bases used in calculating the expectations and estimations stipulated in paragraphs (A-C) of this Article.

Article (6):

- A- The Director General shall notify the applicant, within one 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 Articles (3), (4) and (5) of these Instructions.
- B- In the case of incompleteness, the applicant shall fulfill the incompleteness within a period not exceeding three months 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 the voidance of the application.

Article (7):

- A- The Director General shall submit to the Board, his recommendation on the application, within a period not exceeding three months as of the date of notifying the applicant with the completion of the application to all the data and documents.
- B- The Board shall issue a decision regarding the application within thirty days as of the date of submitting the recommendation pursuant to the provisions of paragraph (A) of this Article or in the first meeting to be held by the Board.
- C- The Board shall issue the decision either with Prior Approval or by rejection; in case of rejection the decision of the Board must be justified.

- D- The Prior Approval of the Board shall be considered canceled if all the necessary requirements to obtain the License in accordance with the provisions of these Instructions are not fulfilled within one year as of the date of granting the Prior Approval.

Article (8):

In case of the Prior Approval of the Board on the application pursuant to the provisions of Article (7) of these Instructions, the Director General shall request from the applicant the necessary data and documents for obtaining the License, including the following:-

- A- A certified document from a Jordanian Bank, which proves the full payment of the minimum capital required.
- B- A proof of the completion of the establishment procedures of the Reinsurance Company.
- C- Statement of the equipment and real estate required for the operation of the Reinsurance Company.
- D- A written declaration that all the data and documents mentioned in paragraphs (A-C) of this Article are correct.
- E- Any other requirements, data, documents or information requested by the Director General.

Article (9):

Upon completion of the data and documents as stipulated in Article (8) of these Instructions, the Board shall issue upon the recommendation of the Director General a decision to grant the License within thirty days as of the date of submitting the recommendation to the Board or in the first meeting to be held by the Board.

Article (10):

- A- The application for obtaining the Prior Approval for a branch of a foreign reinsurance company, shall be submitted according to the form designated for this purpose, enclosed with the data and documents stipulated in Articles (3), (4) and (5) of these Instructions, as the case may be, in addition to the following:-
 - 1- A detailed description that includes the qualifications and expertise of the authorized manager pursuant to the provisions of Article (33) of the Act, and a proof of fulfilling the conditions stipulated in Articles (31) and (32) of the Act.
 - 2- A copy of the license to transact reinsurance business in the country which the mother company carries its nationality, certified according to the rules by a Governmental Supervisory and Regulatory Body, including the type and classes of reinsurance the reinsurance company is licensed to transact.
 - 3- A proof of the solvency of the foreign reinsurance company, in the country which the mother company carries its nationality.
 - 4- An audited balance sheet of the foreign reinsurance company for the three financial years prior to submitting the application.
 - 5- A copy of the profile of the mother reinsurance company, the organization thereof, the activities and the markets it covers.
 - 6- A copy of the last annual report of the mother reinsurance company.

- 7- A written approval from the Supervisory Authority in the country which the mother reinsurance company carries its nationality to work in the Kingdom, and a letter of comfort issued by this Authority regarding the status of the mother reinsurance company.
 - 8- A proof that the foreign reinsurance company is assigned a proactive credit rating within the first group mentioned in the Solvency Margin Instructions in force and the Decisions issued by virtue thereof, or a proof of the safety and soundness of the financial position of the reinsurance company where no such rating exists.
 - 9- Any other requirements, data, documents or information requested by the Director General.
- B- The application for transacting reinsurance type or classes, shall not be different from the types and classes that the foreign reinsurance company is licensed to transact.

Article (11):

- A- The provisions of Articles (6), (7) and (8) of these Instructions shall be applied for purposes of issuing a decision regarding the application submitted pursuant to the provisions of Article (10) of these Instructions.
- B- Where the Board grants the Prior Approval, the Director General shall request from the applicant to submit the data and documents stipulated in Article (8) of these Instructions, as the case may be, in addition to the decision of appointing the authorized manager and a certified copy of the official document authorizing him with all the powers necessary for managing the branch of the foreign reinsurance company pursuant to the provisions of Article (43) of the Act. The application shall be resolved by virtue of the provisions of Article (9) of these Instructions.

Article (12):

The Director General shall issue the license for the Reinsurance Company that includes the name, address, type and classes of reinsurance which the Reinsurance Company is licensed to transact, after paying the determined fees and charges for granting the license.

Article (13):

The term of the license shall be for one year which shall commence on the first of January and shall end on the thirty first day of December of each year. Where the license is issued during the year, the license term shall commence on the date of granting the license and shall end at the end of the same year.

Article (14):

The Reinsurance Company that has been granted the license to transact reinsurance business pursuant to the provisions of these Instructions, shall immediately notify the Commission of any change that might occur on the data and information upon which the Reinsurance Company has been granted the license.

Article (15):

- A- The application for renewing the license shall be submitted according to the form designated for this purpose, forty-five days prior to the expiration date of the license.
- B- The application for renewing the license shall be enclosed with the following data and documents:-
 - 1- List of the names of the board members of the Reinsurance Company, the director general, authorized signatories and key employees therein.
 - 2- List of the branches of the Reinsurance Company inside and outside the Kingdom.
 - 3- List of the names of the Actuaries, reinsurance Brokers, and insurance service providers, which the Reinsurance Company deals with.
 - 4- Retrocession programs for the next financial year.
 - 5- Projected financial statements for the next financial year.
 - 6- Any data or documents requested from the Reinsurance Company pursuant to the provisions of the Act, Regulations, Instructions or Decisions issued by virtue thereof, which the Reinsurance Company did not submit during the year.

Article (16):

- A- If the application for renewing the license has the complete data and documents; it shall be resolved by a Decision issued by the Director General within thirty days as of the date of submitting the application. In case of approval, the Director General shall notify the Reinsurance Company thereby pursuant to the provisions of the Act. The license shall be issued pursuant to the provisions of Article (12) of these Instructions, as the case may be.
- B- In case of rejecting the application stipulated in paragraph (A) of this Article, or in case of not completing or not submitting an application for renewal pursuant to the provisions of Article (15) of these Instructions, the provisions of the Act relating to suspending and canceling the license, as the case may be, and the results of such shall be applied.
- C- The Company shall not be permitted to conclude any reinsurance agreements after the expiration date of the license as stipulated in Article (13) of these Instructions, without obtaining an approval on the application of renewing the license.

Article (17):

- A- In implementation of the provisions of Articles (25) and (101) of the Act, it shall not be permitted to transact reinsurance business except by the following companies:-
 - 1- A public shareholding reinsurance company.
 - 2- A branch of a foreign reinsurance company.
 - 3- A subsidiary reinsurance company.
 - 4- An offshore reinsurance company.

B- It is required for licensing companies stipulated in items (3) and (4) of paragraph (A) of this Article, that the companies should be in the form of a public shareholding, private shareholding or limited liability company.

Article (18):

The provisions of these Instructions shall be applied, as much as they are applicable, on Offshore Reinsurance Company. The Director General shall determine the extent and methods for such applicability, if necessary.

Article (19):

The Commission shall keep a special register for each Reinsurance Company that includes all the data and documents submitted pursuant to the provisions of these Instructions.

Article (20):

The provisions of these Instructions shall be applied, as much as they are applicable, on any Reinsurance Company requesting to add a license in a class of reinsurance or more to the classes the Reinsurance Company transacts.

Article (21):

The Director General may delegate any of his authorities stipulated in these Instructions, to the director of the concerned Directorate at the Commission, provided that such delegation must be specified and in writing.

Article (22):

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

Board of Directors of the Insurance Commission