

Instructions No. (3) of 2005
Instructions of Licensing, Regulating and Supervising the
Business of an Insurance Consultant and the Amendments Thereof*

Issued by the Board of Directors of the Insurance Commission
pursuant to the provisions of paragraph (J) of Article (23), paragraph (A) of
Article (24) 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 of Licensing, Regulating and Supervising the Business of an Insurance Consultant 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 under 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 following words mentioned hereunder shall have the following meanings:-
- Act : The Insurance Regulatory Act in force.
 - Consultant : The person licensed by the Commission pursuant to these Instructions and the Decisions issued by virtue thereof, to provide insurance consultancy for fees to be paid by the client.
 - Client : The person the insurance consultancy is provided for, pursuant to the provisions of these Instructions and the Decisions issued by virtue thereof.
- C- For purposes of these Instructions, the word (Consultant) shall indicate for both the natural Consultant and the juridical Consultant unless otherwise stipulated.

Article (3):

The insurance consultancy business shall include studying the technical and financial aspects of the insurance elements including, the subject matter of insurance, the risk insured, the sum insured, insurance premium, period of insurance and parties of the insurance contract, in addition to providing recommendations concerning claims arising from classes of life assurance, upon the Client's request, the Consultant shall provide consultations and recommendations for a consideration to be paid by his Client.

* These Instructions were published in the Official Gazette volume (4709) dated 1/6/2005 page (2232), and have been amended according to Instructions No. (7) of 2008, Instructions Amending the Instructions of Licensing, Regulating and Supervising the Business of an Insurance Consultant No. (3) of 2005 published in the Official Gazette volume (4945) dated 4/1/2009 page (6601).

Article (4):

- A- No person shall practice the insurance consultancy business in the Kingdom, before obtaining a license from the Commission in accordance with the rules and conditions determined by the provisions of these Instructions and the Decisions issued pursuant thereto, subject to legal liability.
- B- The Company shall not deal with any person who practices the consultancy business unless such person is licensed by the Commission.

Article (5):

- A- The Consultant shall be licensed according to the classes of insurance related to the type of insurance requested, as stated in the Instructions issued by the Commission for this purpose.
- B- The natural person shall not obtain a license to practice the consultancy business that combines between life assurance and general insurance business.
- C- The Consultant, pursuant to the provisions of these Instructions and the Decisions issued pursuant thereto, may obtain a license that combines between the business of the Consultant and the business of the Broker and the Reinsurance Broker, pursuant to the provisions of these Instructions and the related Decisions, provided that the Consultant shall not accept any commission, fees or any return from both the Insurance Company or the Reinsurer and the Client together.
- D- Subject to the provisions of paragraph (C) of this Article, no person shall obtain a license that combines between the business of the Consultant pursuant to the provisions of these Instructions and the Decisions issued pursuant thereto, and the business of the Agent, Actuary, Loss Adjustor, Surveyor or any of the insurance supporting services providers, pursuant to the provisions of these Instructions and the Decisions issued by virtue thereof.
- E- The general manager of a juridical consultant or one of its directors and all the persons in charge of its consultancy business shall be licensed pursuant to the provisions of these Instructions and the Decisions issued pursuant thereto as a requirement for licensing that juridical consultant.

Article (6):

The following conditions must be met by the person requesting the license:-

- A- 1- Hold a university degree or a certificate from any specialized institution in insurance accredited by the Commission, by a Decision issued by the Director General for this purpose.
2- The Director General may exempt the applicant from item (1) of this paragraph, if the applicant has a work experience of a period not less than any of those stipulated in paragraph (B) of this Article, provided that the total of his work experience is not less than twenty years.
- B- Has any of the following work experiences:-
 - 1- Occupied the position of a general manager for an insurance company for a period not less than five years.
 - 2- Practiced the business of an Insurance Agent for a period not less than fifteen years in the same type of insurance that he applied for.
 - 3- Worked for a Broker or a Reinsurance Broker, for a period not less than twelve years in the same type of insurance that he applied for.
 - 4- Practiced the business of a Broker or Reinsurance Broker, for a period not less than ten years in the same type of insurance that he applied for.

- 5- Worked as a key employee in the insurance business for an insurance company for a period not less than seven years in the same type of insurance that he applied for.
- 6- Worked as a licensed insurance Consultant outside the Kingdom or worked for an insurance Consultant for a period not less than five years in the same type of insurance that he applied for.
- 7- Practiced insurance consultancy business for a public or private body for a period not less than ten years in the same type of insurance that he applied for.
- C- Fulfill the requirements stated in Article (31) of the Act.
- D- To engage wholly in the consultancy business in an appropriate and private office.
- E- His license and/ or registration to practice the business of a Consultant, Broker and Reinsurance Broker, Actuary, Loss Adjustor, Surveyor or any of the insurance support services was not previously cancelled or suspended as a disciplinary sanction, or the renewal conditions of his license or registration where not met according to the body that suspended or cancelled his license or registration.
- F- Pass the evaluation designated or accredited by the Insurance Commission for this purpose.

Article (7):

The licensing application shall be submitted according to the form designated for this purpose including the following data and documents:-

- A- Name, nationality and address of the applicant.
- B- Two personal photos.
- C- Type and classes of insurance required to practice the insurance consultancy business thereof.
- D- A non-conviction certificate or an equivalent for foreign applicants issued by the country where the applicant was residing three years before the submission of the application, duly certified by the official authorities.
- E- A copy of the passport or the identification card.
- F- A certified copy of the academic qualifications.
- G- An original copy of the work experience certificates.
- H- A copy of the training courses certificates.
- I- A written declaration that all the data and documents submitted pursuant to the provisions of this Article are correct.
- J- Proof of paying the fees and charges determined pursuant to the Regulations and Instructions issued for this purpose according to the provisions of the Act.
- K- Any other data, documents or information requested by the Director General.

Article (8):

Subject to the provisions of paragraph (E) of Article (5) of these Instructions:-

- A- The licensing application for a juridical person to practice consultancy business in the Kingdom shall be submitted according to the form designated for this purpose, including the following:-
 - 1- Proof that the conditions stipulated in Article (6) of these Instructions are fulfilled by submitting all the data and documents stipulated in Article (7) of these Instructions for the general manager, all the directors and the persons in charge of consultancy business, or

submitting an undertaking to fulfill all the requirements before being granted the license.

- 2- A signed copy of the company agreement or the memorandum of association and articles of association, as the case may be.
- B- If the juridical person to be licensed is a branch of a foreign juridical person, a certified copy of the license of the foreign juridical person issued from the country of origin shall be submitted in addition to the documents stipulated in paragraph (A) of this Article.
- C- The objectives of the juridical person shall be limited to insurance consultancy business, except for cases where combination between the license of a consultant and the insurance support services providers is permitted pursuant to the provisions of paragraph (C) of Article (5) of these Instructions.
- D- For purposes of implementing the provisions of item (1) of paragraph (A) of this Article, the juridical Consultant shall specify the classes of insurance provided by the persons in charge of his consultancy business in the Kingdom. The juridical consultant, after being licensed, may apply for additional classes of insurance to be provided by them, provided that the juridical person shall be licensed to transact such classes.
- E- The juridical person may be granted the license to transact insurance consultancy business in both life assurance and general insurance together, provided that the same employee of the juridical person shall not transact the both types of insurance. The conditions required to transact insurance consultancy business shall be met in the type of insurance requested pursuant to the provisions of these Instructions.

Article (9):

- A- The Director General shall notify the applicant, within a period not exceeding ten working days as of the date of submitting the application, either by the completion or incompleteness of the application to all data and documents submitted pursuant to the provisions of Articles (7) and (8) of these Instructions, and with the details of the evaluation stipulated in paragraph (F) of Article (6) of these Instructions.
- B- In case of incompleteness, the applicant shall fulfill the incompleteness within a period not exceeding sixty days 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 three months as of the date of the voidance of the application.

Article (10):

- A- The Director General shall issue a decision regarding the licensing application submitted pursuant to the provisions of Articles (7) and (8) of these Instructions within a period not exceeding thirty days as of the date the applicant was notified of the completion of the application to all data and documents, and that he has passed the evaluation designated or accredited by the Commission for this purpose.
- B- Where the application stipulated in paragraph (A) of this Article has been approved, the Director General shall notify the applicant with that pursuant to the provisions of the Act and the Consultant shall be registered in the register designated by the Commission for this purpose after submitting the following documents:-

- 1- Proof of completing the establishment and registration before the competent authorities in the Kingdom, as the case may be.
 - 2- Proof of having a valid professional indemnity policy to cover the responsibility of the Consultant. The conditions of such policy shall be determined by a Decision issued by the Director General for this purpose.
 - 3- Proof of paying the fees and charges determined according to the Regulations and Instructions issued pursuant to the provisions of the Act.
- C- Where the applicant does not pass the evaluation stipulated in paragraph (A) of this Article, the Director General shall notify the applicant with that pursuant to the provisions of the Act. The applicant shall have to pass the evaluation according to any of the training courses held for this purpose after paying the charges determined pursuant to the Instructions issued pursuant to the provisions of the Act, within a period of one year as of the date of submitting the application; otherwise the licensing application shall be considered null and void. The applicant shall not be allowed to submit another application to transact insurance consultancy business in the Kingdom unless he submits a proof of attending specialized courses in insurance of a period not less than fifteen hours.

Article (11):

- A- The Consultant shall undertake to notify the Director General immediately with any changes occurring on any of the data and information he has been granted the license by virtue thereof, provided that such change is in accordance with the provisions of these Instructions and the Decisions issued pursuant thereto.
- B- The juridical Consultant shall notify the Director General of the vacancy of the position of the general manager or any of the directors in charge in the Kingdom, as the case may be, or the position of any of the persons in charge of the consultancy business. The juridical Consultant shall occupy the vacant post, if necessary, within thirty days as of the date of vacancy and notify the Director General accordingly to be licensed by the Commission pursuant to the provisions of these Instructions and Decisions issued pursuant thereto.

Article (12):

- A- The Consultant shall submit an application to renew his license annually forty-five days prior to the date of the end of the licensing period occurring on the thirty-first of December of each year, according to the form designated for this purpose attached with the following:-
- 1- A report of the insurance consultancy business conducted during the year pursuant to the form designated for this purpose.
 - 2- A valid non-conviction certificate or an equivalent for foreign applicants.
 - 3- A valid insurance policy, pursuant to item (2) of paragraph (B) of Article (10) of these Instructions.
 - 4- Evidence that he has entered into courses specialized in insurance business, or participated in conferences or seminars related to insurance business of not less than fifteen hours.

- 5- A written declaration that states that all data and documents submitted pursuant to this paragraph are correct.
- 6- Proof of paying the fees and charges determined pursuant to the Regulations and Instructions issued for this purpose according to the provisions of the Act.
- B- The Director General shall issue a Decision regarding the renewal application stipulated in paragraph (A) of this Article within fifteen days as of the date of submitting the renewal application.

Article (13):

- A- A Consultant who desires to suspend his license shall submit an application to the Commission, and may submit an application to re-list his name in the register designated for this purpose, provided that the Consultant shall submit a written application according to the form designated for this purpose, and subject to the following provisions:-
 - 1- If the suspension period of the license does not exceed one year as of the date of submitting the application, as the case may be, the provisions of Article (12) of these Instructions shall be taken into consideration.
 - 2- If the suspension period of the license exceeds one year as of the date of submitting the application, in addition to what is stipulated in paragraph (A) of this Article, the Consultant shall submit proof that he has entered into courses specialized in insurance business or participated in conferences or seminars related to insurance business of not less than fifteen hours during the period of suspension.
 - 3- In case the suspension period of the license exceeds three years as of the date of submitting the application, the Consultant shall submit an application for a new license pursuant to the provisions of these Instructions and the Decisions issued by virtue thereof.
- B- The Consultant shall not practice insurance consultancy business during the suspension period, subject to legal liability.

Article (14):

- A- The Consultant may apply for additional classes of insurance, after submitting an application to the Director General according to the form designated for this purpose.
- B- Approval for additional classes shall be granted to the Consultant, according to the following conditions:-
 - 1- The Consultant should pass the evaluation designated or accredited by the Commission for this purpose.
 - 2- The Consultant should pay the fees and charges determined pursuant to the Instructions issued for this purpose pursuant to the provisions of the Act.

Article (15):

The Consultant shall comply with the following:-

- A- Document the registration number on all his papers, letters and documents.
- B- Perform his duties with honesty and objectivity that agrees with the Client's demands and interests.

- C- The Consultant shall agree with the Client, before providing insurance consultancies, on the services required and the fees, and shall conclude an agreement accordingly.
- D- The Consultant shall not authorize another Consultant to do the business entrusted to him without having the Client's written approval for that.
- E- The Consultant shall be familiar with the insurance markets and the applicable legislation therein, as well as following up on any developments occurring and the extent of its impact on the insurance business.
- F- Keep records concerning his business organized according to the rules.

Article (16):

The Consultant shall follow the rules of professional conduct that are the following:-

- A- Conduct his dealings with honesty, integrity and good behavior at all times.
- B- Ensure that the Client is aware of the service provided by the Consultant and understands his relationship with him.
- C- Treat in utmost confidentiality all data and information supplied by the Company or the Client, and take appropriate steps to maintain the security of confidential information and documents in his possession.
- D- The Consultant shall not present to the Client any information or criticisms that are incorrect regarding any Company or another Consultant.
- E- The Consultant shall not reduce the fees that he charges from the Client in order to encourage him to buy an insurance policy from a specific insurance company, if the Consultant is licensed to transact the brokerage business pursuant to the provisions of the relevant Instructions and Decisions.
- F- The Consultant shall not charge both the Company and the Client for the same insurance matter that he provides his consultancies therein.

Article (17):

- A- Where sufficient information is available for the Director General indicating any of the following:
 - 1- That the Consultant breached the provisions of the Act, Regulations, Instructions or Decisions issued by virtue of any of them.
 - 2- If the Consultant lost any of the conditions he was licensed upon or if it became evident that the data and documents provided by him are incorrect.
 - 3- If the Consultant did not renew his license pursuant to the provisions of Article (12) of these Instructions and is still practicing his business.
 - 4- If the Consultant did not provide insurance consultancies within two years as of the date of his licensure or the renewal of his license, whichever occurs later, in all or any of the classes of insurance he is licensed to practice.
- B- If it was evident for the Director General that any of the information mentioned in paragraph (A) of this Article is valid, he may pursue any of the following procedures:-
 - 1- Request from the Consultant to undertake certain procedures to adjust his status within a certain period determined by the Director General.
 - 2- Suspend the license for the period determined by the Director General. The Director General may also request from the Consultant to take certain procedures to adjust his status.

- 3- Cancel the license for all or any of the classes of insurance he is licensed to practice.
- C- If the Consultant did not adjust his status pursuant to item (1) of paragraph (B) of this Article, the Director General may suspend or cancel the license.
- D- If the suspension period ends and the Consultant did not adjust his status pursuant to the provisions of item (2) of paragraph (B) of this Article, the Director General may cancel the license.
- E- If the Director General issued a Decision to cancel the license of the Consultant, the Consultant shall not be permitted to submit an application for a new license, before the elapse of a three year period as of the date the cancellation decision was issued if the reason for the cancellation was a result of a gross deficiency according to the judgment of the Director General.

Article (18):

- A- The Director General may assign an employee or more from the Commission or appoint an external party to inspect in appropriate times any of the books and records of the Consultant. The Consultant shall have all his books and records available and cooperate with the employee or the external party so that they will fully perform their duties, and the Consultant shall bear all the expenses for the external party as decided by the Director General, unless the Director General deems otherwise.
- B- The Consultant shall submit to the Director General any data or information requested by the Director General, within a period determined by the Director General for this purpose.

Article (19):

The Director General may delegate any senior employee at the Commission the authorities stipulated in these Instructions, provided that such delegation shall be specific and in writing.

Article (20):

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

Board of Directors of the Insurance Commission