

**Instructions No. (2) of 2008**  
**Instructions of Licensing and Supervising the Business of**  
**Non-Operating Foreign Insurance Company in the Kingdom**  
**(Regional Company/ Representative Office)\***

**Issued by the Board of Directors of the Insurance Commission**  
**pursuant to the provisions of 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 and Supervising the Business of Non-Operating Foreign Insurance Company in the Kingdom (Regional Company/ Representative Office) 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 No. (33) of 1999 and the Amendments Thereof, unless otherwise indicated by context.

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

|  |   |   |
|--|---|---|
| Act  | : | The Insurance Regulatory Act in force.  |
| Non-Operating Foreign Insurance Company in the Kingdom | : | The Foreign Insurance Company which has its regional or representative office in the Kingdom for operations that it conducts outside the Kingdom. |

**Article (3):**

The Non-Operating Foreign Insurance Company in the Kingdom shall not be permitted to transact any of the business mentioned in paragraph (B) of Article (4) of these Instructions, unless it is licensed by the Commission pursuant to the provisions of these Instructions and Decisions issued by virtue thereof, subject to legal liability.

**Article (4):**

A. The Non-Operating Foreign Insurance Company in the Kingdom shall not be permitted to transact any business or activity related to insurance business inside the Kingdom.

B. The Non-Operating Foreign Insurance Company in the Kingdom shall be permitted to transact, inside the Kingdom, all or any of the following:-

1. Soliciting, advertising and introducing the services provided by the foreign mother insurance company.
2. Coordinating between business of the foreign mother insurance company and its branches, Regional Companies and Representative Offices.

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

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3. Strengthening ties and relationships between the foreign mother insurance company and its clients.
4. Studying insurance markets and providing consultancy regarding insurance business and legislation related thereto.
5. Following up the interests of the foreign mother insurance company and its business regarding services provided to persons or other non-operating foreign bodies in the Kingdom.

**Article (5):**

A- The licensing application shall be submitted to the Commission by the legal representative of the applicant according to the form designated for this purpose including the data and enclosed with the following documents:-

1. Name, nationality, and address of the applicant.
2. Memorandum of association and articles of association of the foreign mother insurance company.
3. Copy of the license to transact insurance business of the foreign mother insurance company, certified by the Governmental Supervisory or Regulatory Bodies, including the types and classes of insurance the company is licensed to transact.
4. Certificate that proves the solvency of the foreign mother insurance company.
5. Copy of the last two annual reports of the foreign mother insurance company including audited financial statements for the last two financial years.
6. Copy of the profile of the foreign mother insurance company, provided that such report shall include, as a minimum, the organization thereof, the activities and the markets it operates therein, as well as its external branches, representative offices and subsidiaries.
7. Detailed description that includes the qualifications and expertise of the manager of the Regional Company or the Representative Office, and a proof of fulfilling the conditions stipulated in Article (31) of the Act and Article (6) of these Instructions.
8. Business plan of the operations to be transacted by the Non-Operating Foreign Insurance Company in the Kingdom including, as a minimum, a specification for purposes of residing in the Kingdom and the markets to be operating therein.
9. Power of attorney from the foreign mother insurance company appointing a person who is a resident of the Kingdom in order to follow up the licensing procedures pursuant to the provisions of these Instructions and Decisions issued by virtue thereof as well as this person's address.
10. Undertaking by the foreign mother insurance company including its accountability for the business transacted by the Non-Operating Foreign Insurance Company in the Kingdom.
11. Proof of paying the fees and charges legally determined.
12. Any other requirements, data, documents or information requested by the Director General.

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13. Written declaration signed by the authorized signatory of the foreign mother insurance company that all data and documents submitted pursuant to the provisions of this Article are correct and in compliance with the provisions of the Act, Regulations, Instruction and Decisions issued by virtue of any of them.
- B. Where the documents submitted pursuant to the provisions of paragraph (A) of this Article are in a language other than Arabic, a certified translation in Arabic of the said documents shall be enclosed with the application, as the case may be.

**Article (6):**

It is required that the manager of the Regional Company or the Representative Office shall hold a university degree and have a work experience of a period not less than three years in matters related to insurance.

**Article (7):**

- A. The Director General shall notify the applicant, within a period not exceeding one month as of the date of submitting the application, either with the completion or incompleteness of the application to all data and documents submitted according to the provisions of Articles (5) of these Instructions.
- B. In case of incompleteness, the applicant shall fulfill the incompleteness within a period not exceeding two months as of the date of notification of such; otherwise the application shall be considered void. The applicant shall not be permitted to submit another application before the elapse of three months as of the date of voidance of the application.

**Article (8):**

- A. In case of completion to all requirements, data and documents stipulated in Article (5) of these Instructions, the Director General shall issue a Decision either by the prior approval or by rejection for granting the license, within a period not exceeding fifteen working days as of the date of notification of such; in case of rejection the Decision of the Director General shall be justified.
- B. In case the applicant did not fulfill all the requirements stipulated in Article (9) of these Instructions, within a period of two months as of the date of granting the prior approval, the application shall be considered void.

**Article (9):**

Where the prior approval is granted by the Director General pursuant to the provisions of Article (8) of these Instructions, the applicant shall submit the following data and documents:-

- A- Proof of completing all the procedures of establishing the Non-Operating Foreign Insurance Company in the Kingdom and registering before the competent authorities, as the case may be.
- B- Proof of the existence of an actual place for the Regional Company or the Representative Office.

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- C- Certified copy of the official document upon which the foreign mother insurance company shall appoint a manager for the Regional Company or the Representative Office, including the duties and authorities granted thereto.
- D- List of the names, nationalities and number of employees of the Regional Company or the Representative Office, with a statement of qualifications of the persons whose qualifications the Commission requests to review.
- E- Any other requirements, data, documents or information requested by the Director General.
- F- Written declaration that states that all data and documents stipulated in paragraphs (A-E) of this Article are correct.
- G- Proof of payment of the fees and charges legally determined.

**Article (10):**

In case of completion of the application to all requirements stipulated in Article (9) of these Instructions, the Director General shall, upon the recommendation of the director of the concerned department, issue a decision for granting the license, then the Non-Operating Foreign Insurance Company in the Kingdom shall be registered in the register designated for this purpose.

**Article (11):**

The term of the license shall be for one year which shall commence on the first day 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 (12):**

If the Non-Operating Foreign Insurance Company in the Kingdom did not open the Regional Company or the Representative Office in the Kingdom within a period not exceeding six months as of the date of notification of the approval of the license, the Director General may cancel or extend the license for a period not exceeding another six months and the license shall be considered null and void in case the Regional Company or the Representative Office is not opened within this period.

**Article (13):**

The Non-Operating Foreign Insurance Company in the Kingdom shall submit an application to renew its license annually forty five days prior to the date of expiration of the license according to the form designated for this purpose and enclosed with the following data and documents:-

- A. Proof that the licensing or registration of the foreign mother insurance company for transacting insurance business is still valid.
- B. Estimated financial statements for the next financial year for the Regional Company or the Representative Office.
- C. List including the name of the manager of the Regional Company or the Representative Office, the employees thereof and the authorized signatories on behalf of the Non-Operating Foreign Insurance Company in the Kingdom.

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- D. Any data or documents requested from the Non-Operating Foreign Insurance Company in the Kingdom pursuant to the provisions of the Act, Regulations, Instructions or Decisions issued by virtue of any of them and were not submitted during the year.
- E. Written declaration that states that all data and documents submitted according to the provisions of this paragraph are correct.
- F. Any other requirements, data or documents requested by the Director General.
- G. Proof of payment of the charges legally determined.

**Article (14):**

- A. In case of incompleteness to the requirements, data and documents submitted pursuant to the provisions of Article (13) of these Instructions, the Director General shall notify the applicant of such within a period not exceeding ten working days as of the date of submitting the application. The applicant shall fulfill the incompleteness within a period not exceeding fifteen working days as of the date of notification of such.
- B. The Director General shall issue a Decision regarding the licensing application within a period not exceeding fifteen working days as of the date of completion of the application to all requirements, data and documents requested according to this Article.

**Article (15):**

The Non-Operating Foreign Insurance Company in the Kingdom which obtained the license pursuant to the provisions of these Instructions and the Decisions issued by virtue thereof shall comply with the following:-

- A. Notifying the Director General of the following:-
  - 1. Any change or modification occurring on any of the data, information and documents it has been granted the license by virtue thereof, within a period not exceeding three working days as of the date of such occurrence.
  - 2. The vacancy of the position of the manager of the Regional Company or the Representative Office, within a period not exceeding three working days as of the date of vacancy, with clarification of the reasons and enclose all relevant documents, and shall occupy the vacancy within thirty days as of the date of vacancy, taking into consideration the approval of the Director General on the proposed name for this position and its fulfillment of the conditions stipulated in Article (31) of the Act and Article (6) of these Instructions.
- B. Providing the Commission with the annual report of the foreign mother insurance company including the financial statements within a period not exceeding two months as of the date of issuance.

**Article (16):**

The Director General may request, at any time, from the Non-Operating Foreign Insurance Company in the Kingdom any information, data, statistics or reports

concerning its business and activities it is permitted to transact in the Kingdom pursuant to the provisions of paragraph (B) of Article (4) of these Instructions and the Non-Operating Foreign Insurance Company in the Kingdom shall submit the aforementioned within a period not exceeding fifteen days as of the date of notification.

**Article (17):**

- A. The manager of the Regional Company or the Representative Office of the Non-Operating Foreign Insurance Company in the Kingdom shall perform the necessary duties and responsibilities for administrating the Regional Company or the Representative Office, as follows:-
1. Representing the Non-Operating Foreign Insurance Company in the Kingdom and the foreign mother insurance company and any of its branches at the Commission and before the competent courts and the official and unofficial bodies concerning administrating the Regional Company or the Representative Office.
  2. Conducting all the business and procedures stipulated in paragraph (B) of Article (4) of these Instructions and the matters arising there from, as well as signing papers and relevant documents.
  3. Receiving notifications, notices and correspondence addressed to the Non-Operating Foreign Insurance Company in the Kingdom including notifications, notices and judicial papers.
- B. The manager of the Regional Company or the Representative Office shall be considered the representative of the Non-Operating Foreign Insurance Company in the Kingdom and shall be held accountable for all procedures and businesses conducted by the Regional Company or the Representative Office, or those that the manager is permitted to conduct or matters arising there from.

**Article (18):**

- A- Where sufficient information is available to the Director General indicating any of the following:-
- 1- That the Non-Operating Foreign Insurance Company in the Kingdom breached the provisions of the Act, Regulations, Instructions or Decisions issued by virtue of any of them or other related legislations.
  - 2- If the Non-Operating Foreign Insurance Company in the Kingdom lost any of the conditions it was licensed upon or if it became evident that the data and documents provided by the said Company were false.
  - 3- If the Non-Operating Foreign Insurance Company in the Kingdom did not renew its license pursuant to the provisions of Article (13) of these Instructions, and is still conducting its business.
- 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. Requesting from the Non-Operating Foreign Insurance Company in the Kingdom to take certain procedures to adjust its status within a period determined by the Director General.

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2. Prohibiting the Non-Operating Foreign Insurance Company in the Kingdom from practicing any business from the business that it is permitted to transact in the Kingdom pursuant to the provisions of these Instructions or Decisions issued by virtue thereof, or to impose any restrictions or conditions on transacting such business.
  3. Suspending the license of the Non-Operating Foreign Insurance Company in the Kingdom for the period determined by the Director General, and may ask the Non-Operating Foreign Insurance Company in the Kingdom to take certain procedures to adjust its status.
  4. Canceling the license of the Non-Operating Foreign Insurance Company in the Kingdom.
- C. The license of the Non-Operating Foreign Insurance Company in the Kingdom shall be cancelled by a decision of the Director General in case practicing any business or activities related to insurance business inside the Kingdom.
- D. If the Director General issued a Decision to cancel the license of a Non-Operating Foreign Insurance Company in the Kingdom, the said Company shall not submit an application for a new license before the elapse of three years as of the date of 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 (19):**

The Non-Operating Foreign Insurance Company in the Kingdom that wishes to cancel its license shall notify the Director General of such by submitting a request to the Commission three months prior to the date of such cancellation. The responsibilities and authorities of the Non-Operating Foreign Insurance Company in the Kingdom and the manager of the Regional Company or the Representative Office shall be valid until the Director General issues his decision on approving the cancellation.

**Article (20):**

The Director General may appoint an employee or more from the Commission or appoint an external party to inspect, in appropriate times, the books and records of the Non-Operating Foreign Insurance Company in the Kingdom. The said Company shall have all its books and records available and cooperate with the employee or the external party so that they can fully perform their duties. The said Company shall bear all the expenses of the external party as decided by the Director General, unless the Director General deems otherwise.

**Article (21):**

- A. The provisions of these Instructions shall be applied on the Non-Operating Foreign Reinsurance Company in the Kingdom that wishes to open a Regional Company or a Representative Office in the Kingdom pursuant to the provisions of these Instructions and Decisions issued by virtue thereof.
- B. The provisions of these Instructions shall be applied, as much as they are applicable, on the non-operating foreign company in the Kingdom concerning any

of the juridical insurance services providers that wish to open a Regional Company or a Representative Office in the Kingdom pursuant to the provisions of these Instructions and Decisions issued by virtue thereof.

**Article (22):**

- A. All Non-Operating Foreign Insurance Companies that operate outside the Kingdom, as of the date of these Instructions came into force, through a Regional Company or a Representative Office, shall adjust its status in accordance with the provisions of these Instructions and Decisions issued by virtue thereof, within a period not exceeding three months as of the date these Instructions came into force, otherwise the license shall be considered null and void, and shall be prohibited from continuing transacting business, subject to legal liability.
- B. The Director General may extend the adjustment period for a period not exceeding three months, if necessary.

**Article (23):**

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 (24):**

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

**Board of Directors of the Insurance Commission**