

**Instructions No. (1) of 2003**  
**Instructions for Granting and Renewing the License to**  
**Transact Insurance Business and the Amendments Thereof\***

**Issued by the Board of Directors of the Insurance Commission**  
**pursuant to paragraph (B) of Article (45) and paragraph (B) of Article (108)**  
**of the Insurance Regulatory Act**

**Article (1):**

These Instructions shall be known as (Instructions for Granting and Renewing the License to Transact Insurance Business of 2003), which shall come into force as of 1/1/2003 and shall be published in the Official Gazette.

**Article (2):**

- A- The words and phrases, wherever 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:-
- Act** : The Insurance Regulatory Act.
- Prior Approval** : The approval stipulated in paragraph (B) of Article (25) of the Act.
- Business Plan** : Summary of the proposed activity the Company will be conducting in the next financial years, explaining the means for exploiting the available resources to achieve the objectives of the Company.

**Article (3):\*\***

- A- The application for obtaining the Prior Approval shall be submitted according to the form designated for this purpose which shall be issued pursuant to a Decision by the Director General, which includes the following data:-
- 1- Type of insurance required to be transacted.
  - 2- Classes of insurance required to be transacted.
  - 3- Authorized capital and the amount earmarked for underwriting.
  - 4- Names 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.
  - 8- Name and address of the accredited bank by the constituents during establishment.
- B- The following documents shall be attached with the application:-
- 1- Signed memorandum of association and articles of association of the Company.

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\* These Instructions were published in the Official Gazette volume (4581) dated 16/1/2003 page (241) and have been amended according to Instructions No. (4) of 2006 Instructions Amending the Instructions for Granting and Renewing the License to Transact Insurance Business No.(1) of 2003.

\*\* This Article has been amended according to Article (2) of Instructions No.(4) of 2007.

- 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 three financial years of the operation of the Company organized pursuant to Article (4) of these Instructions.
  - 5- A certificate from the Actuary that includes the following:-
    - His approval on the basis of calculating the premium rates.
    - The adequacy of the Technical Provisions, and the possibility of compliance with the Solvency Margin and the Minimum Guarantee Fund according to the Instructions in force in this regard, during the first three years of the operation of the 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 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 insurance Agents, insurance Brokers, Reinsurance Brokers and the providers of insurance services.
  - 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 pursuant thereto, 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 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 Company will transact and the needed resources for performing it.
  - 2- Details of the organizational structure of the Company.
  - 3- Details of the computerization systems which the Company will apply.
- B- The types of obligations and liabilities the Company transacting life assurance proposes to incur, and the types of risks the Company transacting general insurance proposes to cover.

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\* This Article has been amended according to Article (3) of Instructions No.(4) of 2007.

- C- The projected financial statements for the first three years of the operations of the Company, as regulated in accordance with Article (5) of these Instructions.
- D- The distribution channels of the Company, whether by direct sale, or through Agents, insurance Brokers or by the employees of the Company, along with the expected percentages for each channel.
- E- The reinsurance policy pursuant to the provisions of the Reinsurance Instructions in force.
- F- Statement for each type of the Insurance Policies, for each year of the first three years of the operations of the Company, including the following:-
  - 1- The benefits and conditions of the Insurance Policies, endorsements, and copies of such.
  - 2- The expected number of these Policies that will be issued.
  - 3- The estimation of the gross premiums and the net premiums, after deducting the shares of reinsurers, and the estimation of the claims after deducting what could be recovered by the Reinsurers.
  - 4- The total sums assured or the amounts of annuity per annum related to life assurance business.
- G- The technical basis proposed by the Actuary for each class of the insurance classes, including the basis required for calculating the premium rates and Technical Provisions.
- H- Projections of the expected development of the business of the Company.
- I- Written preliminary policies of the activities, procedures and systems that will be applied by the Company in order to comply with the Law, Regulations, Instructions and Decisions issued by virtue thereof, including issues related to the following:-
  - 1- Corporate Governance.
  - 2- Anti money laundering in insurance activities.
  - 3- Securing the information technology systems.
- J- Assets and liabilities management policy.
- K- Description of the plan which the Company will apply for encountering the emergency cases that the Company 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.
- L- Description of the accounting system which the Company will apply.
- M- Human resources development plan in the 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 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 Company.
- B- The estimated income of the Company and the expected expenditures.
- C- The estimated Technical Provisions the Company should maintain, the Solvency Margin and the Minimum Guarantee Fund.
- 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):\***

In reviewing the application, the Commission will take into consideration the value added from licensing the Company on the Jordanian Insurance sector and the impacts of its businesses and activities on this sector. The board upon its discretion and according to a recommendation of the Director General, may refuse the application if it appears that there is no value added from licensing the Company or if there are negative or unacceptable impacts on the Jordanian insurance sector.

**Article (8):\*\***

- 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 (9):\*\*\***

In case of the Prior Approval of the Board on the application pursuant to the provisions of Article (8) 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 Company.
- C- Statement of the equipments and real estate required for the operation of the Company.
- D- A written declaration that all the data and documents mentioned in paragraphs (A-C) of this Article are correct.

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\* Article (7) has been added according to Article (4) of the Instructions No.(4) of 2007.

\*\* Articles (7-19) of the original Instructions has been renumbered to become Articles (8-20) according to Article (4) of the Instructions No.(4) of 2007. Article (7) of the original Instructions has been amended according to Article (5) of the Instructions No.(4) of 2007.

\*\*\* This Article has been amended according to Article (6) of Instructions No.(4) of 2007.

- E- Any other requirements, data, documents or information requested by the Director General.

**Article (10):\***

Upon completion of the data and documents as stipulated in Article (9) 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 (11):\*\***

A- The application for obtaining a Prior Approval for a branch of a foreign insurance company, shall be submitted according to the form designated for this purpose, which shall be issued pursuant to a Decision by the Director General, attached 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 insurance business in the country which the mother company carries its nationality, certified according to the rules by the Governmental Supervisory or Regulatory Bodies, including the types and classes of insurance the company is licensed to transact.
- 3- A certified statement that proves the solvency of the foreign company, in the country which the mother company carries its nationality.
- 4- An audited balance sheet of the foreign insurance company for the three financial years prior to submitting the application.
- 5- A copy of the profile of the mother company, the organization thereof, the activities and the markets it covers.
- 6- A copy of the last annual report of the mother company.
- 7- A written approval from the Supervisory Authority in the country which the mother company carries its nationality to work in the Kingdom, and a letter of comfort issued by this Authority about the mother company status.
- 8- A proof that the foreign company is assigned a proactive credit rating within the first group mentioned in the Solvency Margin Instructions and the Decisions issued by virtue thereof, or a proof of the safety and soundness of the financial position of the company.
- 9- Any other requirements, data, documents or information requested by the Director General.

B- The application for transacting insurance types or classes, shall not be different from the types and classes that the foreign company is licensed to transact.

**Article (12):\*\*\***

A- The provisions of Articles (6), (7) and (8) of these Instructions shall be applied for the purpose of issuing a decision regarding the application submitted pursuant to the provisions of Article (11) of these Instructions.

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\* This Article has been amended according to Article (7) of Instructions No.(4) of 2007.

\*\* This Article has been amended according to Article (8) of Instructions No.(4) of 2007.

\*\*\* This Article has been amended according to Article (9) of Instructions No.(4) of 2007.

- 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 (9) 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 company pursuant to the provisions of Article (43) of the Act. The application shall be resolved by virtue of the provisions of Article (10) of these Instructions.

**Article (13):**

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

**Article (14):**

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 (15):**

The Company that has been granted the License to transact insurance business pursuant to the provisions of these Instructions, shall immediately notify the Commission of any change that has occurred on the data and information which the Company has been granted the License by virtue thereof.

**Article (16):**

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

**Article (17):\***

- 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 Company thereby pursuant to the provisions of the Act.

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\* This Article has been amended according to Article (10) of Instructions No.(4) of 2007.

- The License shall be issued pursuant to the provisions of Article (13) 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 (16) 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 issue Insurance Policies after the expiration date of the License as stipulated in Article (14) of these Instructions, without obtaining an approval on the application of renewing the License

**Article (18):**

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

**Article (19):**

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

**Article (20):**

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

**Board of Directors of the Insurance Commission**