

**Instructions No. (4) of 2010**  
**Instructions of Licensing and Regulating the Business and**  
**Responsibilities of the Coverholder\***

**Issued by the Board of Directors of the Insurance Commission**  
**Pursuant to the provisions of Article (23) 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 and Regulating the Business and Responsibilities of the Coverholder of 2010) 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 the purposes of these Instructions, the following words and phrases shall have the meanings ascribed thereto hereunder:-

- |                                       |      |  |
|---------------------------------------|------|--|
| Act                                   | :    | The Insurance Regulatory Act in force.   |
| Coverholder                           | :    | The juridical person licensed by the Commission pursuant to the provisions of these Instructions and Decisions issued by virtue thereof to transact any of the business mentioned in Article (3) of these Instructions.  |
| Association of Insurance Underwriters | of : | Any association of insurance underwriters including the Association of Insurance Underwriters known as (Lloyd's) that regulates and supervise his members and provides them the necessary facilities in order to underwrite or reinsure risks.                                       |
| Insurance Company                     | :    | Any foreign insurance company licensed or registered outside the Kingdom to transact the business of direct insurance, or any of the members of the Associations of Insurance Underwriters that transact the business of direct insurance.   |
| Reinsurer                             | :    | Any insurance or reinsurance company or a branch of a reinsurance company licensed and registered inside or outside the Kingdom to transact the reinsurance business, or any of the members of the Associations of Insurance Underwriters that transact the business of reinsurance. |
| Binding Authority                     | :    | An agreement concluded between the Coverholder and the Insurance Company or the Reinsurer that specifies the conditions and authorities concerning the business of the Coverholder.  |

- 
- These Instructions were published in the Official Gazette volume (5016) dated 1/3/2010 page (1409).
  - These Instructions shall be applied on the Managing General Agent (MGA).

**Article (3):**

- A- The duties of the Coverholder shall include conducting any of the duties mentioned hereunder on behalf of the Insurance Company or the Reinsurer according to the terms and conditions of the Binding Authority:-
  - 1- Underwriting insurance business outside the Kingdom and underwriting reinsurance business and administrating the business related thereto.
  - 2- Issuing insurance slip or covering letter on behalf of the Insurance Company, or reinsurance slip on behalf of the Reinsurer, provided that the issuance shall occur under its name and with its own stamp.
  - 3- Collecting insurance and reinsurance premiums.
  - 4- Administrating and settling claims according to the terms and conditions agreed on in the Binding Authority.
  - 5- Investigating the insured or reinsured risks.
  - 6- Any other duty agreed on in the Binding Authority and has obtained the prior approval by the Commission.
- B- For purpose of underwriting the business of direct insurance by the Coverholder, the subject matter of insurance must be located outside the Kingdom.

**Article (4):**

- A- No person shall transact the business of the Coverholder inside or through the Kingdom, unless that person has been licensed by the Commission according to the conditions specified pursuant to the provisions of these Instructions and the Decisions issued by virtue thereof, subject to legal liability.
- B- The Coverholder shall be licensed according to the classes related to the type of insurance applied for.
- C- It is required for licensing the Coverholder that its general manager or any of his directors and key employees are accredited pursuant to the provisions of these Instructions and the Decisions issued by virtue thereof.
- D- The Coverholder may combine between its business stipulated in Article (3) of these Instructions and the business of the Reinsurance Broker pursuant to the related Instructions. The Coverholder must not combine between its business and the business of the Insurance Agent or the Insurance Broker or the Consultant or the Actuarial or the Surveyor or the Loss Adjuster or any of the Insurances support services providers.
- E- The objectives of the Coverholder to be licensed shall be limited to the business of Coverholder stipulated in Article (3) of these Instructions.

**Article (5):**

- A- The licensing application of the Coverholder shall be submitted by its legal representative according to the form designated for this purpose including the following data:-
  - 1- Name and address of the applicant.
  - 2- Type and classes of insurance applied for.
- B- The following documents shall be enclosed with the application:-
  - 1- A copy of the memorandum of association and articles of association.
  - 2- A copy of the authorization for the person representing the applicant for submitting and signing the application on his behalf.

- 3- Name of constituents or partners, their chosen addresses for purposes of notification, the positions they occupy and their educational qualifications and working experiences.
- 4- Business plan for the first three financial years including description of the potential business and the future plans to develop the business.
- 5- Accreditation application for the general manager or one of the persons in charge of its management, as the case may be, and all key employees according to the form designated for this purpose including the data and documents stipulated in Article (7) of these Instructions.
- 6- A form of the Binding Authority organized according to the provisions of Article (13) of these Instructions.
- 7- Proof of having the experience stipulated in Article (6) of these Instructions, in the class of insurance applied for, for the general manager or one of the persons in charge of the management of the Coverholder, as the case may be, and the key employees.
- 8- Any other data or documents requested by the Director General.
- 9- A written declaration that all the data and documents submitted according to the provisions of this Article are correct, signed by the person representing the applicant for submitting and signing the application.
- 10- Proof of paying the fees and charges determined according to the Regulations and Instructions issued for this purpose pursuant to the provisions of the Act.

**Article (6):**

- A- The following conditions must be met for the accreditation of the general manager or one of the persons in charge of the applicant management, as the case may be:-
  - 1- Has any of the following working experiences in the type of insurance applied for:-
    - Practiced insurance business at an insurance or reinsurance company or worked for a Reinsurance Broker for a period not less than ten years.
    - Worked as an Insurance Broker or Reinsurance Broker inside or outside the Kingdom for a period not less than seven years.
    - Occupied the position of a general manager of an insurance or reinsurance company for a period not less than five years.
  - 2- Hold a university degree or a certificate in insurance from any specialized institution accredited by the Commission.
  - 3- Fulfill the requirements stated in Article (31) of the Act.
  - 4- His license or registration to practice the business of a Reinsurance Broker, insurance Broker, Agent, Actuary, Loss Adjustor, Surveyor, Consultant or any of the insurance supporting services providers, has not been previously cancelled as a disciplinary sanction, or that he did not meet the conditions for renewing his license or registration from the body that suspended or cancelled his license.
- B- It is required for the accreditation of the key employees at the applicant that they fulfill the conditions mentioned in items (2-4) of paragraph (A) of this

Article, in addition to working experience for a period not less than two years in the type of insurance applied for.

**Article (7):**

- A- The application for the accreditation of the general manager or one of the persons in charge of the applicant management, as the case may be, and the key employees shall be submitted according to the form designated for this purpose including the following data:-
  - 1- Name, nationality and address of the applicant.
  - 2- Type and classes of insurance applied for to practice the business of Coverholder.
- B- The following documents shall be enclosed with the application:-
  - 1- Two personal photos.
  - 2- A non-conviction certificate or an equivalent of same for foreign applicants issued by the country where he was residing three years prior to the submission of the application.
  - 3- A copy of the passport or the identification card.
  - 4- A certified copy of the academic qualifications.
  - 5- A copy of the work experience certificates.
  - 6- A copy of the training courses certificates.
  - 7- Any other requirements, data, documents or information requested by the Director General.
  - 8- A written declaration signed by the applicant that all the data and documents submitted pursuant to the provisions of this Article are correct.
  - 9- Proof of payment of the charges determined pursuant to the Instructions issued for this purpose by virtue of the Act.

**Article (8):**

- 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 with the completion or incompleteness of the application to all data and documents submitted according to the provisions of Article (5) of these Instructions.
- B- In case of incompleteness, the applicant shall fulfill the incompleteness within a period not exceeding thirty days 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 the voidance of the application.

**Article (9):**

- A- The Director General shall issue a Decision regarding the licensing application submitted pursuant to the provisions of Article (5) of these Instructions, within a period not exceeding fifteen days as of the date of notification of completion of the application to all data and documents.
- B- Where the application stipulated in paragraph (A) of this Article is approved, the Director General shall notify the applicant of such pursuant to the provisions of the Act, and the Coverholder shall be registered in the register

designated for this purpose at the Commission, after submitting the following:-

- 1- Proof of completing the establishment and the registration procedures before the competent authorities in the Kingdom.
- 2- Proof of having an office to transact its business within.
- 3- Proof of having a valid professional indemnity insurance policy, provided that the amount and conditions of such policy shall be determined by a Decision issued by the Director General for this purpose.
- 4- Proof of payment of the fees and charges determined according to the Regulations and Instructions issued pursuant to the provisions of the Act.

**Article (10):**

- A- The Coverholder shall provide the Director General with the Binding Authority approved by the Commission, within a period not exceeding fifteen days as of the date of conclusion. No amendments are allowed on the Binding Authority without the consent of the Commission for such amendment. The Coverholder shall provide the Commission with a copy of the amended Binding Authority within a period not exceeding fifteen days as of the date of such amendment.
- B- The Coverholder shall undertake to notify the Director General, immediately of any changes occurring on any of the data and information he was licensed by virtue thereof, provided that such changes are in accordance with the provisions of these Instructions and Decisions issued by virtue thereof.
- C- The Coverholder shall notify the Director General of the vacancy of the position of his general manager or any of the persons in charge of its management, as the case may be, or any of the key employees and shall occupy the vacant post, if necessary, within thirty days as of the date of vacancy, and notify the Director General accordingly for purposes of accreditation by the Commission pursuant to the provisions of these Instructions and the Decisions issued by virtue thereof.

**Article (11):**

- A- The Coverholder shall submit an application to renew its license annually, forty five days before the end of the licensing period, which occurs on the thirty first of December of each year, according to the form designated for this purpose enclosed with the following:-
  - 1- A report including the business conducted during the year according to the form designated for this purpose.
  - 2- A report including names of Insurance and Reinsurers companies with which he has concluded Binding Authorities and the date of termination of each.
  - 3- A report including names of his general manager and the persons in charge of its management, as the case may be, and all the key employees.

- 4- A declaration by his general manager or the persons in charge of its management, as the case may be, and all the key employees, that he has not been convicted with a felony or a misdemeanor infringing integrity, trustworthiness and public morals as of the date he was licensed.
  - 5- A valid insurance policy pursuant to the provisions of item (3) of paragraph (B) of Article (9) of these Instructions.
  - 6- Evidence of enrolling, its general manager or the persons in charge of its management and all the key employees, in courses related to its business or participating in conferences or seminars in this field for a period not less than fifteen hours, if any.
  - 7- Any other requirements, data, documents or information required by the Director General.
  - 8- A written declaration that all the data and documents submitted pursuant to the provisions of this paragraph are correct.
  - 9- Proof of payment of the charges determined pursuant to the Regulations and Instructions issued for this purpose by virtue of the Act.
- B- In case of incompleteness to all data and documents submitted pursuant to the provisions of paragraph (A) of this Article, the Director General shall notify the Coverholder with such within a period not exceeding three working days as of the date of submitting the application. The Coverholder shall fulfill the incompleteness within a period not exceeding fifteen days as of the date of notification of such.
- C- The Director General shall issue a Decision regarding the renewal application stipulated in paragraph (A) of this Article within a period not exceeding seven working days as of the date of completion of the application to all requirements, data and documents required according to the provisions of this Article.
- D- The Coverholder shall not practice his business if the license is not renewed pursuant to the provisions of this Article.

**Article (12):**

- A- The Coverholder may add a class of insurance to his license after submitting the application according to the form designated by the Director General for this purpose.
- B- The Coverholder shall be granted the approval for the addition of such class after submitting the following:-
- 1- Proof of having the experience in the class of insurance applied for, in its general manager or one of the persons in charge of its management, as the case may be, and the key employees.
  - 2- Proof of payment of the charges determined according to the Instructions issued for this purpose pursuant to the provisions of the Act.
- C- The Coverholder shall provide the Commission with a copy of the amended Binding Authority before the addition of the class to its license.
- D- The provisions of Article (9) of these Instructions shall be applied to the application for the addition of the class to the license of the Coverholder.

**Article (13):**

The Binding Authority shall determine the rights and obligations of each party, including the following:-

- A- Duration of the Binding Authority and causes of termination.
- B- Type and classes of insurance that the Coverholder is allowed to practice business therein.
- C- Maximum limit that the Coverholder is allowed to underwrite business within.
- D- Name of the authorized signatory.
- E- Nature of risks the Coverholder is allowed to underwrite, and the risks he is not allowed to underwrite.
- F- Means of calculating the general basis of commission collected by the Coverholder. The Director General shall issue a Decision specifying the mechanism for calculating its maximum limit.
- G- The geographical locations where the Coverholder is allowed to underwrite business.
- H- The maximum limit of claims settlement.
- I- Mechanism for administrating and settling claims, and the duration needed for settlement.
- J- The applicable law in case of conflict between parties.
- K- Allowing the Insurance Company, the Reinsurer and the Commission to review the records and books of the Coverholder that are organized pursuant to Article (17) of these instructions, and means of attaining copies thereof.

**Article (14):**

The Coverholder shall fulfill the following duties and responsibilities:-

- A- Document on all his papers, correspondences and documents of being the authorized Coverholder to underwrite on behalf of the Insurance Company or the Reinsurer as well as documenting his registration number at the Commission.
- B- Not to delegate his authorities to another Coverholder, unless otherwise agreed in the binding authority, provided that such person must be licensed by the Commission pursuant to the provisions of these Instructions and Decisions issued by virtue thereof.
- C- Upon receipt of a written notification from the Insurance Company or the Reinsurer, the Coverholder shall immediately stop practicing business in case of terminating the Binding Authority or where it is not renewed.
- D- Remit any money he is authorized to collect on behalf of the Insurance Company or the Reinsurer and any money he receives from any of them for the benefit of the beneficiaries as agreed, and open a bank account in the Kingdom for each Insurance Company or Reinsurer he is dealing with separately, to retain such money, provided that he shall not receive any commission or interest on the payments deposited in such accounts.
- E- Comply with the instructions of the Insurance Company or the Reinsurer and provide any of them, whenever asked, with reports including the business conducted on their behalf.
- F- Prepare the necessary reports for accounts settlements with the Insurance Company or the Reinsurer, in case he was assigned.
- G- Ensure, in case the Coverholder practices business on behalf of the Insurance Company, that he complies with the legislation regarding Anti-Money

Laundry in insurance activities inside or outside the Kingdom, as the case may be. Where the Coverholder practices business on behalf of the Reinsurer, he shall ensure that the insurance company, on whose behalf he is conducting reinsurance business, complies with the underwriting standards and due diligence regarding the client as well as giving special care to ensure the soundness of the legal and financial status of that company.

**Article (15):**

The Coverholder shall comply with the following rules of professional conduct:-

- A- Conduct his business with high proficiency, good faith, fairness and competence.
- B- Comply with the terms of the Binding Authority.
- C- Keep the necessary documents regarding the administration of insurance claims arising from the Binding Authority.
- D- Not to take any action which might, directly or indirectly, affect the decision of the Insurance Company or the Reinsurer to deal with one insured or insurance company than the other or stop dealing with either one of them.
- E- Not to disclose or to have benefit from any information concerning any of his clients.
- F- Treat all data and information acquired because of his business, with utmost confidentiality, and take appropriate procedures to maintain the secrecy of confidential information and documents in his possession.
- G- Avoid advertisement and publicity regarding the business and services provided on behalf of Insurance Company or the Reinsurer without obtaining a written prior approval from them and from the Commission, provided that such information shall be correct, accurate, in a simple and clear language in a way that reflects the nature of his business.
- H- Investigate accuracy, subjectivity and neutrality when settling claims.

**Article (16):**

- A- The Coverholder shall submit to the Commission his annual balance sheet and the accounts attached thereto, as the case may be, within a period not exceeding two months as of the end of the financial year.
- B- For purposes of these Instructions and unless there are justified reasons approved by the Director General, the financial year of the Coverholder shall start on the first of January and shall end on the thirty first of December of the same year, except the first year of his license which shall start from the date that the Coverholder is granted the license until the thirty first of December of the same year.

**Article (17):**

- A- The Coverholder shall document the data, information and papers related to the business he is practicing in books and registers created for this purpose, including the following:-
  - 1- Name and address of the Insurance Company or the Reinsurer he is practicing business in their interest.
  - 2- Memorandums and correspondences concerning his business.

- 3- Copies of the Binding Authorities, and copies of the policies regarding his business such as insurance policies and reinsurance agreements.
- 4- Documents with serial numbers related to collecting, paying, recording and settling claims, and any other financial transactions regarding the business practiced.
- 5- Bank accounts regarding the business practiced.
- B- The books and registers mentioned in paragraph (A) of this Article shall be in originals or copies thereof or other electronic means.
- C- The Coverholder shall keep the books and registers stated in paragraph (A) of this Article for a period not less than five years as of the end of the financial year related thereto.

**Article (18):**

The Director General may ask the Insurance Company or the Reinsurer inside the Kingdom to stop dealing with the Coverholder in any of the following cases:-

- A- If it was evident that the Coverholder does not comply with the provisions of these Instructions and the Decisions issued by virtue thereof.
- B- If the Coverholder does not fulfill his obligations or it is possible that he is incapable of resuming his business.
- C- Where sufficient information is available to the Company indicating the bad financial status of the Coverholder or affects his integrity and professional behavior.
- D- If the Coverholder did not provide the Director General with the data and documents required according to the provisions of these Instructions and the Decisions issued by virtue thereof.

**Article (19):**

The Director General may ask the Coverholder to take certain procedures including the revocation of the Binding Authority, in case the financial status of Insurance Company or the Reinsurer is hindered or in case the Reinsurer has lost the necessary conditions to practice business in the Jordanian market pursuant to the provisions of Reinsurance Instructions and the Amendments Thereof in force.

**Article (20):**

- A- Where sufficient information is available for the Director General indicating any of the following:
  - 1- That the Coverholder has breached the provisions of the Act, Regulations, Instructions or Decisions issued by virtue of any of them.
  - 2- That the Coverholder has lost any of the conditions he was licensed upon or if it became evident that the data and documents provided by him are false.
  - 3- That the Coverholder has not renewed his license pursuant to the provisions of Article (11) of these Instructions and is still practicing his business either inside or outside the Kingdom.
  - 4- That the Coverholder has not practiced business for two years as of the date of his license or the renewal of his license, whichever occurs later.
  - 5- That the Coverholder has breached the terms of the Binding Authority.
  - 6- That the Coverholder has committed an infidelity act by illegally possessing the money in his possession.

- B- If it was evident for the Director General that any of the information mentioned in paragraph (A) of this Article is true, he may pursue any of the following procedures:-
- 1- Request the Coverholder 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 Coverholder to take certain procedures to adjust his status.
  - 3- Cancel the license.
- C- If the Coverholder did not adjust his status according to the provisions of 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 Coverholder did not take the necessary procedures to adjust his status according 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 Coverholder, the Coverholder 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 gross deficiency according to the judgment of the Director General.

**Article (21):**

If the Director General issued a Decision to suspend or cancel the license of the Coverholder, the Coverholder shall resume the business he started before the issuance of the suspension or cancellation Decision, for a period not exceeding one month as of that date, for the purposes of terminating or assigning the business that has previously been assigned to him, to another Coverholder, subject to the approval of the Insurance Company or the Reinsurer.

**Article (22):**

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

**Article (23):**

The Coverholder shall submit a certified translation in Arabic for all the documents submitted pursuant to the provisions of these Instructions and the Decisions issued by virtue thereof if the said documents were in another language other than Arabic, as the case may be.

**Article (24):**

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 (25):**

Every person conducting the business of the Coverholder, either inside or through the Kingdom, including offshore companies, shall apply for a license at the Commission.

**Article (26):**

The Instructions of Licensing and Regulating the Business and Responsibilities of the Coverholder and the Underwriting Agency No. (4) of 2009 shall be repealed.

**Article (27):**

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

**Board of Directors of the Insurance Commission**