

Act No. (33) of 1999

Insurance Regulatory Act

Article (1) This Act shall be known as the (Insurance Regulatory Act of 1999) and shall come into force as the date of its publication in the Official Gazette.

Definitions

Article (2) The following words and phrases, wherever mentioned in this Act shall have the meanings ascribed thereto hereunder, unless otherwise indicated by context:-

- Commission : The Insurance Commission established pursuant to the provisions of this Act
- Board : The Board of Directors of the Commission.
- Chairman : The Minister of Industry and Trade/Chairman of the Board.
- Director General : The Director General of the Commission.
- Insurance Policy : The insurance policy concluded between the Insurer and the Insured including the conditions of the contract between the two parties, their undertakings, obligations and rights, or the rights of the beneficiaries and any endorsement thereto.
- License : The authorization issued by the Commission to transact insurance business pursuant to the provisions of this Act.
- Insurer/Company : Any Jordanian insurance company, or a branch of a foreign insurance company in the Kingdom licensed to transact insurance business according to the provisions of this Act.
- Reinsurer/Reinsur
ance
Company : Any Jordanian reinsurance company, or a branch of a foreign reinsurance company in the Kingdom licensed to transact insurance business according to the provisions of this Act.
- Branch : The branch of the Company, which transacts the insurance business on behalf of the Company and in the name thereof.
- Authorized
Manager : The person appointed by a foreign insurance company to manage the branch in the Kingdom and to transact insurance business on behalf thereof.
- Insured : The person who has concluded an insurance contract with the Insurer.
- Beneficiary : The person who has initially acquired the rights under the insurance contract or to whom such rights have been legally transferred to.

Agent	: The person appointed and authorized by the Company to transact insurance business on behalf of it, or any branch thereof, and who is licensed by the Commission pursuant to the provisions of this Act.
Broker	: The person licensed by the Commission to conduct insurance brokerage between the Insurer and the Insured pursuant to the provisions of this Act.
Actuary	: The person licensed by the Commission to evaluate the insurance contracts, policies and accounts related thereto, pursuant to the provisions of this Act.
Reinsurance Broker	: The person licensed by the Commission to conduct reinsurance brokerage between the Insurer and the Reinsurer pursuant to the provisions of this Act.
Technical Provisions	: The provisions which the Insurer should allocate and maintain to meet the financial liabilities towards the Insureds pursuant to the provisions of this Act.
Solvency Margin	: The excess of the actual value of the assets of the Company against the liabilities, which will enable the Company to meet its obligations in full and pay the claims once due without hindering the business of the Company or impairing the financial status thereof.
Minimum Guarantee Fund	: The amount which equals one third of the required Solvency Margin or the minimum amount determined by the Board, whichever is more.
Auditor	: The Auditor licensed to practice in the Kingdom.

Insurance Business and the Types Thereof

- Article (3) A- Notwithstanding what is stated in any other legislation, insurance business shall be divided into two main types, life assurance and general insurance, in either of which shall be included every activity which is considered within the insurance business by custom and practice.
- B- The classes of both types of insurance shall be determined pursuant to Instructions to be issued by the Board.

Article (4) The insurance business shall include the activities related to the insurance types stipulated in Article (3) of this Act and the Instructions issued pursuant thereto, in addition to reinsurance, the business of Actuaries, and the Insurance Agents and Brokers. It shall also include soliciting, accepting and transferring the insurance contract, in addition to the assessment of claims related thereto, the evaluation and settlement and any other insurance services related to the contract.

Insurance Commission

- Article (5) A- A Commission to be named the (Insurance Commission) shall be

established in the Kingdom, which shall have corporate status and shall be financially and administratively independent. In such capacity, the Commission may acquire moveable and immovable properties necessary to achieve its objectives, undertake all legal acts including concluding contracts, accepting aids, donations, grants, and contributions. Furthermore, the Commission shall have the right to litigate and shall be represented in the legal procedures by the Public Civil Attorney or any other appointed attorney.

- B- The head office of the Commission shall be in Amman. The Commission shall be entitled to establish branches and offices in the Kingdom pursuant to a decision by the Board.

Article (6) The Commission shall endeavor to regulate and supervise the insurance sector in a manner that ensures a suitable environment for the development of the sector, the enhancement of the role of the insurance industry in securing individuals and properties against risks to protect the national economy and to build up, develop and invest the national savings to support the economic development of the Kingdom. In this respect, the Commission shall undertake the following functions:-

- A- Protect the rights of the Insureds and the Beneficiaries of the Insurance Business and supervise the solvency of the companies to provide adequate insurance coverage for such rights.
- B- Enhance the performance and efficiency of the insurance companies, by implementing a professional code of conduct and rules of ethics, to improve the capability of the Company to provide better services for the beneficiaries, and achieve a positive competition between insurance companies.
- C- Provide qualified manpower to transact insurance business, including the establishment of an institute for this purpose jointly and in co-operation with the Jordan Insurance Federation pursuant to the provisions of the applicable legislations.
- D- Develop insurance awareness, prepare and circulate studies and researches related to insurance business.
- E- Strengthen co-operation and integral relations with Arab and international insurance regulatory institutions.
- F- Any other functions relevant to regulating the insurance sector as determined by the Board.

Article (7) The Commission shall consist of:-

- A- The Board.
- B- The Director General.
- C- The Executive Body.

Article (8) A- The Board shall be formed of the Minister of Industry and Trade as Chairman, and the membership of the following:-

1. The Director General as Vice-Chairman.

2. Five Jordanians of expertise and competence in the financial and economic sectors, in particular in the insurance business, two of whom shall be from the public sector and three from the private sector, one of which shall be named by the Jordan Insurance Federation of the Insurance Companies who shall not be active in the insurance sector. The appointment shall be made by the Council of Ministers, pursuant to the recommendation of the Chairman for a term of four years renewable for the same term, except for the first Board, the membership of which shall include a member from the public sector and another from the private sector for a term of two years.
- B- Members of the Board, including the Director General, shall be appointed within thirty days as of the date this Act comes into force, provided that each of them shall deliver the following oath before the Prime Minister:- (I swear by the Allah Almighty to be loyal to the King and the Country, to dedicate my efforts to perform the duties assigned to me at the Insurance Commission with all loyalty and sincerity; protect the Act and the confidentiality of all classified decisions and documents revealed to me and related to the business of the Commission).
 - C- The remuneration of the Board members shall be determined pursuant to a decision by the Council of Ministers.
 - D- The Vice-Chairman shall assume the authorities of the Chairman during the absence of the latter, and shall assume any other authorities delegated to him by the Board provided that such delegation shall be made specific and in writing.

Article (9) No one of the persons stipulated in Item (2) of Paragraph (A) of Article (8) of this Act shall be appointed in any of the following cases:-

- A- If convicted with a felony or a misdemeanor infringing integrity, trustworthiness and public morals or declared bankrupt without being rehabilitated.
- B- If liable for a gross violation of any provision of this Act or the Companies Act, in his capacity as a general manager or a member of the board of directors of any Company.

Article (10) Any Board member shall be prohibited from having any direct or indirect benefit in any insurance business throughout his term of office at the Board, and shall be obliged to declare in writing, that such benefit does not exist. In addition, each member shall report to the Board of any such benefit that may emerge throughout his term in office, subject to legal liability, and the termination of his membership at the Board.

Article (11) A- The term of the appointed members of the Board shall be terminated in any of the following cases:-

1. Resignation.
2. Absence for three consecutive sessions, or six non-consecutive sessions throughout any one-year, without any acceptable excuse by

the Board.

3. Loss of any of the membership requirements.

- B- The Council of Ministers shall, upon the recommendation of the Chairman, appoint a replacement during a period not exceeding sixty days from the date the position becomes vacant to complete the term of the member whose membership has been terminated.

Article (12) The Board shall assume the functions and authorities stipulated in this Act, the Regulations and Instructions issued pursuant thereto, including:-

- A- Set out the general policy of the Commission, and approve plans and programs necessary for performing such.
- B- Approve draft legislations related to insurance business and submit them to the Council of Ministers.
- C- Issue the Instructions necessary to enforce the provisions of this Act and the Regulations issued pursuant thereto.
- D- Approve the draft annual budget of the Commission to be submitted to the Council of Ministers for approval.
- E- Approve the annual report and annual statements of the Commission to be submitted to the Council of Ministers.
- F- Appoint an Auditor for the Commission and determine his remuneration.
- G- Any other functions related to the affairs and aims of the Commission.

Article (13)

- A- The Board shall meet at least once a month, or whenever necessity dictates, upon a call from the Chairman or the Vice-Chairman in his absence. The meeting shall be convened if attended by at least four members, provided that the Chairman or the Vice-Chairman is present. The Board shall issue its resolutions by majority votes of its members. A member shall not refrain from voting, and each opposer shall record his opposing decision in the minutes of the meeting.
- B- Upon receiving a written request from at least three Board members to discuss specific issues, the Chairman or the Vice-Chairman, in the absence of the former, shall call the Board to meet within a period not exceeding fifteen days from the date of receiving the request.
- C- The Board shall appoint a secretary from amongst the staff of the Commission.
- D- The Board may resort to experts or advisors in order to seek their opinions on issues brought before it. The remuneration of the said experts or advisors shall be decided the Board.

Article (14)

The appointment of the Director General, financial remuneration and the post privileges shall be determined by a decision of the Council of Ministers, upon the recommendation of the Chairman, provided that such decision is endorsed by a Royal Decree. The Director General will be discharged by the same manner.

- Article (15) The Director General shall assume the following functions and authorities:-
- A- Implement the policy, plans and programs approved by the Board.
 - B- Suggest the organizational structure of the executive body of the Commission and supervise the same to ensure the efficient performance of the Commission.
 - C- Prepare programs and plans to develop the insurance sector and promote the standard of the services provided, and submit the same to the Board.
 - D- Prepare drafts laws, regulations and instructions issued pursuant to the provisions of this Act regarding the insurance business and submit the same to the Board, after consultation with the Jordan Insurance Federation of Insurance Companies.
 - E- Prepare the draft annual budget of the Commission to be submitted to the Board for approval.
 - F- Consider the complaints made in respect of the insurance services and take the necessary Decisions thereupon, unless he deems it is necessary to submit the same to the Board.
 - G- Issue the necessary decisions to execute his functions and authorities that are determined pursuant to the provisions of this Act.
 - H- Any other matter assigned to him by the Board to enforce the provisions of this Act.
- Article (16) The Director General may delegate some of his authorities stipulated in this Act to any key employee of the Commission, provided that such authorization is specific and in writing.
- Article (17) The executive body of the Commission shall consist of the staff and employees appointed or contracted with according to the regulations issued pursuant to the provisions of this Act.
- Article (18) A- The Commission shall collect the following Fees:-
1. Annual fee payable by the Company, a percentage of which shall not exceed 0.75% (7.5) per mille of the gross written premiums..
 2. Application fee for a License.
 3. Fee for granting a License.
 4. Registration fee of the Branch of the Company.
 5. Registration fee of an Agent.
 6. Licensing fee of a Broker .
 7. Licensing fee of an Actuary.
 8. Licensing fee of the parties conducting insurance services.
- B- The amount of each of the stated fees shall be determined pursuant to regulations to be issued for this purpose.
- Article (19) The revenues of the Commission shall consist of the following resources:-
- A- Fees collected by the Commission.
 - B- Charges received for the services rendered by the Commission to the

insurance sector pursuant to instructions issued by the Board for this purpose.

- C- Fines stated in this Act.
- D- Aids, contributions, grants and donations accepted by the Board and approved by the Council of Ministers, if from a non-Jordanian source.
- E- Any amounts allocated by the Government to the Commission when necessity dictates.
- F- Any other revenues approved by the Board.

Article (20) The fiscal year of the Commission shall commence on the first day of January of each year, and shall end on the thirty first day of December of the same year. As for the first fiscal year of the Commission, it shall commence on the date of conducting the operation of the Commission and shall end at the end of the same year.

Article (21) A- The property and rights of the Company with third parties shall be considered public property and shall be collected pursuant to the provisions of the Collection of Domanial Property Act in force. For implementing this paragraph, the Chairman shall exercise all powers of the Administrative Governor and the Committee for Collection of Domanial Property stated in the above-mentioned Act.

B- The Commission shall enjoy the exemptions and facilities granted to Ministries and Governmental Departments.

C- The Audit Bureau shall audit the accounts of the Commissions.

Article (22) The Commission shall maintain reserves equivalent to twice the gross value of the expenses disclosed in the annual balance sheet. Any amounts in excess shall be transferred to the Public Treasury.

Article (23) Upon the recommendation of the Director General, the Board shall issue the Instructions related to the insurance business, including:-

- A- The Solvency Margin and the Minimum Guarantee Fund.
- B- The basis of calculating the Technical Provisions.
- C- Reinsurance.
- D- Investment rules of the Company.
- E- Determining the nature and the location of the Company assets that match its insurance obligations.
- F- The conditions that must be available in an Auditor.
- G- The accounting policies to be adopted by the Company, forms for preparing reports, financial statements and submitting of such.
- H- Basis for organizing accounting books, records of Companies, Brokers, and determine the data and details that shall books and records.
- I- The records, which the Company must organize and maintain the data and documents to be provided to the Commission..
- J- The professional codes of conduct and ethics.
- K- Combating money laundering in insurance activities.

L- Conditions for establishing subsidiaries.

- Article (24) Upon the recommendation of the Director General, the Board may issue Instructions related to the following matters:-
- A- Licensing of insurance service providers, and determining the bases of regulating and supervising their business.
 - B- Regulating transactions of offshore insurance companies, including the conditions and requirements of their establishment and licensing as well as their minimum capital required, notwithstanding what is stated in the Companies Act.

Insurer

- Article (25) A- It shall not be permitted to transact insurance business except by the following companies:-
1. A Jordanian public shareholding company.
 2. A branch of a foreign insurance company registered in the Kingdom by virtue of the Companies Act.
 3. A subsidiary company.
 4. An off shore company.
- B- 1. Notwithstanding what is stated in the Companies Act in force, it shall not be permitted to register any new insurance company or an offshore insurance company without the prior approval of the Board. In case of non-approval, the Board decision must be justified when notified to the applicant.
2. The fiscal year of the Company shall commence on the first day of January and shall end on the thirty first of December of the same year.
- C- The Company shall not be permitted to transact insurance business unless it complies with the minimum capital required determined by the Regulation to be issued in accordance with the provisions of this Act.
- D- Any insurance contract issued by a Company not licensed according to this Act, shall be considered null and void. The damaged shall be entitled to claim for damages subsequent to this nullity.
- Article (26) A- The Company shall not be granted a license for both life assurance and general insurance business, except for existing companies licensed to transact both types of insurance at the time this Act came into force.
- B- Upon the enforcement of this Act, the existing companies transacting both types of insurance shall be abide by the instructions issued by the Board regulating the business related to each type of insurance.
- Article (27) A- It shall not be permitted to insure liabilities, movable or immovable property existing in the Kingdom with an insurance company outside the Kingdom, except for aircrafts of Alia Airlines/Royal Jordanian Airlines and aircrafts of Jordanian companies, provided that a decision from the Council of Ministers is issued in this regard.

B- It shall not be permitted for any organization or company operating in the Kingdom to insure its employees with an insurance company outside the Kingdom.

C- The Insurer may reinsure inside and outside the Kingdom.

Article (28) The Company shall have the right to open a Branch inside and outside the Kingdom, close or move its place pursuant to Instructions to be issued by the Board for this purpose.

Article (29) The insurance policy issued in the Kingdom shall be in Arabic; a comprehensive translation in another language may be attached thereto. In case of misinterpretation the Arabic text shall prevail.

Article (30) All employees of the Company shall be Jordanians. Non-Jordanians, however, may be recruited if they have experiences and qualifications that are not available in Jordanians pursuant to a decision from the Minister of Labor, upon the recommendation of the Director General.

Article (31) It shall not be permitted for a person to become a board member, a general manager, an employee or an authorized manager in a Company, if that person:-

A- Was convicted with a felony or a misdemeanor infringing integrity, trustworthiness and public morals or declared bankrupt without being rehabilitated.

B- Was responsible, upon the discretion of the Board, for a gross violation of any provision of this Act or the Companies Act in his capacity as a general manager or a director in a Company, including the liability for causing a compulsory liquidation of an insurance company.

Article (32) A- The chairman of the Company, members of the board, the general manager, the Authorized Manager or a deputy thereof, or any manager or senior staff therein, shall not be permitted to:-

1. Participate in the management of another competing or similar insurance company.

2. Compete with the business of the Company or perform any action or activity conflicting with the interest of the Company.

3. Function as an insurance Agent or as an Insurance Broker.

4. Receive a commission from any act of insurance business.

B- The general manager or any employee in the Company shall also be prohibited from being a member of the board as a representative of any other shareholder in that Company.

Article (33) A- Competence and experience in insurance are prerequisites in the general manager of the Company, the Authorized Manager and the key employees therein. The Company shall provide the Director General with the details of the qualifications and experience of each.

B- If it was evident for the Board that the necessary competence or experience is not available in any of the persons mentioned in paragraph (A) of this Article, the Board may not approve the appointment, provided that such disapproval is justified.

- Article (34)
- A- The Company shall inform the Director General with the names of the members of the board of directors, the general manager, the Authorized Manager and any of the key employees, and of the vacancy of the post of any of them. The Company shall occupy the vacant post within sixty days as of the date of vacancy and shall notify the Director General accordingly.
 - B- The board of directors of the Company shall provide the Director General with copies of the minutes of meetings, and decisions in relation to the election of the chairman of the board of directors of the Company, deputy thereof and the authorized signatory members on behalf of the Company, attached with forms of their signature, within seven days as of the date of issuing these decisions.
 - C- If the chairman and the members of the board of directors of the Company, submit their resignations, or if the board loses its legal quorum due to the resignation of some of its members, the Board shall constitute a temporary committee of competent and experienced persons, appoint a chairman for the committee and a deputy thereof from its members, to assume the management of the Company, and to invite the general assembly for a meeting within a period not exceeding three months as of the date of its constitution. The term of the committee may be renewed once for a similar period, pursuant to a decision by the Board, to elect a new board of directors for the Company. The Company shall bear the fees of the committee, which will be determined by the Board.

- Article (35)
- In compliance with the Instructions issued by the Board, the Company shall maintain the following:-
- A- Solvency Margin and the Minimum Guarantee Fund relevant to the type of insurance transacted.
 - B- Technical Provisions as estimated at the end of each fiscal year.
 - C- Assets and reserves the Company must keep in the Kingdom.

- Article (36)
- A- No person shall practice as an Actuary in the insurance sector before being licensed by the Commission in accordance with the rules and conditions determined by the Board by virtue of Instructions to be issued for this purpose.
 - B- The Company licensed to transact life assurance business must appoint an Actuary within one month as of the date of being licensed, provided that the Director General is notified, within one month as of the date of the appointment.

- Article (37)
- A- General in respect thereof or any other company with which it has

ownership interests or which is related therewith, during a period to be determined by the Director General. In addition to any other data or information submitted by the Company to any other supervisory authority, and any data or information received by the Company from such authorities upon the occurrence of such.

- B- The board of directors of the Company shall invite the Director General to attend the general meeting, before at least fifteen days as of the date of the meeting. The Director General may delegate a representative from the staff of the Commission for this purpose.
- C- The Director General may assign one or more of the staff of the Commission to verify or audit, at suitable times, any of the transactions, records or documents of the Company. The Company shall undertake to avail any of these to the assigned staff and to cooperate to enable him to carry out his work in complete form.
- D- Based upon the results of the audit conducted pursuant to paragraph (C) of this Article, the Director General may appoint experts, consultants, Actuaries, or Auditors to audit the business of the Company, evaluate its status and submit a report in this respect. The Company shall cooperate to enable them to perform their work in a complete form, provided that the Company shall bear the fees determined by the Director General for any of them.
- E- Notwithstanding what is stated in any other legislation, the expert, consultant, Actuary or the Auditor shall be prohibited from disclosing to any authority, any information as a result of the provisions stipulated in paragraph (D) of this Article, before obtaining a written approval from the Board.

Article (38)

- A- The Company shall provide the Director General with a detailed report of its transactions, signed by the chairman of the board, the Authorized Manager, or the authorized signatories of the Company. Such report shall include the annual statements of the Company, and all other detailed statements attached thereto including the balance sheet, the general and detailed profits and loss accounts for the types of insurance transacted and for each class thereof, together with the Auditors annual report within a period not exceeding two months as of the date the fiscal year ends and in all circumstances before a period not less than thirty days as of the fixed date for the meeting of the general assembly of the Company.
- B- If it was evident that the statements and data stipulated in paragraph (A) of this Article, do not comply with the provisions of this Act, Regulations, Instructions and Decisions issued by virtue thereof, the Director General shall request from the board of directors of the Company to correct them in order to obtain the approval before submitting them to the general assembly. The board of directors of the Company shall be liable if such statements and data are submitted before obtaining this approval.
- C- The general assembly of the shareholders of the Company shall not be permitted to distribute profits that exceed what is being stipulated in the

approved statements and data pursuant to paragraph (B) of this Article.

D- If the Company has financial or administrative difficulties, or has major losses that affect the rights of the Insureds and the Beneficiaries, the chairman of the board of directors of the Company or any members thereof, shall notify the Director General immediately, otherwise he shall be liable in case of not notifying.

- Article (39)
- A- 1. The Company shall provide the Director General with the insurance policy forms and endorsements thereto that have been approved for its transactions, which contain the general and special insurance conditions, the terms and technical basis for such policies and premium ratios attached therewith. It shall also provide the Director General with the schedules of the redemption value of life assurance policies and the average premiums thereof.
2. The Director General may, if the public interest dictates, or when a major default exists, request for an amendment of these forms, within the period to be determined for this purpose. The Company shall be entitled to challenge such an amendment. In case of disagreement, the matter shall be submitted to the Board to decide on.
- B- The Company shall provide the Insureds and Beneficiaries, if they were explicitly named in the Insurance Policy, with a copy of these policies and all related documents.

- Article (40)
- A- The Auditor shall submit to the Director General an immediate report, with a copy to the chairman of the board of directors of the Company, in any of the following cases:-
1. If it was evident to him that the financial status of the Company will not enable it to fulfill its obligations towards the Insureds, or that it will hinder its capability to comply with the financial requirements stipulated in this Act, Regulations or Instructions issued pursuant thereto which is relevant to the financial status of the Company.
 2. If it was evident to him that a gross deficiency exists in the practice of the Company with regard to its financial procedures, including the organization of its accounting registers.
 3. If he refused or reserved the issuance of any certificate in respect of the income of the Company or its financial statements.
 4. If he decided to resign or declined his reappointment with the Company, due to unusual reasons.
- B- The Director General may ask the Auditor to provide him directly and within the period determined with the information necessary to monitor the business of the Company.
- C- If the general assembly of the Company fails to elect an Auditor, or if the Auditor who has been elected declined or refused to carry out the work for any reason whatsoever, or if he dies, the board of directors of the Company shall recommend to the Director General at least three Auditors to choose from within fourteen days as of the date of the vacancy of such

post.

D- The general assembly may decide in the event that the Auditor recommends the rejection of the financial statements any of the following:-

1. Return them to the board of directors and request for a correction of the balance sheet, and the profit and loss account in accordance with the remarks of the Auditor, to be considered certified after such amendments.
2. Refer the issue to the Director General in order to appoint a committee of experts from licensed Auditors and determine their fees that shall be borne by the Company, to settle the dispute between the board of directors of the Company and its Auditors. The decision of the said committee shall be binding after submission for the second time to the general assembly for approval. The balance sheet and the profit and loss account shall be adjusted according to the decision of the committee.

Article (41)

A- Where sufficient information is available for the Director General indicating any of the following:-

1. That the Company did not or may not fulfill its obligations or where the Company fails to continue its business.
2. That the Company committed a violation to the provisions of this Act, Regulation, Instructions or Decisions issued by virtue thereof.
3. That the necessary arrangements of the Company to reinsure risks are not enough, or that such arrangements are not taken.
4. That the Company has a gross violation of the business plan submitted to the Director General, according to which the License was granted.
5. That the total losses of the Company exceeded (50%) of its paid up capital.
6. That the Company is not transacting business for a period not less than one year, without justified or legitimate reason.

The Director General shall validate such information.

B- If it was evident to the Director General that the information is accurate, he shall either refer the case directly to the Board to take the necessary measures in respect thereof, or ask the Company to take specific measures to rectify its status within the period determined by him; otherwise the Director General shall refer the case to the Board to take such measures, including:-

1. Prohibit the Company from issuing more insurance contracts, or prevent it to transact business in a certain class of insurance or more.
2. Impose a maximum for the amount of premiums procured by the Company from Insurance Policies issued thereby.
3. Maintain in the Kingdom assets, the value of which equals all the net obligations of the Company arising from its transactions or a percentage of such value.
4. Restrict any of the investment activities of the Company related to the

Solvency Margin or oblige the Company to liquidate its investments in any of these activities to serve this purpose.

5. Request from the Company or the head office of the foreign insurance company, as the case maybe, to take the necessary measures to rectify the administrative situation of the Company, including the removal of the general manager, the Authorized Manager or any key employee therein.
6. Remove the chairman of the board of directors of the Company or any member of the board if it was proven that he is responsible for the violation.
7. Dissolve the board of directors of the Company and appoint a neutral temporary administrative committee of competence, and appoint a chairman and deputy for such committee. The functions and authorities of which shall be determined for a period not exceeding six months renewable for a term not exceeding one year, if necessity dictates. The Company shall bear the expenses of the committee as determined by the Board. Upon the completion of the assignment of the committee, a new board of directors shall be elected in accordance with the Companies Act.
8. Take the necessary procedures to merge the Company with another Company, upon the approval of the Company with which the merger is sought.
9. Suspend or cancel the License of the Company.
10. Rehabilitate the Company.
11. Liquidate the Company.

Foreign Insurance Companies

- Article (42)
- A- Prior to obtaining the License, the foreign insurance company shall appoint the Authorized Manager for the branch to transact insurance business on behalf of it, and the company shall be responsible for his acts.
 - B- The foreign insurance company shall be obliged to inform the Director General with the name of the Authorized Manager within one month as of the date of his appointment, and shall appoint a replacement within one month as of the date the position becomes vacant.
 - C- The branch of the foreign insurance company shall publish the total annual statement of the mother company and the branches outside the Kingdom, in addition to the annual statement of the Branch in the Kingdom.

- Article (43)
- The foreign insurance company shall attach with the decision of appointment of the Authorized Manager, an official document, a certified copy of which shall be filed with the Commission, authorizing the Authorized Manager with all the functions necessary for the management of the Branch, including:-
- A- Issuance of insurance policies and endorsements thereto and the payment of claims in respect thereof.
 - B- Representation of the Company before the Commission, competent courts

and all other official and non-official parties in all matters related to the business and management of the branch.

C- Receive notifications and other notices and correspondences addressed to the Company.

Article (44) The Branch of a foreign insurance company in the Kingdom shall not be permitted to consider as part of its expenses, any amount in excess of 2% of its annual net earned premiums realized in the Kingdom as part of the expenses of the Head Office, in return for the administrative and technical services provided to the Branch by the head office.

The Insurance License

Article (45) A- None of the Companies, stipulated in paragraph (A) of Article (25) of this Act, shall not be permitted to transact insurance business before obtaining the License from the Board by virtue of the provisions of this Act.

B- The conditions for granting the License to transact insurance business, the requirements thereof, and the documents that need to be submitted for each type of insurance, the requirements for the annual renewal of the License, corporate governance, shall be determined by Instruction to be issued by the Board for this purpose. The provisions of this paragraph shall be applied to Reinsurance Company.

C- Should it become evident, that granting the License was based on incorrect information that License shall be cancelled by a Board Decision.

Article (46) The Company shall not be permitted to reinsure the insurance contracts for any class of insurance business transacted, with another Company unless such Company was licensed to transact that class.

Article (47) The Board may, upon the recommendation of the Director General, suspend the license of the Company for a class of insurance or more, transacted by the Company, for a period not exceeding one year, in any of the following cases:-

A- The Company is in violation of the provisions of this Act, Regulations and Instructions issued by virtue thereof.

B- The Company lost any of the conditions required for the license granted to the Company by virtue of the provisions of this Act.

C- The Company has not transacted business in any of the insurance classes included in the license, or stopped to transact this business for a year.

D- The Company has failed to fulfill its financial obligations.

E- The Company has refrained from enforcing a final judgment related to an insurance contract.

Article (48) A- Should the Company remove the cause of suspending the License in any of the cases stipulated in Article (47) of this Act during the period of suspension, or within one year as of the date of suspension, the Board shall upon the recommendation of the Director General issue a decision

permitting the Company to continue transacting insurance business.

B- If the Company did not remove the cause of suspending the License within a maximum period of one year from the date of suspension, the license for that class shall be cancelled by a Board decision.

- Article (49)
- A- The procedures relevant to the suspension or cancellation of the License and the authorities delegated to the Director General in respect thereof, shall be determined by virtue of Instructions to be issued by the Board for this purpose.
- B- Upon the decision of suspension or cancellation of the License for one class of insurance or more, the following shall be implemented:-
1. The Company shall be prohibited from concluding insurance contracts in any of these classes; otherwise the Company shall be subject to the penalties stipulated in this Act.
 2. All rights and obligations arising from the contracts concluded prior to the suspension or cancellation of the license, shall be considered valid and operative, for which the Company shall remain liable.

Article (50)

The Company, which has had its license cancelled, may submit to the Director General, within a period not exceeding one year as of the date of cancellation, a request which shall be attached with the documents proving that the causes which lead to cancellation are removed. The Board shall, upon the recommendation of the Director General, issue a decision in this respect within a period not exceeding two months.

- Article (51)
- A- Should the Company, whose License for all insurance business transacted been cancelled, refrain from submitting the request for obtaining a License after the expiry of the period stipulated in Article (50) of this Act, or should the Board deny the request, the Company shall commence voluntary liquidation procedures within one month as of the date of the expiry of the duration, or from the date of being notified of the decision of the Board. If the Company did not proceed with these procedures, the company shall be liquidated pursuant to the provisions of this Act.
- B- The License of the Company shall be deemed cancelled, de facto, if a decision to liquidate it voluntarily has been taken, if a final competent Court judgment has been issued to liquidate it compulsorily, or if it has been declared bankrupt.

Money Laundering

- Article (52)
- A- For the purpose of paragraph (K) of Article (23) of this Act, money laundering in insurance activities means the transfer of any money resulting from an illegal act, replacing, using or investing of such, in any means to make it legal money without specifying the true origin or ownership, or in the case of giving false information about that.
- B- Notwithstanding what is stated in any other legislation, the Commission

may request from any person or entity subject to the provisions of this Act, to refrain the execution of any transaction related to insurance activities, if it was arising from any act stated in paragraph (A) of this Article, and the Commission may notify any official or judicial authority of such.

- C- Subject to the provision of any other legislation, any person who commits any of the acts stipulated in paragraph (A) of this Article shall be liable to penalized by temporary penal servitude and with a fine not less than one hundred thousand dinars and not exceeding five million dinars, and the seizure of that money

Transfer of Insurance Policies

- Article (53)
 - A- The Company may transfer the insurance policies it issued, including the rights and obligations related to any of the classes of insurance transacted thereby, to a Company or several companies transacting the same class.
 - B-
 - 1. The request for the transfer shall be submitted to the Director General with the policies and documents related to the transfer agreement attached thereto, for preliminary approval.
 - 2. The Director General shall publish the request for the transfer, in two daily local newspapers, to be published twice consecutively, the cost for which shall be borne by the applicant, provided that there is a reference to the right of the policyholders and beneficiaries, or any interested party to submit thereto an objection to such a transfer within a period of fifteen days from the date the request for the transfer was first published expressing the subject of the objection and the reasons relied upon.
 - C- The Director General shall finalize the legal procedures to transfer the insurance policies, including the rights and obligations therein, after all the objections submitted thereto are determined.

Agents and Broker

- Article (54)
 - A- The provisions related to the insurance Agents transactions and liabilities attached thereto, shall be determined by Instructions to be issued by the Board for this purpose.
 - B- No person shall be permitted to conduct the business of an Insurance Agent before providing the Director General with an agreement concluded with a Company stipulating his appointment solely by that Company; and shall not be permitted to become an Agent for more than one Company, subject to the provisions of Article (31) of this Act shall apply.

- Article (55)
 - No person shall be permitted to function as an insurance Broker or Reinsurance Broker before obtaining a license from the Commission, in accordance with the conditions determined by the Board by Instructions to be issued for this purpose, which shall include the terms determining his liabilities and regulating his business; subject to the provisions of Article (31) of this Act shall apply.

Mergers, Acquisitions, Rehabilitation and Liquidation of Companies

- Article (56)
- A- The merger of insurance companies shall be subject to the provisions stated in this Act. The provisions related to mergers stated in the effective Companies Act shall be applied if no special provisions are stated in this Act, Regulations or Instructions issued by virtue thereof.
 - B- The merger of an insurance company shall not be permitted except with another Company transacting the same type of insurance. The Company shall not be permitted to proceed with any of the merger procedures before submitting the application to merge to the Director General attached with the required reports and data, and obtaining a prior written approval from the Board.
- Article (57)
- A- The Director General shall submit to the Board a recommendation in respect of the application of merger attached with the necessary reports and data.
 - B- If the merger was preliminary approved by the Board, the Director General shall form an evaluation committee whose membership shall include representatives of the companies willing to merge, Auditors of the companies, and experienced and specialized persons, one of which shall be appointed head of the committee.
 - C- The committee stipulated in paragraph (B) of this Article shall assume to evaluate all the assets of the companies willing to merge with their rights and obligations, in order to substantiate the net equity of the shareholders at the date fixed for the merger. The committee shall submit the report to the Director General along with the opening balance sheet for the company resulting from the merger, within a period not exceeding ninety days from the date of referring the issue thereto. The Board upon the recommendation of the Director General may extend this period for another similar period, should necessity dictate, in addition to the fees of the committee, which shall equally be borne by the companies willing to merge. In case of disagreement over the fees, it shall be determined by a decision from the Director General.
 - D- The Director General shall refer to the Board the report of the committee as well as his recommendations regarding the report. If the Board approves the report, the Board shall form an executive committee from the chairmen and members of the boards of directors of the companies wishing to merge and their Auditors in order to perform the executive procedures for the merger pursuant to the provisions of the Companies Act in force.
- Article (58)
- A- The merging companies shall enable the Insureds to examine the merger agreement, in order to ascertain the terms thereof. The agreement shall be exhibited at the head office of the companies for a period of fifteen days from the date of publishing the merger decision in the Official Gazette.
 - B- Any interested party may object to the Board within thirty days of the announcement of the decision related to the merger of the companies,

provided that the subject of the objection, the reason on which the objection is based on and the damages claimed due to the merger. If the Board fails to settle the objection for what so ever reason within the period of thirty days as of the date of referring the objections thereto, the objecting entity shall have the right to refer to the competent court. These objections or cases raised before the court shall not suspend the decision to merge.

- C- The Board shall issue special instructions regarding the merger procedures, the settlement of the objections submitted thereon, and all other matters related thereto.
- D- Incentives may be granted to the merged companies including tax exemptions by a decision from the Council of Ministers pursuant to the recommendation of the Minister of Finance based upon the recommendation of the Board.

Article (59)

- A- 1. Subject to the prior approval of the Board, the Company may acquire in full or in excess 50% of another insurance Company transacting or intends to transact another type of insurance. The acquired Company shall be named the (Subsidiary Company), whereas the owning Company shall be named the (Mother Company). The Subsidiary Company shall stay existing and shall maintain its corporate status, provided that each Company transacts either types of insurance.
- 2. The Subsidiary Company shall be prohibited from acquiring any stocks or shares in the mother company.
- 3. The Mother Company shall appoint its representatives at the Subsidiary board of directors of the Company in proportion to its shareholding percentage in that Company.
- B- The basis of acquisition and procedures in the Company thereof shall be determined by Instructions to be issued by the Board for this purpose, notwithstanding what is stated in any other legislation.

Article (60)

- A- 1. For purposes of rehabilitation of the Company according to Item (10) of paragraph (B) of Article (41) of this Act, the Board may upon the recommendation of the Director General dissolve the board of directors of the Company and form a neutral committee of experience and competence to rehabilitate the Company, and appoint a head for the committee and a deputy thereof, for a period not exceeding one year as of the date the decision was issued, provided that the Company shall bear the fees of the committee as determined by the Board. The committee shall submit a monthly report to the Director General about the progress of procedures relevant to rehabilitation or whenever requested to do so.
- 2. For this purpose, rehabilitation shall include managing the Company and regulating its difficult financial situation through negotiating with its creditors for the purpose of determining the debts of the Company and the manner of settlement by approving the rehabilitation plan.

B- The committee stated in Item (1) of paragraph (A) of this Article shall publish an announcement in at least two local daily newspapers, and for a period of three consecutive working days at the expense of the Company, to call all creditors to submit data of the amount of their debts attached with documents proving such, within a period not exceeding thirty days as of the date the last announcement was published. After the expiry of this period no data submitted by any creditor shall be accepted.

Article (61) A- Notwithstanding what is stated in the provisions of any other legislation, any seizure on the properties or assets of Company shall be considered void whether precautionary or executive, or any action or execution taken on those properties or assets, from the date the decision of rehabilitation was issued until any of the following cases is fulfilled:-

1. The expiration of the period stated in Item (1) of paragraph (A) of Article (60) of this Act, in case the rehabilitation plan was approved.
2. The issuance of a decision by the Board that refused rehabilitation plan, pursuant to the provisions of this Act.
3. Refusal by the creditors of the rehabilitation plan, pursuant to the provisions of this Act.
4. The issuance of a decision by the Board to suspend the rehabilitation procedures pursuant to the provisions of this Act.

B- Periods related to prescription shall be suspended regarding the procedures stated in paragraph (A) of this Article.

Article (62) A- The committee shall prepare its report regarding the rehabilitation plan in a period not exceeding fifteen days as of the date the debt was fixed with the committee, and shall call the creditors to approve the plan by publishing an announcement in at least two daily local newspapers, provided that it is approved by creditors that represent at least three quarters of non preference debt and without collaterals.

B- 1. In case the plan is approved by the creditors pursuant to the provisions of paragraph (A) of this Article, the committee shall submit a report of such to the Director General. The Director General shall submit the report to the Board along with his recommendations.

2. Where the creditors disapprove of the plan prepared pursuant to the provisions of paragraph (A) of this Article, the committee shall submit a report to the Director General, who shall submit the report to the Board along with his recommendation to take the appropriate procedure according to the provisions of paragraph (B) of Article (41) of this Act.

C- The Board may approve or disapprove the submitted plan pursuant to the provisions of Item (1) of paragraph (A) of this Article. In case of approval, the procedures of rehabilitation shall be initiated. In case of disapproval the Board shall decide to take the appropriate procedure according to the provisions of paragraph (B) of Article (41) of this Act.

D- After rehabilitation a new Board shall be elected pursuant to the provisions of the Companies Act in force.

- Article (63)
- A- If it was evident to the Board that the status of the Company is hindering even if the rehabilitation plan is being applied or if the rehabilitation is in effective, the Board may decide to suspend the rehabilitation procedures and take the suitable procedure pursuant to paragraph (B) of Article (41) of this Act.
 - B- The Board upon the recommendation of the Director General may issue the necessary Instructions for rehabilitation and all other matters related thereto according to the provisions of this Act.
- Article (64)
- A- Notwithstanding what is stated in any other legislation, the provisions in this Act, Regulations and Instructions issued by the virtue thereof, shall apply to the liquidation of companies. The Board shall be the only competent authority to issue a decision to liquidate a Company.
 - B- The Company may be liquidated voluntarily upon a decision by the extraordinary general assembly after obtaining a prior approval from the Board upon the recommendation of the Director General. The liquidation procedures shall only start after the Company is notified of the approval of the Board.
 - C- As of the date of the issuance of a decision to liquidate the Company, the board of directors of the Company, the general manager, the general assembly, and any administrative committee formed to manage the Company shall lose all duties and authorities as assigned pursuant to the legislation in force and pursuant to the memorandum and articles of association of the Company and the by-laws thereof.
 - D- The Board shall upon the recommendation of the Director General issue the necessary Instructions of the liquidation procedures of the Company and all other matters related thereto according to the provisions of this Act.
- Article (65)
- A- Any interested party may challenge the decision issued according to the provisions of paragraph (A) of Article (64) of this Act before the High Court of Justice within thirty days as of the date the decision had been published in the Official Gazette.
 - B- If the High Court of Justice decided to cancel the liquidation decision the board of directors of the Company shall before the Company transacts its business again, comply with any requirements or special conditions decided by the Board.
 - C- Notwithstanding the stipulations of any other legislation, the challenge according to paragraph (A) of this Article shall not suspend the liquidation procedures.
- Article (66)
- A- The Board upon the recommendation of the Director General shall appoint a liquidator or more for the Company, who shall manage the operations of the Company, protect the properties and assets thereof, and represent the Company until its dissolution. The Board shall determine the legal fees, duties, obligations and authorities and obligate him, as well, to submit a guarantee. The Board has the right to dismiss or replace the liquidator in any

stage of liquidation pursuant to a justified recommendation by the Director General.

- B- The Board pursuant to the recommendation of the Director General may decide to suspend the liquidation, if the Company submits a plan for adjusting its status within a time frame before the liquidator proceeds with the liquidation procedures, or during such procedures.
- C- The provisions of bankruptcy stated in other legislations in force, shall not be applied on the Company.

Article (67)

The following shall result upon issuing the liquidation decision:-

- A- The liquidator shall add the phrase (under liquidation) to the name of the Company on all its documents and correspondences.
- B- Suspend any authorization or signatory rights issued by any party in the Company. The liquidator shall exclusively be authorized to grant any authorizations or signatory rights required in the liquidation procedures.
- C- Cessation, for one year starting from the date of the issuance of the liquidation decision, of the prescription period that would prevent hearing any action regarding any current or due right or claim in favor of the Company.
- D- Cease, for six months, the cases and the judicial procedures filed by the Company or against it unless the liquidator decides to continue the proceedings before the end of this period, subject to the provisions of paragraph (E) of this Article.
- E- Prohibit the proceedings in any procedural or executive petition against the Company, unless based on the request of a mortgagee and concerns the mortgaged property. In such case, the petition shall be suspended or denied for six months starting from the date on which the liquidation decision is issued.

Article (68)

The liquidator may take all the decision and procedures, he deems necessary to complete the liquidation procedures, including:-

- A- Managing the operations of the Company within the limits required for the liquidation proceedings.
- B- Inventorying all assets of the Company.
- C- Appointing any of the experts and persons to assist in the execution of the liquidation procedures, appointing special committees and delegate to them any of the functions and authorities assigned to the liquidator, and issuing the necessary decisions to complete the liquidation procedures.
- D- Appointing one or more attorneys to represent the Company under liquidation in any claims or judicial procedures related thereto.

Article (69)

A- Notwithstanding any contrary agreement, the liquidator may take all the measures, he deems necessary to protect the rights of the Company, including:-

1. Canceling any action, revoking any contract concluded by the Company, or reclaiming any sum paid by the Company during the three months

proceeding the issuance of the liquidation decision if these actions constitute a privilege to a specific person over the creditors of the Company. This period shall be one year if the Company has an ownership interest with that person or related thereto. The privilege shall be considered established if the disposal or the action was affected without compensation or with partial compensation, or if it entailed the valuation of property or a right at other than its real or prevailing market value.

2. Canceling any action or revoking any contract concluded by the Company with a person that has an ownership interest or related therewith, or reclaiming any sum paid by the Company to any of the aforesaid within the three months preceding the issuance of the liquidation decision.
 3. Concluding an agreement with any of the debtors of the Company regarding the schedule for paying or paying in installments any sums or obligations owed by the debtors.
 4. Terminating the employment of any of the employees of the Company and paying all sums owed to them.
 5. Terminating any contract concluded by the Company with any person before the elapse of the duration of the Contract.
- B- The liquidator shall take any of the measures mentioned in paragraph (A) of this Article by means of a written notice to be notified to the relevant person. The notice may be contested before the court of first instance within thirty days as of the date of notification.

- Article (70)
- A- All mortgages and guarantees placed on any of the properties or rights of the Company, that took place during three months prior to the date on which the liquidation decision was issued, shall be considered null. This period shall be one year if the mortgage or guarantees are in favor of a person whom the company has an ownership interest or is related therewith.
- B- Any decision to attach any of the property of the Company or right before the issuance of the liquidation decision shall be revoked, unless this decision was based on the request of a mortgagee and concerns the mortgaged property itself.

- Article (71)
- For purposes of Article (69) and (70) of this Act, a person shall be considered related to the Company in any of the following cases:-
- A- If this person is an administrative in the Company or has a mutual business interest with an administrative therein.
- B- Is a spouse of an administrative in the Company, is related to that administrative or his spouse up to the third degree, or has mutual business interest with any of those aforesaid.

- Article (72)
- The liquidator, upon a prior approval from the Board, may borrow, in the name of the Company under liquidation, the funds needed to enable the liquidator to complete the liquidation proceedings; the liquidator may mortgage any of the

assets of the Company or rights to guarantee any such loan. Notwithstanding any provision to the contrary, the terms of the loan shall be binding on the liquidator.

- Article (73)
- A- Subject to the provisions regarding the Insureds and the Beneficiaries of the Insurance Policies, the liquidator must within thirty days as of the date of the issuance of the liquidation decision, publish in a conspicuous space in at least two daily newspapers a notification to the creditors of the need to submit their claims against the Company, whether they were due or not, within two months in the case of creditors resident in the Kingdom and three months in the case of creditors resident abroad.
 - B- The notification shall be republished in the same manner immediately upon the lapse of the fourteen-day period from the date of the publication of the first announcement. The period for the submission of claims shall be calculated from the publication date of the first announcement.
 - C- If the liquidator or a competent court is convinced that the creditor has a legitimate excuse for not being able to submit his claim within the period stipulated in paragraph (A) of this Article, it shall extend the period for no longer than three additional months.
 - D- The period from the date of the issuance of the liquidation decision to the date on which the first announcement stated in paragraph (A) of this Article, shall not be calculated as part of the period during which any action regarding any rights or claims of creditors towards the Company under liquidation is prevented from being heard.

- Article (74)
- A- Subject to the provisions of paragraph (B) of this Article, the liquidator shall within three months as of the date of the issuance of the liquidation decision, issue the notifications stated below unless he finds a justifiable reason for exceeding this period:-
 1. Notice to each Insured or Beneficiary from the Insurance Policy stating the amount of their rights and obligations.
 2. A claim notice to each debtor of the amount of debts and obligations, which the debtor owes to the Company.
 - B- An objection on the notice stated in paragraph (A) of this Article, may be filed with the liquidator within thirty days as of the date on which it is notified. If no objection is submitted within this period, the Insured, the Beneficiary or the debtor shall be considered to have approved the contents of the notice.
 - C- The period set for preventing hearing lawsuit, shall be interrupted by the claim submitted pursuant to paragraph (B) of this Article.
 - D- If the claim notification issued by the liquidator to the debtor under Item (2) of paragraph (A) of this Article becomes final, the liquidator may conduct a settlement with the debtor or enforce the notice against him through the competent execution departments in accordance with the provisions of legislations in force.

- Article (75) A- 1. The liquidator shall issue his decisions on claims and objections submitted under Articles (73) and (74) of this Act within six months as of the date on which they are submitted.
2. If the liquidator does not issue his decision within the period stipulated in Item (1) of this paragraph, the claims and objections shall be considered dismissed, de facto.
- B- Any interested party may challenge, before the court of first instance where the head office of the Company is located within its jurisdiction, the decision issued by the liquidator pursuant to the provisions of paragraph (A) of this Article within thirty days as of the date on which the interested party was notified of the decision, or within thirty days as of the end of the six-month period mentioned in Item (1) of paragraph (A) of this Article, whichever is shorter.
- Article (76) Notwithstanding what is stated in any other legislation, the liquidator may submit a petition to the competent court of first instance to obtain provisional attachment to any of the properties of the debtors of the Company or to take precautionary or expeditious procedures against such a debtor according to the provisions of the legislation in force, subject to the following:-
- A- The liquidator shall be exempted from attaching a guaranty to this petition.
- B- The liquidator should have issued a claim notification to the debtor or shall issue it within eight days upon filing the aforementioned petition, or within eight days following the issuance of a decision on the petition. This notice shall substitute the case to be filed in accordance with the provisions of the Civil Procedures Act in force.
- Article (77) A- No creditor, debtor, Insured or Beneficiary, after the issuance of a liquidation decision, shall file a claim against the Company under liquidation except in accordance with the bases and procedures stipulated in this Act.
- B- Subject to the provisions of paragraph (A) of this Article, any damaged party may challenge the actions or measures of the liquidator, before the court of first instance where the head office of the Company is located within its jurisdiction, in accordance with the provisions of the legislations in force. The court may approve, dismiss, or amend such actions or measures.
- Article (78) The liquidator after obtaining a written approval from the Board may take any of the following measures:-
- A- Agree with one or more insurance Company to sell all or more than half of the assets, rights and obligations of the Company under liquidation.
- B- Sell all or a portion of the assets and rights of the Company under liquidation in a public auction, according to special procedures established by the liquidator, notwithstanding what is stated in any other legislation.
- Article (79) No party shall have the right to object the activation of the cut through clause

from the Insured or the Beneficiary of the Insurance Policy. For the purpose of this Article, the cut through clause means: a clause stated in the reinsurance contracts, which stipulate that in case of the liquidation of the Company, the liability of the Reinsurer shall stay in place with regard to his share of the reinsured loss towards the Insured and not towards the liquidator. That means that a direct relationship would be established between the Insured or the Beneficiary from the Insurance Policy and the Reinsurer, contrary to the normal conditions, where the relationship is restricted between the Company and the Reinsurer.

- Article (80) Notwithstanding what is stated in any other legislation, the debts and obligations owed by a Company under liquidation shall be paid in the following order:-
- A- The expenses and expenditures incurred by the liquidator and the loans that he obtained.
 - B- The rights of the employees and workers for the last six months.
 - C- The rights of the Insured and the Beneficiaries from the Insurance Policies. The liquidator is obliged to determine the assets of the Company that represent the Technical Provisions required to be maintained according to the provisions of this Act to fulfill these obligations. Any amount obtained by the Company according to the reinsurance arrangements shall be considered as part of the Technical Provisions.
 - D- The rights of other creditors according to their priorities pursuant to the legislations in force.
 - E- The rights of shareholders.
- Article (81)
- A- The liquidator must provide the Director General with monthly reports on the progress of the liquidation proceedings, the stage reached, the results achieved, and any data, information or documents within the period determined by the Director General.
 - B- The liquidator must complete the liquidation proceedings within two years from the date on which the liquidation decision is issued. The period may be extended upon the approval of the Board to a period that is sought to be suitable.
 - C- After completing the liquidation of the Company, the Board shall issue a decision to dissolve the Company, and the Company shall be deemed terminated as of the date of publishing the decision in the Official Gazette.
- Article (82)
- A- 1. Any notice or decision issued by the liquidator under this Act shall be notified to the concerned person by delivering it personally to the said person or his legal representative, or by sending such by registered mail to the person at the last address filed with the Company under liquidation.
 - 2. Any notice sent under this Article shall be considered as being properly delivered to the person to whom it was sent, even if the person refuses to receive the notice.

- B- 1. If by registered mail, the notice shall be considered notified to the concerned person fifteen days after it is placed in the registered mail if the addressee resides in the Kingdom, or thirty days if the addressee resides outside the Kingdom.
- 2. It suffices to prove the service mentioned in Item (1) of this paragraph, if it is evident that the notice has been placed in the mail with the correct address is established, unless the liquidator or court is convinced that the addressee has not received the notice.
- C- If service according to the provisions of paragraphs (A) and (B) of this Article is not possible, the liquidator must publish the notification in two daily local newspapers at least twice. The publication fees shall be borne by the concerned person. Such publication shall be considered legal from all aspects.

Insurance Disputes

- Article (83)
 - A- The Director General may form a committee to look into the submitted complaints concerning insurance services and to settle these complaints. The decision issued by the committee shall be obligatory to the Company.
 - B- The functions of the committee stated in paragraph (A) of this Article, its authorization and all matters related thereto, shall be determined pursuant to Instructions to be issued by the Board for this purpose.

- Article (84)
 - A- The Board shall issue upon the recommendation of the Director General, the necessary Instructions to implement the alternative dispute resolution in insurance disputes, including mediation and arbitration, and all the provisions, procedures and fees resulting there upon.
 - B- A special register shall be organized at the Commission that includes names of the appointed mediators and arbitrators in the insurance disputes. The accreditation conditions and requirements shall be determined pursuant to Instructions to be issued by the Board for this purpose.
 - C- Notwithstanding what is stated in any other legislation, no entity is permitted to request the mediator of insurance disputes, to submit any documents, memorandums or any data already submitted thereto or to disclose the statements of the parties, without the approval of the party protested against.

- Article (85)
 - A- The Board may upon the recommendation of the Director General establish a fund to remunerate the injured parties from motor accidents, in the cases which are not remunerated by virtue of the provisions of the Civil Liability Compulsory Motor Insurance Regulation in force, and a fund to remunerate the Insureds or the Beneficiaries in the case of the bankruptcy of insurance companies without covering for the liabilities resulting there from, or any other funds the Board may deem to establish. Such funds shall have the corporate status from the date of its establishment.

- B- The Board shall issue pursuant to the recommendation of the Director General, the necessary Instructions to establish these funds, which determine its aims, revenues, liabilities, relation with the Commission and procedures related to its work and management.

Jordan Insurance Federation

- Article (86)
 - A- By virtue of the provisions of this Act, a professional federation named, the Jordan Insurance Federation of Insurance Companies shall be established. It shall acquire a corporate status, and all insurance companies shall be members therein, de facto.
 - B- The Federation shall patronize the interests of its members, apply the rules of professional conduct, and represent the insurance companies before any party or person in all matters related to the insurance business.
 - C- The functions of the Federation, responsibilities, relationship with the Commission, provisions and procedures in respect of its general assembly, formation of its board of directors and meetings of each, fees of membership and annual fees, the rules of professional conduct and the measures of discipline in respect of members and all other affairs; shall be determined by a Regulation to be issued for this purpose.

Penalties

- Article (87) Whoever violates the provisions of Article (25), paragraph (B) of Article (26), any of paragraphs (A) and (B) of Article (27), paragraph (A) of Article (45) or Article (49) of this Act, shall be fined an amount not less than fifty thousand dinars, and not exceeding five hundred thousand dinars. The fine shall be doubled if the violation was repeated. Upon the repetition of the violation more than twice, additional successive fines may be charged, by virtue of the provisions of this Article.
- Article (88) Whoever violates the provisions of paragraph (A) of Article (36) of this Act shall be subject to a fine not less than twenty thousand dinars and not exceeding forty thousand dinars. The fine shall be doubled if the violation was repeated. Upon the repetition of this violation more than twice the fine shall be doubled, based on its highest limit.
- Article (89) Whoever violates the provisions of paragraph (B) of Article (33), Article (39), Article (53), Article (54) or Article (55) of this Act, shall be subject to a fine not less than five thousand dinars, and not exceeding twenty thousand dinars. The fine shall be doubled if the violation was repeated. For repetition of the violation more than twice the fine shall be doubled, based on its highest limit.
- Article (90) Whoever violates the provisions of any of Articles (28), (31), (32), (44), or (46) of this Act, shall be subject to a fine not less than ten thousand dinars, and not exceeding twenty thousand dinars. The fine shall be doubled if the violation was

repeated. For repetition of the violation more than twice the fine shall be doubled, based on its highest limit.

Article (91) Whoever violates the provisions of paragraphs (H), (I) or (J) of Article (23), Article (30), Article (34), paragraph (B) of Article (36), Article (40), Article (42), Article (43) or Article (58) of this Act, shall be subject to a fine not less than one thousand dinars, and not exceeding ten thousand dinars. The penalty shall be doubled if the violation was repeated. For repetition of the violation more than twice the fine shall be doubled, based on its highest limit.

Article (92) Any person who has refrained from providing the Commission or the Director General with the documents, information and data that ought to be submitted according to this Act, the Regulations and Instructions issued by virtue thereof, or hindered or prevented the Director General, or the person authorized thereby, to implement his functions and authorities stipulated in this Act, the Regulations and Instructions issued by virtue thereof, interfered to prevent them from obtaining the information necessary to perform their duties, declined to provide them with such information, or failed to do so within the specified period, shall be subject to a fine not less than five hundred dinars, and not exceeding five thousand dinars. The fine shall be doubled if the violation was repeated. For repetition of the violation more than twice the fine shall be doubled, based on its highest limit.

Article (93) The liquidator shall be subject to a fine not less than one thousand dinars, and not exceeding ten thousand dinars, if he violated any of the obligations imposed on him pursuant to the provisions of this Act, Regulations and Instructions issued by virtue thereof. The fine shall be doubled if the violation was repeated. For repetition of the violation more than twice the fine shall be doubled, based on its highest limit.

Article (94) Every violation to any of the provisions of this Act, Regulations or Instructions issued by virtue thereof, for which no special fine has been stipulated in the Act, its perpetrator shall be subject to a fine not less than one thousand dinars and not more than ten thousand dinars, the fine shall be doubled if the violation was repeated. For repetition of the violation more than twice the fine shall be doubled, based on its highest limit.

Article (95) The Board, upon the recommendation of the Director General, shall impose any of the penalties stated in this Act. Any interested party shall be entitled to appeal this Decision before the High Court of Justice within thirty days from the day this Decision was issue

General Provisions

- Article (96) Companies existing at the date this Act came into force, shall adjust its status to comply with its provisions, Regulations and Instructions issued by virtue thereof, within the period determined in each of them, including the provisions related to the Companies minimum capital, the Solvency Margin and the Minimum Guarantee Fund for the types of insurance.
- Article (97) The License of the Company shall be cancelled by a Board Decision, if it failed to adjust its situation according to the provisions of Article (97) of this Act.
- Article (98) Any person transacting insurance business, including the Agent or the Broker, at the enforcement of this Act, shall adjust his situation according to its provisions, the Regulations and Instructions issued by virtue thereof, within the period determined in each; otherwise, the registration or licensing thereof, as the case may be, shall be deemed virtually cancelled, and the person concerned shall be prohibited from resuming transacting insurance business, subject to the legal liability.
- Article (99) The compulsory insurance may be imposed against certain risks, and the general conditions and provisions and all other matters related thereto, shall be determined by Regulations to be issued by virtue of the provisions of this Act, notwithstanding what is stated in any other legislation.
- Article (100) A- Notwithstanding what is stated in any other legislation, all means of proof may be utilized in matters related to insurance, including electronic data, data issued by computers, telex, facsimile correspondence, and the electronic mail.
B- The Companies may maintain, for the period specified by the Act, a microcopy (microfilm or other modern technological instrument) instead of the original registers records, statements, documents, correspondence, telegrams, notices and other papers relevant to its financial transactions, these microcopies shall have the originals' conclusiveness as to proof.
C- The Companies using computers or other modern technological equipments to regulate their financial operations shall be exempted from keeping the registers required by the Act of Commerce in force, and the information obtained from these instruments or other modern methods, shall be deemed as commercial registers.
- Article (101) The provisions of this Act shall be applied on the Reinsurance Company in as much as they are applicable, and according to the Decision to be issued by the Board for this purpose, including imposing fines.
- Article (102) All Ministries, Governmental Departments, Public Corporations and companies in which the Government holds shares that benefit from insurance business, shall submit any data or information related to the insurance arrangements they obtain

or which they will obtain, requested by the Director General during the period he determined.

- Article (103) The Agent, Broker, Reinsurance Broker, Actuary and all providers of insurance services subject to the provisions of this Act, shall submit any data or information requested by the Director General within the period determined by the Director General.
- Article (104) A- The Decisions, agreements and notices, issued by the Commission by virtue of the provisions of this Act, shall be served by one of the following notification methods:-
1. Direct delivery against a receipt.
 2. Registered, express or private mail.
 3. Facsimile, telex or email.
- B- The notification shall be deemed valid in any of the cases mentioned in paragraph (A) of this Article as of:-
1. The tenth business day following the deposit date with the registered mail.
 2. The fifth business day following the deposit date with the express.
 3. The second business day following the date of transmission by private mail, facsimile, telex or email.
- Article (105) A- The Director General shall notify the concerned authority with Decisions related thereto, issued by the Board or by him.
- B- he Director General shall notify the Jordan Federation of Insurance Companies, Chambers of Commerce, Association of Banks and the Supervisory Insurance Authorities in the country where the Company has a Branch therein, with the Decisions related to suspension, cancellation or reinstatement of the License, the Decisions related to the merger, acquisition, rehabilitation, liquidation or revocation of the Company. The Decision shall also be notified to the insurance supervisory authority in the country, which the branch of the foreign insurance company operating in the Kingdom follows.
- C- The Director General shall publish the Decisions related to suspension, cancellation, reinstatement of the License, and the Decisions related to the merger, acquisition, rehabilitation, liquidation or revocation of the Company, in the Official Gazette and in two local daily newspapers, provided that the Company will bear the expenses thereof.
- Article (106) A- The Director General may delegate any of the legal employees in the Commission to represent the Commission before Courts in civil and administrative cases and other cases. The delegated employee shall exercise the authority of the Assistant Public Civil Attorney in accordance with the provisions of the Civil Courts Formation Act in force.
- B- The Instructions issued by the Board and the Decisions issued by the Director General related to insurance business shall be published in the

Official Gazette.

- Article (107) A- The provisions of the Companies Act in force or any other Act that may replace the said act, shall not be applicable on insurance business, except in as much as its provisions do not contradict with the provisions of this Act, Regulations, Instructions and Decisions issued by virtue thereof.
- B- Insurance Companies shall be exempted from the provisions of Article (167), Article (168), paragraph (D) of Article (191), paragraph (B) of Article (192), Article (196), Article (266), Article (275), paragraph (A) of Article (276), Articles (277), (286) and (288) of the Companies Act in force, or any text that may replace the same.
- Article (108) A- The Council of Ministers shall issue the necessary Regulations for implementing the provisions of this Act, including the following:-
1. Fees to be charged by virtue thereof.
 2. Minimum capital of the Company.
 3. Compulsory insurance.
 4. The affairs of the Jordan Federation of Insurance Companies.
 5. The administrative and financial affairs of the staff of the Commission, including savings fund, healthcare, housing and life assurance.
- B- The Board may, upon the recommendation of the Director General, issue the Instructions related to the supervision and regulation of the insurance business in so far as the same shall not contradict with the provisions of this Act and the Regulations issued by virtue thereof; the Director General shall issue the Decisions necessary for this purpose.
- Article (109) A- The Insurance Business Supervision Act No. (30) of 1984 and amendments thereto shall be repealed, provided that all Regulations, Instructions and Decisions, issued by virtue thereof, shall remain in force until repealed or replaced. The Board shall decide on any other matter as presented, until the issuance of the Regulations and Instructions stated by virtue of this Act.
- B- The provisions of any other legislation shall not be applied to the extent the provisions of such legislation contradict with the provisions of this Act.
- Article (110) The Prime Minister and the Ministers shall be responsible for implementing the provisions of this Act.