

Draft Insurance Law

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Part One: Preliminary Provisions

Article ١: Definitions

The following words and expressions—wherever they appear in the Law—shall have the meanings assigned to them below, unless the context requires otherwise:

Kingdom: The Kingdom of Saudi Arabia.

Law: The Insurance Law.

Authority: Insurance Authority.

Regulations, Rules, Guidelines, or Manuals: Any instruments issued by the Authority to implement the provisions of this Law.

Person: A natural or legal person.

Insurance Contract: A binding agreement between two or more parties, under which one party (or more), or its representative, undertakes to pay a monetary premium or its equivalent to the other party (or more) in exchange for obtaining a right or benefit payable in cash or its equivalent by the latter party (or more) upon the occurrence of certain events or risks specified in the contract or agreement, which negatively affect the first party (or more) as stipulated therein.

Insurance Business: Conducting insurance contract activities within the Kingdom.

Beneficiary: A person entitled to the rights and benefits stipulated in the insurance contract.

Insured: The policyholder entitled to the rights and benefits under the insurance contract, or the beneficiary.

Policyholders: Persons in whose name the insurance policy is issued by the insurance company.

Premium: The amount paid by the policyholder to the insurance company in accordance with the terms and conditions of the insurance contract.

Insurance Policy: A document outlining the terms of the insurance contract between the insurance company or reinsurance company and the policyholder, including conditions, rights, benefits, and obligations of the parties or the insured. It includes any attachments, schedules, or annexes.

Insurance Services: Activities carried out by a person in the Kingdom in relation to the following:

- A. Acting as an agent of an insurance company, reinsurance company, or insurance service provider for the purposes of concluding or facilitating an insurance contract.
- B. Acting as an agent of an insurance company, reinsurance company, or insurance service provider for the purposes of administering or executing an insurance contract.
- C. Acting as an insurance or reinsurance broker.
- D. Providing advice to an insured or prospective insured in relation to their insurance needs, or with respect to the insurance market in general, or any insurance contract, or all of the foregoing.
- E. Providing support to the insured in connection with claims handling or policy administration.
- F. Providing actuarial, loss assessment, loss adjustment, or insurance consultancy services.
- G. Any other activities determined by the Authority.

Reinsurance Business: The execution of an insurance contract under which reinsurance is provided for an existing insurance contract.

Insurance Company: A company established in the Kingdom and licensed by Insurance Authority to conduct insurance business within the Kingdom.

Reinsurance Company: An insurance company licensed exclusively to conduct reinsurance business within or outside the Kingdom.

Captive Insurance Company: An insurance company established solely to provide insurance coverage for risks related to its parent company or group.

Captive Reinsurance Company: A reinsurance company established solely to provide reinsurance coverage for risks related to its parent company or group.

Insurance Services Provider: Any person licensed by Insurance Authority to provide one or more insurance-related services.

Insurance Agent: A person licensed by Insurance Authority and appointed by an insurance company, reinsurance company, or insurance services provider to support the conduct of insurance, reinsurance, or insurance-related services on its behalf in accordance with the provisions governing insurance services.

Insurance Broker: A person licensed by Insurance Authority to act as an intermediary in insurance or reinsurance transactions between the applicant and an insurance or reinsurance company, in return for a commission from the company that concludes the transaction, in consideration of the broker's efforts.

Branch of a Foreign Insurance or Reinsurance Company: A branch licensed to conduct insurance or reinsurance business within the Kingdom on behalf of a company incorporated outside the Kingdom.

Foreign-Owned Insurance or Reinsurance Company: An insurance or reinsurance company incorporated in the Kingdom whose parent company is based in another country.

Parent Company: A company is deemed a parent if it holds more than 50% of the shares, equity interests, or voting rights of a subsidiary.

Parent Company's Supervisory Authority:

(a) The regulatory authority in the country where the insurance or reinsurance company or its parent is incorporated, in the case of foreign insurance or reinsurance companies.

(b) The regulatory authority responsible for the group-level supervision and oversight, in the case of foreign-owned insurance or reinsurance companies.

Subsidiary: A company is considered a subsidiary of a parent company if the parent owns more than 50% of its shares, equity interests, or voting rights.

Group: A set of companies, including any company that is directly or indirectly a parent, any direct or indirect subsidiaries, or any subsidiaries of any parent company.

Insurance Group: A group of companies that includes one or more insurance companies.

Actuary: A person licensed by Insurance Authority to assess and price insurance policies, calculate technical provisions and accounts of insurance or reinsurance companies, and perform other related actuarial functions.

Eligible Own Funds: The available capital held by a company to meet its solvency margin requirements, consisting of admissible assets minus liabilities.

Risk-Based Capital Requirement: The total amount of eligible own funds that an insurance or reinsurance company in the Kingdom must maintain.

Group Risk-Based Capital Requirement: The capital that an insurance group must maintain as determined by Insurance Authority.

Technical Provisions: Provisions that insurance or reinsurance company must maintain to cover their financial obligations toward policyholders under insurance contracts, in accordance with the provisions of this Law.

Senior Positions: Roles, responsibilities, and functions designated by the Regulations.

Key Functions: Functions related to risk management, compliance, internal audit, actuarial operations, and any other critical functions in insurance or reinsurance companies as defined in the Regulations.

Key Function Holder: Any person responsible for performing a key function.

Outsourcing: Any arrangement in which a third party performs operations, services, or activities on behalf of an insurance or reinsurance company that the company could otherwise perform itself.

Core Functions Outsourcing: Outsourced activities by an insurance or reinsurance company where a failure or deficiency in the service could impact the company's ability to meet regulatory requirements, or materially weaken its financial soundness, operational capacity, or ability to meet its obligations to policyholders.

Acting in Concert: Persons who collaborate under an agreement or understanding to exercise control over a company.

Control Ratio: Ownership or control of voting rights, share capital, or any other means of exercising control.

Controller: A person who holds a control ratio as defined in this Law.

Insurtech: The application of innovative technologies in the insurance sector, whether by licensed or unlicensed persons.

Systemically Important Financial Institution: An insurance or reinsurance company designated by Insurance Authority as systemically important based on criteria set by the Authority.

Transferee: Refers to any of the following:

- A. An insurance or reinsurance company.
- B. A company or entity seeking a license under this Law.
- C. Any other entity approved by Insurance Authority to engage in insurance or reinsurance business in whole or in part on behalf of the transferor.

Transferor: An insurance or reinsurance company proposing to transfer all or part of its insurance or reinsurance business.

Central Database for Claims and Fraud: A centralized database established to store historical insurance claim data and monitor fraud in the insurance sector.

Complaint: A formal written or documented expression of dissatisfaction submitted by a consumer regarding the services, products, or conduct of an insurance company, reinsurance company, or insurance services provider.

Article ٢: Objectives of the Law

The Law aims to achieve the following:

١. Stability and growth of the insurance sector, encouraging investment therein, and contributing to financial stability.
٢. Protection of the rights of policyholders, insured persons, and beneficiaries.
٣. Promotion, enhancement, and regulation of fair competition in the insurance sector.
٤. Strengthening the confidence of stakeholders in the insurance sector.
٥. Establishing the principles and pillars of the insurance contractual relationship.
٦. Effective supervision and oversight to ensure fairness and transparency in the insurance sector.
٧. Supporting innovation and digital transformation in the insurance sector.
٨. Developing the insurance sector in the Kingdom, including training and localization.

Article ٣: Scope of Application

The provisions of this Law shall apply to all insurance and reinsurance activities and insurance services, and to any person who engages in insurance or reinsurance activities or provides insurance services within the Kingdom.

Article ٤: Insurance and Reinsurance Activities

١. Insurance and reinsurance activities are classified into the following types:
 - a. General insurance, according to the categories specified in the Regulations.
 - b. Protection and savings insurance, according to the categories specified in the Regulations.

Part Two: Conducting Insurance and Reinsurance Activities

Chapter One: Restrictions on Insurance and Reinsurance Activities

Article ٥: General Restrictions on Insurance and Reinsurance Activities

١. No person may engage in insurance or reinsurance activities in the Kingdom without obtaining a license from the Authority, subject to the licensing requirements for each type of activity referred to in Article (٤) of this Law.
٢. Insurance in the Kingdom shall be conducted using the cooperative insurance model, in accordance with the provisions of this Law and its Regulations.

Article ٦: Prohibition of Combining Types of Insurance

It is not permitted to combine general insurance and protection and savings insurance.

Article ٧: Claiming to Engage in Insurance or Reinsurance Activities

١. No person may claim to be a licensed insurance or reinsurance company unless duly licensed or engaged in extended warranty business in accordance with the instructions issued by the Authority.
٢. No person may use the term “insurance” or “reinsurance” or any of their derivatives in any language as part of their name, trademark, promotional materials, or in any other form indicating engagement in insurance or reinsurance activities within the Kingdom, unless licensed under this Law.

Article ٨: Registration of a Representative Office

١. A foreign insurance or reinsurance company that does not conduct insurance or reinsurance activities in the Kingdom but engages in the activities referred to in paragraph (٢) of this Article shall establish a representative office in the Kingdom after registering it with the Authority.
٢. The representative office may carry out coordination activities — which may include, but are not limited to, conducting market-related research, communications, and other non-operational activities. The representative office is not permitted to carry out any other activities, including insurance or reinsurance activities or the provision of insurance services, without obtaining approval from the Authority.

Article ٩: Establishment of a Fund for the Protection of Policyholders

١. The Authority may establish a fund for the purpose of protecting the insured and policyholders in the event of the failure or bankruptcy of an insurance or reinsurance company.

٢. The Authority shall issue the Regulations, Rules, and Guidelines that define the operational framework of the policyholders' protection fund referred to in paragraph (١) of this Article. This shall include determining its objectives, legal form, funding mechanism, the financial charges imposed on insurance and reinsurance companies, the risks to be covered, and the benefits provided by the policyholders' protection fund.

Chapter Two: Licensing of Insurance or Reinsurance Companies

Article ١٠: Licensing Procedures for Insurance or Reinsurance Companies

١. Any person intending to engage in insurance or reinsurance business in the Kingdom shall comply with the following:
 - a. Submit an application to the Authority for a license in accordance with the mechanisms specified in the Regulations.
 - b. Provide all information requested by the Authority.
 - c. Pay the prescribed fee determined by the Authority.
٢. The Authority shall decide on the application submitted under this Article within the period specified in the Regulations, starting from the date the application is deemed complete in accordance with paragraph (١) of this Article. The Authority may approve the license with or without conditions, or reject the application.
٣. The Authority may not approve a license unless the following conditions are met:
 - a. The applicant shall take the form of a joint stock company established in the Kingdom in accordance with the Companies Law, or a company established outside the Kingdom with a permanent place of business in the Kingdom. The Authority may license other legal forms if it deems that the proposed business model or the nature of the activity warrants it, provided this does not compromise fairness of dealings.
 - b. Fulfillment of the financial requirements set by the Authority.
 - c. Fulfillment of the requirements set out in Articles (١١), (١٢), (١٣), (١٤), and (١٥) of the Law.
٤. The Authority may reject the license application based on the market needs of the sector.

Article ١١: Business Plan

The applicant for a license to engage in insurance or reinsurance business must prepare a business plan demonstrating the applicant's readiness and commitment to meeting the regulatory requirements for the proposed activities. The plan shall include the details and requirements specified in the Regulations.

Article ١٢: Close Links

١. The Authority shall not grant a license to an insurance or reinsurance company if the existence of close links with other persons may impair the Authority's ability to effectively perform its supervisory functions. The Regulations shall define what constitutes close links subject to the provisions of this Article.
٢. The Authority may reject the license if the laws or regulations in a foreign country—applicable to any person related to the applicant—or the difficulties associated with enforcing such laws or regulations, would impair the Authority's ability to effectively supervise the applicant.
٣. The Authority may require the applicant to provide the necessary information to monitor compliance with the provisions of this Article.

Article ١٣: Shareholders, Partners, and Controlling Owners

١. The applicant for a license to operate as an insurance or reinsurance company shall provide the Authority with information about all shareholders, partners, or owners—whether natural or legal persons—who hold a control ratio in the company.
٢. The Authority may reject the license application if such shareholders, partners, or owners do not meet the financial solvency requirements as determined by the Regulations.

Article ١٤: Head Office of the Insurance or Reinsurance Company

Every insurance or reinsurance company licensed under the Law must maintain a head office within the Kingdom.

Article ١٥: Branches of Foreign Insurance or Reinsurance Companies

The Authority shall issue Regulations, Rules, and Guidelines specifying the criteria to be met by foreign insurance and reinsurance companies wishing to establish a branch in the Kingdom to conduct insurance or reinsurance business, including the procedures for submitting the license application and operating the foreign branch.

Article ١٦: General Licensing Provisions

١. The Authority may license an insurance company as a direct insurance company, a reinsurance company, a captive insurance company, or a captive reinsurance company. Such companies may engage in general insurance or protection and savings insurance, as authorized in their license. The Authority may at any time amend, add to, or revoke any condition of the license.
٢. A notice of approval of any license or any change in the name of an insurance or reinsurance company shall be published on the Authority's website.
٣. The Authority shall provide reasons for any decision to reject a license application and shall notify the applicant accordingly. The applicant may appeal the rejection decision to the Authority within thirty (٣٠) days from the date of notification.

Article ١٧: Amendment or Revocation of the License upon Request of the Licensed Insurance or Reinsurance Company

١. An insurance or reinsurance company may submit a request to the Authority to revoke or amend its license, or to amend or cancel any of its license conditions. The requirements and criteria for considering such requests shall be specified in the Regulations issued by the Authority.
٢. The Authority may impose any conditions it deems appropriate before approving the revocation or amendment of the license, or any of its conditions, based on the request submitted under paragraph (١) of this Article. The Authority may reject the revocation or amendment if the company fails to comply with those conditions.

Article ١٨: Suspension or Revocation of the License by the Authority

١. The Authority may, by decision of its Board of Directors, suspend or revoke the license of any insurance or reinsurance company—either wholly or in part for a specific class of insurance—for any of the reasons listed in paragraph (٢) of this Article.
٢. The reasons include the following:

- a. If the insurance or reinsurance company Fail to commence licensed activity within six (٦) months of obtaining the license.
- b. If the insurance or reinsurance company ceases to carry out insurance or reinsurance business entirely, or partially with respect to a class of insurance.
- c. The existence of a reason that would have prevented the Authority from granting the license initially.
- d.** If the insurance or reinsurance company files for settlement or arrangement with its creditors, enters liquidation proceedings, or is dissolved or terminated in any form.
- e.** If a liquidator, insolvency administrator, or any other person with similar powers is appointed—whether in the Kingdom or abroad—in respect of any assets of the insurance or reinsurance company, or of the assets of any of its shareholders, partners, or controlling owners.
- f.** If there is a change in the controlling persons of the insurance or reinsurance company, and the new controller lacks the solvency or suitability to manage the company properly.
- g.** If the Authority finds that the manner in which the insurance or reinsurance company conducts its operations is detrimental to the interests of policyholders.
- h.** If the Authority determines that the insurance or reinsurance company is unable to meet its obligations.
- i.** If the insurance or reinsurance company commits any of the following:
 - (١) A violation of any provision of the Law, Regulations, or Rules issued by the Authority.
 - (٢) A breach of any licensing condition.
 - (٣) A violation of any instruction issued by the Authority pursuant to the Law and the Regulations.
- j.** If any employee of the insurance or reinsurance company holding an executive position is convicted of a penalty under the Law.
- k.** If the insurance or reinsurance company submits false, misleading, or inaccurate information, or conceals or fails to disclose material facts in its license application submitted to the Authority.
- l.** If the insurance or reinsurance company fails to meet the minimum capital requirements or the risk-based capital requirements using eligible own funds.
- m.** If the insurance or reinsurance company is established outside the Kingdom and is declared bankrupt or its license or authorization to operate is withdrawn or canceled by the competent regulatory authority in its home country.
- n.** If the Authority determines that the public interest necessitates the suspension or revocation of the license.

२. Before suspending or revoking the license of the insurance or reinsurance company under paragraph (१) of this Article, the Authority shall:

- a. Notify the company in writing of its intention to suspend or revoke the license.
- b. Request the company to provide justification for not suspending or revoking the license within the period specified in the notice.

ॢ. If the insurance or reinsurance company fails to provide justification within the period specified in paragraph (२) of this Article—or within any additional period granted by the Authority—or if it provides insufficient justification, the Authority shall notify the company in writing of the effective date of the suspension or revocation decision.

ॣ. The decision to suspend or revoke the license under paragraph (१) of this Article shall not take effect until thirty (३०) days have elapsed from the date of the Authority's notice to the insurance or reinsurance company, except in cases where the request for suspension or revocation was submitted by the company itself, in which case the decision shall take effect on the date specified therein.

।. If the insurance or reinsurance company submits an appeal to the Committee for Resolution of Insurance Disputes and Violations within the prescribed period, the suspension or revocation decision shall not take effect unless it is upheld by the Committee or the appeal is rejected for any reason.

Article १९: Effect of Suspension or Revocation of the License

१. If the decision to suspend or revoke the license of an insurance or reinsurance company becomes final in accordance with Articles (११) or (१२), the Authority may publish a notice of suspension or revocation on its website.
२. The company whose license is suspended or revoked shall cease engaging in any new insurance or reinsurance business, while continuing to fulfill its obligations under existing insurance policies.
३. If the company still has outstanding obligations under existing policies, it must—either on its own initiative or at the request of the Authority—take the necessary steps to ensure:
 - a. Adequate reserves are maintained or committed to cover those obligations.
 - b. Adequate arrangements are in place or committed to for payment of premiums and claims under the insurance policies.

- ξ. The Authority may establish transitional arrangements, including—without limitation—the appointment of a liquidator or the transfer of insurance policies to another insurance company, to protect the interests of policyholders, insured persons, and beneficiaries.

Chapter Three: Governance and Risk Management

Article ٢٠: Governance Policies

١. Insurance and reinsurance companies shall comply with the following:
 - a. Establish a governance framework that includes written policies covering the areas specified in the Regulations.
 - b. Ensure the implementation of the policies referred to in subparagraph (a) of paragraph (١) of this Article, review them at least annually, and ensure they are updated to reflect any material changes in the market or relevant areas.
٢. The Authority may issue Regulations, Rules, and Guidelines specifying the contents of the governance framework applicable to insurance and reinsurance companies, taking into account the nature, size, complexity of operations, and associated risks of the company.

Article ٢١: Insurance and Reinsurance Company Systems and Departments

١. Insurance and reinsurance companies shall, within their organizational structure, establish the following:
 - a. An effective risk management system.
 - b. A risk management department.
 - c. An internal control system.
 - d. An internal audit department.
 - e. An actuarial department.

٢. In accordance with the instructions issued by the Authority, insurance and reinsurance companies shall conduct their own risk and solvency self-assessment as part of the company's risk management system.
٣. The provisions required to implement this Article shall be specified in the Regulations, Rules, and Guidelines.

Article ٢٢: Additional Governance Requirements

The Authority may issue Regulations, Rules, and Guidelines to clarify the governance requirements applicable to insurance and reinsurance companies.

Article ٢٣: Suitability Requirements for Key functionsHolders

١. An insurance or reinsurance company may not appoint any person to a key function without obtaining prior approval from the Authority.
٢. The Authority may grant its approval for the appointment of any person to a key function with or without conditions, and may amend, add, or revoke such conditions as it deems appropriate.
٣. The Authority may instruct an insurance or reinsurance company to remove a person holding a key function if, at any time, it determines that:
 - a. The key functions holder has failed to perform their duties or no longer meets the requirements of Suitability, competence, or eligibility for the position.
 - b. The public interest or the protection of policyholders requires such removal.
٤. When considering whether to approve the appointment of a key functions holder, or whether the concerned person no longer meets the standards of Suitability, competence, and eligibility, or has failed in their duties, the Authority shall take into account its issued standards in this regard, without prejudice to any other relevant considerations it deems applicable.
٥. Before instructing an insurance or reinsurance company to remove a person from a key job, the Authority shall take the following steps:
 - a. Issue a written notice to the insurance or reinsurance company or the key functions holder.
 - b. In the notice referred to in subparagraph (a) of paragraph (٦) of this Article, request the company and the concerned person to provide reasons why the removal should not occur, within the period specified by the Authority in the notice.
٦. If the company or the concerned person does not provide justification within the period specified in paragraph (٦) or within any additional period granted by the Authority, or provides insufficient justification, the Authority shall issue a written notice to the company or the person specifying the effective date of removal.

٧. The Authority's decision issued pursuant to paragraph (٧) of this Article shall remain effective even if an appeal is filed before the Committee for Resolution of Insurance Disputes and Violations, until the Committee issues a decision.

Article ٧٤: Group Supervision

١. The Authority shall supervise the group in accordance with the provisions set forth in the Regulations, Rules, and Guidelines. Group supervision shall apply in any of the following cases:
 - a. An insurance or reinsurance company that holds a share in at least one other insurance or reinsurance company.
 - b. An insurance or reinsurance company whose parent company holds a share in one or more insurance or reinsurance companies and whose head office is located in the Kingdom.
٢. Group supervision shall not obligate the Authority to supervise any entity within the group that is not considered an insurance or reinsurance company, or any person who is not considered an insurance services provider.
٣. The insurance or reinsurance company shall ensure that the group maintains eligible own funds not less than the group risk-based capital requirement, which shall be calculated in accordance with the provisions of Chapter Four, Part Two of the Law.
٤. The Authority may issue Regulations, Rules, or Guidelines related to additional requirements for the supervision of insurance groups in the Kingdom, including group capital requirements.

Chapter Four: Valuation, Own Funds, Solvency Requirements, and Investments

Article ٧٥: Valuation of Assets and Liabilities

١. Unless otherwise specified in the Regulations, insurance and reinsurance companies shall value their assets and liabilities as follows:
 - a. Assets shall be valued at the amount for which they could be exchanged in a transaction conducted under market conditions between willing and knowledgeable parties.
 - b. Liabilities shall be valued at the amount for which they could be transferred or settled in a transaction conducted under market conditions between willing and knowledgeable parties.
٢. When valuing liabilities, no adjustment shall be made based on the credit standing of the insurance or reinsurance company.

٣. The Authority may issue Regulations, Rules, and Guidelines concerning the following:
 - a. Ensuring consistency of international accounting standards with the methodology for valuing assets and liabilities.
 - b. Methods and assumptions to be used in the absence of published market prices, or where the applicable accounting standards in the Kingdom are inconsistent with the required valuation methodology.
 - c. Methods and assumptions for any alternative approaches to asset and liability valuation.

Article ٢٦: Technical Provisions

١. Insurance and reinsurance companies shall establish technical provisions for all insurance and reinsurance-related liabilities toward the insured.
٢. The value of technical provisions must reflect the present value required to transfer such liabilities to another insurance or reinsurance company.
٣. The calculation of technical provisions shall be consistent with financial market information and publicly available data concerning underwriting risks, in a manner that ensures market consistency.
٤. Technical provisions shall be calculated in a prudent, reliable, and objective manner.
٥. The Authority may issue Regulations, Rules, and Guidelines specifying the methods and assumptions to be used in calculating technical provisions.

Article ٢٧: Own Funds

١. Insurance and reinsurance companies shall ensure that their own funds comprise the total of eligible own funds, as described in paragraph (٢) of this Article, and ancillary own funds, as described in paragraph (٤).
٢. Eligible own funds shall consist of the following components:
 - a. The excess of assets over liabilities, as valued in accordance with the standards set out in Article (٢٥) of the Law.
 - b. Ancillary liabilities.
٣. The excess referred to in paragraph (٢) shall be reduced by the amount of shares or equity interests held by the insurance or reinsurance company.

- ⌘. Ancillary own funds shall consist of items not included in eligible own funds but which are capable of absorbing losses. Ancillary own funds, if not already included as eligible own funds, shall include the following:
 - a. Unpaid share capital.
 - b. Letters of credit and guarantees.
 - c. Any other contractual commitments obtained by the insurance or reinsurance company.
- ⦿. If any item of the ancillary own funds is paid or called up, it shall be treated as an asset and excluded from the classification of ancillary own funds.

Article 11: Additional Own Funds Requirements

- 1. The Authority may issue Regulations, Rules, or Guidelines to define own funds and determine their eligibility. This includes setting the standards and procedures for granting approvals related to ancillary own funds and the mechanism for handling surplus own funds.
- 2. The Authority may issue Regulations, Rules, or Guidelines related to the classification of own funds components and specifying a list of such components.

Article 12: Risk-Based Capital Requirements

Insurance and reinsurance companies must maintain eligible own funds sufficient to meet the risk-based capital requirements. These requirements shall be calculated either according to the standard formula or using an internal model, as specified in the Regulations.

Article 13: Principles for Calculating Risk-Based Capital Requirements

- 1. Insurance and reinsurance companies shall calculate their risk-based capital requirements based on the principles outlined in paragraphs (1) and (2) of this Article.
- 2. The calculation of risk-based capital requirements shall assume that the insurance or reinsurance company will continue operating as a going concern.
- 3. The risk-based capital requirements must be calibrated to cover all measurable risks faced by the insurance or reinsurance company, including current and anticipated business over the next twelve (12) months from the date of calculation, and any

unexpected losses related to existing operations. *[Risk-based capital requirements shall reflect the value at risk of the eligible own funds of the insurance or reinsurance company, at a 99.5% confidence level over a one-year time horizon.]*

4. Risk-based capital requirements shall include, at a minimum, the following risks:

- a. General insurance underwriting risk.
- b. Protection and savings insurance underwriting risk.
- c. Market risk.
- d. Credit risk.
- e. Operational risk, including systemic risk, excluding risks arising from strategic decisions made by the insurance or reinsurance company.

Article 31: Frequency of Risk-Based Capital Requirement Calculation

1. Insurance and reinsurance companies must calculate their risk-based capital requirements at least once a year or upon request by the Authority, and must notify the Authority of the result. They shall also continuously monitor their eligible own funds and risk-based capital requirements, and ensure that they maintain eligible own funds sufficient to cover the risk-based capital requirements submitted to the Authority.
2. If there are material deviations in the risks faced by the insurance or reinsurance company from the assumptions used in the initial calculation of the risk-based capital requirements, the company must immediately recalculate such requirements and notify the Authority.
3. The Authority may require the insurance or reinsurance company to recalculate its risk-based capital requirements if it determines that the risks faced by the company have materially deviated from those previously reported.

Article 32: Additional Requirements for Risk-Based Capital Calculation Using the Standard Formula or Internal Model

The Authority may issue Regulations, Rules, or Guidelines relating to the calculation of risk-based capital requirements using the standard formula or an internal model, including applicable requirements and approvals.

Article 33: Minimum Capital Requirement

Insurance and reinsurance companies must maintain eligible basic own funds sufficient to meet the minimum capital requirement.

Article 34: Calculation of Minimum Capital Requirement

1. The minimum capital requirement for insurance and reinsurance companies shall be calculated in accordance with the provisions of the Regulations.
2. Insurance and reinsurance companies must calculate the minimum capital requirement on at least a quarterly basis and submit the results to the Authority.

Article 35: Authority's Power to Regulate the Calculation of Minimum Capital Requirement

The Authority may issue the Regulations, Rules, and Guidelines necessary for the calculation of the minimum capital requirement.

Article 36: Investments – Prudent Person Principle

1. Insurance and reinsurance companies must ensure that all of their assets are invested in accordance with the prudent person principle, as defined in the Regulations.
2. Insurance and reinsurance companies shall invest only in assets and financial instruments whose risks can be properly identified, measured, monitored, managed, controlled, and appropriately disclosed, while taking solvency needs into account.
3. The Regulations shall set out the controls and requirements relating to the investments of insurance and reinsurance companies.

Article 37: Investment Freedom

Insurance and reinsurance companies may invest in a diversified range of asset classes in accordance with the provisions of the Regulations. The Authority may impose requirements regarding asset types or reference values to which insurance policy benefits may be linked.

Article 38: Localization of Assets

The Authority may require insurance and reinsurance companies to invest their assets in the local market to ensure the availability of such assets in accordance with the instructions issued by the Authority.

Article ٣٩: Qualitative Requirements

١. The Authority may issue Regulations, Rules, and Guidelines to define qualitative requirements in the following areas:
 - a. Establishing a written investment strategy by the insurance or reinsurance company, approved by its board of directors and reviewed at least annually.
 - b. Identifying, measuring, monitoring, and managing risks arising from the company's investments.
٢. The Authority may issue Regulations, Rules, or Guidelines for implementing the provisions of this Article, including determining cases in which a proportionate additional capital charge may be imposed.

Part Three: Complaints

Article ٤٠: Reporting of Complaints

١. Insurance and reinsurance companies and insurance services providers shall establish the necessary mechanisms to receive complaints and claims from insured persons, and shall resolve such complaints and claims within the timeframes specified in the Regulations.
٢. Insurance and reinsurance companies and insurance services providers shall prepare reports that include all complaints and claims received and the actions taken in response, and shall submit these reports to the Authority.
٣. The reports referred to in paragraph (٢) of this Article shall be submitted in the format, structure, and method specified by the Authority.
٤. The Regulations, Rules, and Guidelines shall define the requirements related to handling complaints and claims, and the controls that insurance and reinsurance companies and insurance services providers must comply with.

Part Four: Compulsory Insurance, Captive Insurance and Reinsurance Companies, and Insurance and Reinsurance Sub-Sectors

Article ٤١: Documents Related to Compulsory Insurance

The Authority may issue Regulations, Rules, and Guidelines requiring its approval of the terms and conditions of insurance policies related to compulsory insurance products.

Article ٤٢: Captive Insurance and Reinsurance Companies

The Authority may issue Regulations, Rules, and Guidelines regulating and specifying the additional requirements applicable to captive insurance and reinsurance companies.

Article ٤٣: Reinsurance

The Authority may issue Regulations, Rules, and Guidelines specifying the additional requirements applicable to reinsurance arrangements between reinsurance companies and insurance companies in the Kingdom.

Article ٤٤: Insurance Sub-Sectors

The Authority may issue Regulations, Rules, and Guidelines specifying the requirements applicable to insurance sub-sectors, including matters related to each class of insurance as determined in the Regulations.

Part Five: Change in Control

Article ٤٥: Definition of Control

١. A person shall be deemed to have control over an insurance or reinsurance company if that person—alone or jointly with any related party or parties—meets any of the following:
 - a. Owns ١٠٪ or more of the total issued shares or equity interests of the insurance or reinsurance company.
 - b. Is in a position to control ١٠٪ or more of the voting rights in the insurance or reinsurance company.
٢. A person shall be deemed to have control over an insurance services provider if that person—alone or jointly with any related party or parties—meets any of the following:
 - a. Owns ٢٠٪ or more of the total issued shares or equity interests of the insurance services provider.
 - b. Is in a position to control ٢٠٪ or more of the voting rights in the insurance services provider.

- ϣ. The term “voting rights” in an insurance or reinsurance company or insurance services provider refers to the total number of votes that may be exercised at the general assembly or any equivalent body.
- Ⓢ. A person (A) shall be deemed a **related party** to another person (B) if any of the following applies:
- a. Person (A) is the spouse, parent, stepparent, child, stepchild, brother, or sister of person (B).
 - b. Person (A) is a legal entity, and the majority of its directors, board members, or equivalent persons are obligated—formally or informally—to act in accordance with the directions, instructions, or wishes of person (B).
 - c. Person (A) is accustomed or obligated—formally or informally—to act in accordance with the directions, instructions, or wishes of person (B).
 - d. Person (A) is a subsidiary of person (B).
 - e. Person (A) is a legal entity in which person (B), alone or jointly with related parties as defined in paragraphs (ϣ), (ϣ), and (Ⓢ) of this Article, owns at least ϣ.0% of the voting rights.
 - f. Person (A) and person (B) are parties to an agreement or arrangement—whether oral or written, express or implied—to act jointly in relation to the acquisition, retention, or disposal of shares or interests in the insurance or reinsurance company, or in the exercise of voting rights therein.
 - g. A person shall be deemed to **own a share or equity interest** if that person is considered to have a beneficial interest in that share or equity interest.

Article Ⓢ. Control Threshold

1. No person may, whether individually, jointly with a related party, or through acting in concert, acquire or increase—directly or indirectly—a control ratio in an insurance or reinsurance company, an insurance services provider, or the parent company of any of them, without obtaining prior written approval from the Authority.
2. A person who already holds a control ratio must obtain prior written approval from the Authority before increasing their ownership in an insurance or reinsurance company in the following cases:
- a. Reaching ϣ.0% or more of the shares or voting rights.

- b. Reaching ३०% or more of the shares or voting rights.
 - c. Reaching ३०% or more of the shares or voting rights.
 - d. Reaching ००% or more of the shares or voting rights.
- ३. The Authority shall decide on applications submitted under paragraph (१) of this Article within the timeframe specified in the Regulations, taking into account the following risk assessments:
 - a. The financial solvency and professional integrity of the person seeking to increase their control.
 - b. Potential risks to policyholders, market stability, or governance.
 - c. Disclosure of any conflicts of interest that may affect policyholders or market competition.
 - d. Review of indirect ownership structures or transactions, including verification of the ultimate beneficial owner, to prevent ownership circumvention or fraud.
- ३. The Authority may request any information it deems necessary from the concerned person when conducting the assessments in paragraph (३).
- ०. Insurance and reinsurance companies and insurance services providers must:
 - a. Immediately notify the Authority of any changes in ownership or control.
 - b. Annually disclose all persons holding ०% or more of capital or voting rights.
- ०. The Authority shall treat indirect ownership, acting in concert, or structural arrangements intended to circumvent ownership thresholds as direct control.
- १. The Authority may issue Regulations, Rules, and Guidelines concerning the identification of related parties in ownership of insurance or reinsurance companies or insurance services providers, and impose restrictions on ownership shares and control.

Article ३१: Objection to the Controller of an Insurance or Reinsurance Company or Insurance Services Provider

- १. The Authority may object to the continued control of an insurance or reinsurance company or an insurance services provider if the regulatory requirements are no longer met, or the controller is no longer qualified under the criteria set forth in the Regulations.
- २. Before issuing such an objection, the Authority shall notify the controller and allow them the opportunity to submit their comments or defenses.

٣. The objection notice shall specify a deadline by which the controller must relinquish control or comply with the Authority's instructions.
٤. The Authority may direct the transfer or restriction of shares or equity interests in case of violations of control provisions, to ensure prompt resolution of unauthorized control changes.

Part Six: Branches of Foreign Insurance and Reinsurance Companies

Chapter One: General Obligations of Foreign Branches

Article ٤٨: Appointment and Removal of the General Manager of the Foreign Branch

١. A foreign insurance or reinsurance branch must:
 - a. Appoint a General Manager for the branch, who must:
 - (١) Reside in the Kingdom.
 - (٢) Be approved by the Authority through an application submitted in the form and manner specified by the Authority.
 - b. Assign operational responsibilities to the General Manager, including:
 - (١) Overseeing the branch's operations.
 - (٢) Performing duties in accordance with the Authority's instructions.
 - (٣) Complying with the Law and any other requirements set by the Authority.
 - c. Comply with the Authority's instructions regarding the removal of the General Manager if they fail to fulfill their duties or are found unfit.
 - d. Ensure that the branch or the General Manager is notified by the Authority of any removal request, and provide them an opportunity to respond.

Article ٤٩: Consequences of Removing the General Manager of a Foreign Branch

١. Upon removal of the General Manager, the branch must cease conducting insurance or reinsurance activities or providing insurance services in the Kingdom until a replacement is appointed.
٢. The suspension of operations shall not affect the validity of rights or claims existing in favor of or against the branch.
٣. The branch may continue collecting premiums for policies issued prior to the General Manager's removal.

Article ٥٠: Accounting Records of the Foreign Branch

A foreign insurance or reinsurance branch must retain all accounting records related to its operations in the Kingdom at its place of business in accordance with applicable laws.

Article ٥١: Bank Guarantee for the Foreign Branch

A foreign insurance or reinsurance branch must provide a bank guarantee as specified in the Regulations.

Article ٥٢: Statutory Requirements Applicable to Foreign Branches

١. A foreign insurance or reinsurance branch must comply with the statutory requirements set forth in the Law in relation to its operations in the Kingdom, unless otherwise provided by the Regulations, Rules, or Guidelines. This includes:
 - a. Governance and risk management requirements.
 - b. Investment requirements.
 - c. Reporting and disclosure requirements.
٢. The branch shall also comply with the provisions of Chapter Four of Part Two of the Law in respect of all its operations within the Kingdom. These provisions shall not apply to insurance or reinsurance activities conducted outside the Kingdom.

Article ٥٣: Financial Distress of a Foreign Branch

A foreign insurance or reinsurance branch must immediately notify the Authority of any financial difficulties that may affect its operations in the Kingdom and must comply with the Authority's instructions in this regard.

Chapter Two: Restrictions and Rights Relating to Foreign Branches

Article ٥٤: Misrepresentation as a Foreign Insurance or Reinsurance Branch

No person may claim to be a licensed foreign insurance or reinsurance branch or act as an authorized agent on behalf of such a branch unless properly licensed or formally authorized.

Article ٥٥: Additional Requirements for Operating a Foreign Insurance or Reinsurance Branch

١. The Authority may issue Regulations, Rules, and Guidelines to implement the provisions of this Part of the Law, including the following:
 - a. Requiring the branch to provide undertakings or financial guarantees to ensure payment of potential claims.
 - b. Requiring the branch to establish and maintain insurance funds and deposits to ensure claims settlement.
 - c. Authorizing the General Manager or the branch representative to receive legal notices and proceedings on behalf of the branch.
 - d. Imposing a financial fee for conducting insurance or reinsurance business or providing insurance services by the branch.
 - e. Requiring the General Manager to maintain registration records of the branch.
 - f. Requiring the General Manager to submit accounts, reports, and financial data.
 - g. Specifying any additional obligations applicable to the General Manager and the branch representative.

Part Seven: Insurance Services Providers

Chapter One: General Provisions on Insurance Services Providers

Article ٥٦: Licensing of Insurance Services Providers

١. No person—other than an insurance company, a reinsurance company, or a branch of a foreign insurance or reinsurance company—may provide insurance services in the Kingdom without obtaining a license from the Authority, subject to any licensing exemptions specified in the Regulations. Multiple insurance services may be combined under a single license, subject to the Authority's approval.
٢. A person seeking to provide insurance services in the Kingdom must:
 - a. Submit a written application to the Authority to obtain a license under this Article.
 - b. Provide all information requested by the Authority.
 - c. Pay the fee determined by the Authority.
٣. The Authority shall decide on the application submitted under this Article within the period specified in the Regulations, starting from the date the application is deemed complete as per paragraph (٢). The Authority may grant the license with or without conditions or may reject the application.

- ٤. The Authority shall not approve the license unless the following are met: a. The applicant is a company established in accordance with the Companies Law, a resident individual in the Kingdom, or a foreign company with a permanent place of business in the Kingdom. b. The applicant meets the financial and other requirements set by the Authority.
- ٥. The Authority shall publish notice of any licensing approval or any name change of an insurance services provider on its website.
- ٦. The Authority may at any time amend, revoke, or impose additional conditions on the license granted to any insurance services provider.
- ٧. The Authority may reject a license application by written notice to the applicant, who may file an objection with the Authority within thirty (٣٠) days from the date of notification.
- ٨. Insurance services providers must, throughout the license validity period, comply with the financial requirements set forth in Article ٦٤ of this Law.

Article ٥٧: Suspension or Revocation of the License of an Insurance Services Provider

- ١. An insurance services provider may request the cancellation of its license for any reason. The Authority, by decision of its Board of Directors, may suspend or revoke the license in any of the following cases: a. If the provider does not commence licensed activity within six (٦) months of obtaining the license. b. If the provider ceases its licensed activity entirely. c. If the provider violates obligations or conditions imposed by the Law. d. If the provider declares bankruptcy or is liquidated. e. If the provider engages in practices harmful to policyholders or that infringe on their rights. f. If the provider submitted false information or concealed material facts during the licensing process or while the license is in effect. g. If cancellation is justified by considerations of public interest.
- ٢. Before suspending or revoking the license, the Authority shall notify the provider in writing of its intention and grant the provider an opportunity to state reasons against the suspension or revocation within the timeframe specified in the notice.
- ٣. If the provider fails to justify the continuation of the license within the specified or extended period granted by the Authority, or provides insufficient justification, the Authority shall issue written notice of the effective date of the suspension or revocation.

٤. Even after the license is suspended or revoked, the provider remains liable for its obligations to insurance or reinsurance companies, policyholders, or consumers and must take necessary measures to protect such obligations.

Article ٥٨: Appointment and Removal from Leadership Positions

١. An insurance services provider that is an insurance broker or insurance agent may not appoint any person to leadership positions specified in the Regulations without prior approval from the Authority.
٢. The Authority may direct the suspension or removal of any person in a leadership position if found unqualified, incapable of performing their duties properly, or in violation of the Law, Regulations, Rules, or applicable requirements.

Article ٥٩: Requirement for Written Agreements

١. An insurance services provider that is a broker or agent may not enter into or claim authority to enter into insurance contracts on behalf of an insurance or reinsurance company unless explicitly authorized by a written agreement.
٢. An insurance or reinsurance company may not allow a broker or agent to enter into insurance contracts on its behalf without a written agreement governing and authorizing such relationship.

Article ٦٠: Pre-Contract Disclosure Insurance services providers that are brokers or agents must disclose all material information to potential insured persons prior to inviting them to apply for insurance coverage.

Article ٦١: Services Provided to Insurance and Reinsurance Companies No person may act as an insurance services provider for any activity that an insurance or reinsurance company is not permitted to conduct under this Law.

Article ٦٢: Applicable Requirements for Insurance Services Providers

١. The Authority may issue Regulations, Rules, and Guidelines to regulate additional requirements for insurance services providers, based on the nature and type of services and providers.
٢. The Authority may also issue Regulations, Rules, and Guidelines regarding: a. Governance-related requirements and policies applicable to insurance services providers. b. Standards to be observed by insurance services providers in the

conduct of their business under the Law, including disclosure requirements. c. Required qualifications, experience, and training of personnel. d. Supervisory procedures for insurance services providers. e. Insurance coverage requirements for professional liability arising from negligence or errors.

Article ١٣: Obligation to Provide Information to the Authority The Authority may, by written notice, require any insurance services provider to submit any information or data related to its business under this Law or any other applicable regulations if the Authority deems such information necessary to fulfill its duties.

Chapter Two: Capital, Funds, and Records of Insurance Services Providers

Article ١٤: Capital Requirements for Insurance Services Providers

١. Insurance services providers must ensure their ability to meet obligations as they fall due.
٢. Insurance services providers must maintain capital equal to or exceeding the prescribed capital requirements.
٣. The Regulations shall specify the capital requirements applicable to insurance services providers.

Article ١٥: Client Funds

١. Insurance services providers must maintain segregated bank accounts to manage client funds.
٢. Any pledge, claim, or right against client funds shall be deemed void unless explicitly approved by the Authority.

Article ١٦: Records Maintained by the Authority

١. The Authority shall establish and maintain one or more registers for the following categories: a. Insurance services providers. b. Persons removed from their roles by direction of the Authority. c. Persons prohibited by the Authority. d. Any other categories as determined by the Authority.
٢. The Authority shall determine how such registers are created and maintained, including the data and information to be included.

۳. Any person may inspect and obtain a copy of the register upon payment of the applicable fee. A certified copy issued by the Authority shall be considered an official document admissible as evidence.
۴. The Authority may establish procedures for the creation, retention, use, and utilization of a register for insurance data collection.

Part Eight: Reporting, Resolution, Liquidation, and Transfer of Business

Chapter One: Reporting

Article ۶۷: Auditor and Annual Accounts

۱. Insurance and reinsurance companies and insurance services providers shall prepare financial statements and any other documents in accordance with the requirements, formats, and procedures set by the Authority and submit them thereto.
۲. Insurance and reinsurance companies and insurance services providers shall maintain sufficient books and records to reflect their transactions and financial position in accordance with the Law and the controls and requirements specified in the Regulations.
۳. Insurance and reinsurance companies and insurance services providers must immediately notify the Authority of any material changes such as significant losses, governance changes, or risks affecting policyholders, within the timeframe specified in the Regulations.
۴. Any errors in reports submitted to the Authority must be corrected and resubmitted within the timeframe specified in the Regulations, along with a written explanation of the error and the corrective actions taken.
۵. For the purposes of paragraph (۱) of this Article, the following shall apply: a. Insurance and reinsurance companies and insurance services providers must have their accounts audited by an auditor approved by the Authority in accordance with applicable accounting standards. b. Insurance and reinsurance companies and insurance services providers must appoint an external auditor annually. c. They must comply with the requirements for the appointment and reappointment of auditors, as well as independence and objectivity requirements as per applicable laws and regulations. d. They must comply with any additional requirements regarding the appointment or reappointment of auditors imposed by the Authority if existing regulations are insufficient to address sector-specific risks.

٦. If an entity fails to appoint an auditor as required, the Authority may appoint one at the entity's expense.
٧. No person may serve as an auditor for an insurance or reinsurance company or insurance services provider unless: a. Approved by the Authority. b. Meeting the qualification requirements under the applicable accounting standards.
٨. The Authority may impose conditions on auditors or revoke any given approval if the auditor fails to perform their duties properly.
٩. The Authority may require an insurance or reinsurance company or insurance services provider to dismiss and replace an auditor if non-compliance with the Law is identified.
١٠. The Authority may request the appointed or another independent auditor to: a. Provide additional information. b. Expand the scope of the audit. c. Conduct a special review. d. Submit a detailed report on the audit or review results.
١١. The entity shall bear the costs of the auditor for performing the tasks mentioned in this Article.
١٢. Audit reports and related financial statements must be submitted to the Authority.
١٣. The auditor must immediately notify the Authority upon discovering: a. Any serious violations of the Law or fraud. b. Any breaches or practices harmful to policyholders. c. Bankruptcy or material solvency risks concerning the entity. d. Bankruptcy of an insurance services provider.
١٤. For a foreign insurance or reinsurance branch, the audit scope may be limited to business conducted within the Kingdom.
١٥. The Authority may publish information obtained under this Article.

Article ١٦: Actuarial Studies and Reports

١. Insurance and reinsurance companies shall: a. Appoint an actuary approved by the Authority to verify the financial condition of each insurance line and submit actuarial reports on other matters requested by the Authority, including pricing, solvency, reinsurance, asset and liability management. b. Submit actuarial reports for each accounting period to the Authority in the format and manner specified.
٢. For foreign insurance or reinsurance branches, the actuarial study may be limited to business conducted within the Kingdom.

۳. If required by the laws of its home country to submit actuarial reports to its regulator, the Authority may request certified copies of such reports.
۴. If an insurance or reinsurance company conducts an actuarial study for compliance purposes and publishes the results, it must also submit them to the Authority as if required under paragraph (۱).

Article ۶۹: Report Corrections

۱. If the Authority finds that a report submitted by an insurance or reinsurance company or insurance services provider is incomplete, inaccurate, or non-compliant, it may notify the entity in writing, requesting justification within the timeframe specified in the Regulations. Following review, or if no justification is provided, the Authority may: a. Reject the report. b. Direct the entity to take corrective action within a specified period.
۲. The Authority's instructions may include consequential amendments to other documents.
۳. Corrected documents are only considered submitted once resubmitted within the timeframe. Compliance will be treated as submission by the original deadline.

Article ۷۰: Supplemental Provisions on Reports

۱. Policyholders may request copies of documents submitted under this Chapter. Insurance and reinsurance companies must provide these within the period specified in the Regulations. This right does not apply to documents exempted by the Regulations or Authority's instructions.
۲. Any person may review documents submitted under this Chapter and obtain a copy upon payment of the applicable fee. This right does not extend to documents exempted by the Regulations or those submitted more than ten (۱۰) years ago.
۳. A certificate signed by an Authority-appointed person attesting to document authenticity shall be admissible as evidence.

Chapter Two: Resolution and Liquidation of Insurance and Reinsurance Companies

Article ۷۱: Preventive Measures

۱. The Authority may take proactive supervisory measures against an insurance or reinsurance company in any of the following cases: a. Failure to meet solvency

- margin or capital adequacy ratio requirements. b. Engaging in practices that negatively affect liquidity or asset quality. c. Violating licensing conditions or governance standards.
٢. Supervisory measures the Authority may take, at its discretion, include: a. Suspending or removing individuals from leadership positions or auditors. b. Temporarily suspending the license of the company. c. Restricting profit distribution, asset transactions, or issuance of new policies. d. Requiring capital increases or financial restructuring within a specified period.

Article ٧٢: Liquidation in Solvency or Bankruptcy Cases

١. Liquidation procedures in cases of solvency or bankruptcy shall be governed by: a. The Bankruptcy Law. b. Any additional safeguards determined by the Authority to protect policyholders.
٢. During liquidation, the Authority may impose conditions including: a. Mandatory transfer of business to another licensed insurance or reinsurance company. b. Continuation of policyholder coverage until the transfer is completed.
٣. During bankruptcy proceedings, the Authority shall: a. Participate to ensure priority is given to policyholder claims. b. Ensure enforcement of the priority set forth in Article ٧٨ of this Law.

Article ٧٣: General Provisions for Liquidation

١. A liquidator appointed to liquidate an insurance or reinsurance company in the Kingdom must: a. Prioritize the sale or transfer of business—in whole or in part—to another licensed company. b. Continue operating the business until the transfer is complete, unless otherwise ordered by a competent judicial authority. c. Exercise all necessary powers to implement the above provisions.
٢. The Authority may appoint independent actuaries to evaluate proposed business transfers during liquidation and submit reports.
٣. The company under liquidation shall bear all costs associated with the actuaries appointed in paragraph (٢).
٤. Copies of actuarial reports must be submitted to the Authority, which may also intervene in bankruptcy proceedings.
٥. In bankruptcy, insurance liabilities must be assessed using methodologies specified by the Authority.

Article ٧٤: Voluntary Liquidation

١. An insurance or reinsurance company must obtain prior written approval from the Authority before initiating voluntary liquidation.
٢. The Authority may deny approval in the following cases: a. If the company has not settled its obligations to policyholders. b. If the company is under investigation for regulatory violations.

Article ٧٥: Bankruptcy of Insurance or Reinsurance Companies

If an insurance or reinsurance company is found bankrupt, the Authority shall issue a decision to cease its operations and proceed with liquidation in accordance with the Bankruptcy Law.

Article ٧٦: Resolution of Systemically Important Insurance and Reinsurance Companies

١. The Provisions of the Financial Institutions Resolution Law apply to companies designated by the Authority as systemically important to ensure financial sector stability.
٢. The Authority shall: a. Set criteria for classification, considering size, complexity, interconnection, and systemic impact. b. Issue regulations governing resolution procedures, including: (١) Transfer of policies, portfolios, or operations to solvent or bridge institutions. (٢) Ensuring continuity of policyholder coverage during resolution. (٣) Setting asset and liability valuation standards.
٣. The Authority is the competent authority under the Financial Institutions Resolution Law for all insurance and reinsurance companies.

Article ٧٧: Procedures for Liquidation, Resolution, or Bankruptcy

١. The Authority may initiate or approve liquidation, resolution, or bankruptcy proceedings if: a. The company irreparably fails to meet solvency or minimum capital requirements. b. Its operations pose risks to policyholders, market stability, or public confidence. c. It engages in fraud, misconduct, or systemic risk activities.
٢. Before proceeding, the Authority shall: a. Conduct an independent valuation of the company's assets and liabilities by a certified assessor. b. Apply one or more of the

following: (١) Require a corrective plan to restore regulatory compliance. (٢) Impose supervisory measures such as restricting certain operations or appointing an asset manager.

Article ٧٨: Priority of Claims

١. The claims priority during liquidation or resolution is as follows: a. Costs of liquidation, resolution, or legal proceedings. b. Employee wages, statutory entitlements, and taxes due under applicable laws. c. Claims of protected policyholders, including: (١) Direct claims under insurance policies. (٢) Liabilities covered by the Policyholders Protection Fund (if applicable) under Article ٩. d. Reinsurance creditors. e. Unsecured debts, including shareholder or partner obligations.
٢. The Authority may alter the priority sequence for financial stability, subject to judicial approval.

Article ٧٩: International Coordination

١. The Authority shall cooperate with foreign regulatory authorities in cross-border bankruptcy or resolution, including: a. Recognition of foreign resolution proceedings. b. Entering into agreements for information exchange to protect policyholders.
٢. For foreign-owned licensed insurance and reinsurance companies, the Authority may require: a. Localization of sufficient assets in the Kingdom to cover domestic obligations. b. Establishment of a subsidiary headquartered in the Kingdom.

Chapter Three: Business Transfer

Article ٨٠: Conditions for Business Transfer An insurance or reinsurance company may not transfer any portion of its insurance or reinsurance business to a transferee unless the following are met:

١. The transfer is executed pursuant to a written plan approved by the Authority.
٢. The plan complies with this Chapter and any other requirements or instructions issued by the Authority.

Article 11: Approval of Business Transfer

1. The Authority may approve the transfer of any portion of the insurance or reinsurance business of a company to a transferee if the following conditions are met: a. The transferee is qualified and professionally competent to manage the transferred business, with sufficient financial resources, governance, and operational capacity. b. The transfer will not harm policyholders' interests, destabilize the insurance sector, or violate applicable laws and regulations. c. The transfer plan includes clear provisions for fair treatment of policyholders, employees, and creditors.
2. The Authority may impose conditions on the approval, including but not limited to: a. Restrictions on voting rights or ownership percentages of the transferee. b. Requirement of an independent actuarial report. c. Requirement to maintain certain capital or segregate transferred assets.
3. The transfer plan shall not take effect until approved by a competent judicial authority, which may: a. Review the plan for legal compliance and public interest. b. Request necessary amendments. c. Reject the plan if it would unjustly harm policyholders or creditors.

Article 12: Procedural Requirements for Business Transfer

1. Before submitting the plan to the competent court, the insurance or reinsurance company must: a. Submit the transfer plan, actuarial reports, and supporting documents to the Authority at least 15 days before publishing the summary. b. Publish a summary of the plan including: (1) Reasons for the transfer. (2) Material effects on policyholders and stakeholders. (3) Instructions for accessing the full transfer plan. c. Retain a copy of the plan at its headquarters, branches, or designated electronic platforms for public review for 15 days after publication.
2. The Authority shall: a. Assess the risks associated with the proposed transfer. b. Require the transferor and transferee to bear the full cost of reviews or independent assessments. c. Submit an opinion to the court regarding the plan's regulatory compliance.
3. Policyholders and creditors may submit objections to the court within 15 days of publication.

Article 13: Post-Transfer Obligations

١. Within ١٤ days of the plan taking effect, the transferee must: a. Submit the following documents to the Authority: (١) Audited financial statements for both transferor and transferee as of the transfer date. (٢) Certificate from an independent auditor confirming proper valuation of transferred assets and liabilities. (٣) Regulatory declaration from the chairman of the transferee's board disclosing any payments, benefits, or incentives related to the transfer. b. Update its license information with the Authority to reflect the transferred business.

Article ٨٤: Transfer by Novation

An insurance or reinsurance company may, with prior written approval from the Authority, transfer reinsurance-related insurance contracts by novation—substituting one party in the contract—rather than through the standard business transfer mechanism in this Chapter.

Part Nine: Data, Technology, Outsourcing, and Solutions

Chapter One: Data

Article ٨٥: Data Obligations

١. The Authority shall issue Regulations governing data protection, management, and utilization in the insurance sector, in accordance with relevant laws.
٢. Data submitted to the Authority must be complete, accurate, and up to date, in the prescribed formats, mechanisms, and timeframes. The Authority may reject, request resubmission, or take other actions for noncompliance.

Article ٨٦: Central Claims and Fraud Database

١. In coordination with relevant authorities, the Authority shall establish a central database for historical insurance claims and fraud detection, in accordance with applicable laws.
٢. The database aims to: a. Collect anonymized claims data to enhance risk assessment and pricing accuracy. b. Facilitate secure data exchange between insurers, reinsurers, insurance service providers, the Authority, and other relevant entities.
٣. Insurance and reinsurance companies and service providers must submit required data using the format and method specified by the Authority.

Article 87: Central Insurance Data System

1. The Authority shall establish a central system to collect insurance-related data with the following goals: a. Enhance risk management and regulatory oversight. b. Monitor market trends and emerging risks. c. Increase transparency and support data-driven decision-making.
2. The Authority shall collaborate with insurers, reinsurers, service providers, and other stakeholders to ensure comprehensive and systematic data collection.

Article 88: Cybersecurity Requirements

The Authority shall oversee enforcement of national cybersecurity requirements on insurers and reinsurers, and issue sector-specific controls in coordination with relevant authorities.

Chapter Two: Technology Aspects

Article 89: Insurance Regulatory Sandbox The Authority may issue Regulations governing the insurance regulatory sandbox to allow testing of innovative insurance technology solutions in a controlled environment, promoting innovation while safeguarding consumer protection.

Article 90: Insurtech and Digital Insurance

1. The Authority may issue Regulations governing digital insurance activities, including insurtech solutions and electronic distribution channels, to promote innovation and expand market access.
2. Any party—including digital insurers, reinsurers, insurtech firms, and technical service providers—engaging in insurance, reinsurance, or related services must obtain appropriate licensing and comply with applicable legal requirements based on the nature and scope of their activities.
3. The Authority may permit eligible parties to participate in the insurance sandbox in accordance with Article 89 to test innovative products or services.

Article 91: Third-Party Platforms

1. An insurance or reinsurance company must obtain prior written approval from the Authority before selling insurance policies via third-party platforms, such as those operated by airlines, banks, or non-insurance entities.

၃. Regulations shall define conditions and requirements insurers and reinsurers must meet before distributing products through third-party platforms.

Article ၅၃: Open Insurance

The Authority may issue Regulations defining the rules and requirements related to open insurance.

Chapter Three: Outsourcing

Article ၅၄: Outsourcing Requirements

၁. Insurance and reinsurance companies shall comply with the following:
 - a. Not outsource core functions, as defined by the Regulations.
 - b. Submit a prior written notice to the Authority within the period specified in the Regulations before entering into arrangements to outsource core functions, in accordance with the requirements and conditions set out in the Regulations.
 - c. Continuously monitor the performance and compliance of the third party to whom functions are outsourced.
 - d. Bear full responsibility for fulfilling their obligations under the Law, even when outsourcing any function or activity related to insurance or reinsurance to a third party.
၂. Insurance and reinsurance companies must notify the Authority, as determined by the Regulations, when they become aware of any of the following:
 - a. A violation of the outsourcing arrangements referenced in paragraph (၁) of this Article.
 - b. A failure by the third party to comply with the requirements stated in this Article.
၃. Insurance and reinsurance companies shall, within the period specified in the Regulations from the date of discovering non-compliance with the requirements mentioned in this Article, submit a comprehensive remediation plan detailing the corrective measures to address and rectify the non-compliance.
၄. The Authority may issue Regulations, Rules, and Guidelines to define any additional requirements applicable to insurance and reinsurance companies when outsourcing functions to a third party.

Chapter Three: Subrogation

Article ٩٤: Subrogation

Unless otherwise stipulated in the insurance policy, if an insurance claim arises due to an act or omission by a third party, the insurance or reinsurance company shall be subrogated to the policyholder's rights and shall have the right to exercise all rights provided under the insurance policy.

Part Ten: Supervision, Inspection, and Penalties

Chapter One: Supervision, Inspection, and Enforcement

Article ٩٥: Supervision and Inspection

١. The Authority has the power to appoint personnel to conduct supervisory and inspection activities in accordance with the provisions of the Law. The Authority may also define the procedures and methods for supervision and inspection, and may engage an external auditor to perform any supervisory or inspection tasks or to support the work of Authority-appointed personnel in cases where necessary.
٢. The Authority may, at any time, require any insurance company, reinsurance company, insurance service provider, branch of a foreign insurance or reinsurance company, or any branch or subsidiary of a local insurance company operating outside the Kingdom to submit, in the manner and time specified by the Authority, any data, documents, or records deemed necessary to fulfill the objectives of the Law.
٣. It is prohibited for any person who obtains data during or in connection with performing any task under the Law to disclose or make use of such data in any manner.
٤. The Authority may publish the details of its investigations, their outcomes, and related reports.

Article ٩٦: Inspection of Persons Practicing Insurance, Reinsurance, or Insurance Services Without a License

Any person suspected by the Authority of engaging in insurance, reinsurance, or providing insurance services within the Kingdom without a license must fully cooperate with the

Authority during investigations into unlicensed insurance, reinsurance, or insurance service activities. The Authority may inspect such person's records, documents, and business premises to verify compliance with the provisions of the Law.

Article ٩٧: Criminal Enforcement Officers

١. Employees assigned by decision of the Authority to detect crimes and violations referred to in the Law shall be granted the status of criminal enforcement officers for the purpose of establishing offenses and violations set forth in the Law. They may, in this capacity, seize any records or documents they deem relevant to the crime or violation.
٢. Criminal enforcement officers—acting individually or collectively—shall carry out investigation, search, inquiry, and detection of offenses and violations set forth in the Law and shall be granted the following powers:
 - a. Conduct regulatory visits and enter suspected premises, offices, and branches, including any location where insurance, reinsurance, or insurance services are conducted.
 - b. Examine and seize records, data, and documents held by suspected persons.
 - c. Review surveillance camera footage of the premises.
 - d. Request disclosure and provision of information relevant to the person's activity.
 - e. Summon any suspect or individual with potentially useful information and record their statements.
 - f. Seek assistance from relevant authorities when necessary.
٣. A person with criminal enforcement authority must present proof of their status when exercising their powers.
٤. The Board of Directors of the Authority may issue rules and procedures governing the duties and responsibilities of such personnel and may establish rules for granting financial rewards to individuals involved in uncovering violations and crimes under the Law.

Chapter Two: Dispute Resolution Committees, Violations, and Penalties

Article ٩٨: Insurance Dispute Resolution Committee

١. A committee named the "*Insurance Disputes and Violations Resolution Committee*" shall be formed to adjudicate disputes and violations falling within the scope of the Law, its implementing regulations, rules, and directives issued by the Authority, concerning both public and private rights. The committee shall have full authority to investigate and rule on cases, including the power to summon

witnesses, issue decisions, impose penalties, order the submission of evidence and documents, and appoint experts.

٢. The committee shall consist of one or more panels, each composed of three full-time principal members and one alternate member with legal expertise and qualifications. The chair and members of each panel shall be appointed by Royal Order for a three-year term, renewable. Upon expiration of the term without reappointment or renewal, members shall continue to perform their duties until a new Royal Order is issued.
٣. No member of the committee may have a direct or indirect financial or commercial interest with any party to a case before the committee, or be related to them up to the fourth degree.
٤. The committee must commence reviewing any case within no more than fourteen (١٤) days from the date it is filed.
٥. The committee's jurisdiction includes considering appeals against the Authority's actions and decisions. It may issue a decision to award compensation, restore the situation to its original state, or take any other appropriate action to ensure the aggrieved party's rights.
٦. No lawsuit may be filed before the committee unless a complaint has first been submitted to the Authority in accordance with the procedures specified in the regulations, and a period of thirty (٣٠) days has passed since the complaint was lodged, unless the Authority notifies the complainant that they may file earlier. The Authority may define exceptions to this requirement as it deems necessary for the stability of the insurance sector and the protection of policyholders.
٧. An "*Insurance Disputes and Violations Appellate Committee*" shall be formed, composed of one or more panels, each with three full-time principal members and one alternate member possessing legal expertise and qualifications. The chair and members of each panel shall be appointed by Royal Order for a three-year term, renewable. Members shall remain in office beyond the term expiration until a new Royal Order is issued. No member may have a direct or indirect financial or commercial interest with any party to a case, or be related to them up to the fourth degree. The appellate committee shall review appeals against the decisions of the Insurance Disputes and Violations Resolution Committee based solely on the evidence in the case file, and its decisions shall be final.
٨. Appeals against decisions of the Insurance Disputes and Violations Resolution Committee may be submitted to the appellate committee within thirty (٣٠) days of notification of the decision.

٩. The appellate committee shall develop the procedural rules for both committees mentioned in this Article, including rules for class action lawsuits in insurance disputes and the applicable service fees. These rules shall be issued by Royal Order.

Article ٩٩: Penalties Related to Violations of the Law and Its Implementing Instruments

١. If the Authority determines that any person has committed, participated in, or attempted acts or practices that constitute a violation of any provision of the Law or the rules or regulations issued by the Authority, or has pursued a policy that could seriously impair their ability to meet obligations, the Authority may take one or more of the following actions:
 - a. Issue a warning.
 - b. Order the person to cease or refrain from engaging in specific conduct.
 - c. Require the person to prepare and implement a corrective plan approved by the Authority.
 - d. Appoint an observer to the person's board of directors or equivalent body to monitor the implementation of corrective measures, without voting rights.
 - e. Appoint one or more advisors to assist in managing the person's affairs at their own expense.
 - f. Prohibit the distribution of profits to meet solvency margin requirements.
 - g. Suspend or revoke the issued license.
 - h. Prohibit the violator from practicing insurance, reinsurance, or providing insurance services.
 - i. Ban the violator from working with entities under the Authority's supervision.
 - j. Impose a financial fine not exceeding five million Saudi Riyals for each violation committed.
 - k. Take any other action prescribed by the Authority's regulations.
٢. In addition to the measures outlined in paragraph (١), the Authority may request the Insurance Disputes and Violations Committees to impose any of the following penalties on individuals responsible for intentional violations of the Law and its implementing regulations and rules:
 - a. Imprisonment for a period not exceeding four years.
 - b. A fine not exceeding five million Saudi Riyals for unlicensed or licensed individuals who committed the offenses under the Law.

- c. Seizure and enforcement against property.
- d. Compensation for individuals harmed by the violation or obligating the violator to pay up to three times the gains realized or losses avoided due to the violation into the Authority's account.
- e. A travel ban.

Article ١٠٠: Penalties for Unjustified Delay or Rejection of Claims

- ١. An insurance company, reinsurance company, or insurance service provider shall be deemed in violation of the provisions of the Law in the event of an unjustified delay or an unlawful rejection in settling insurance claims. The penalties stipulated in Article (٩٩) of the Law shall apply, and penalties shall be more severe if the claim pertains to mandatory insurance.
- ٢. The following provisions apply for the purposes of this Article:
 - a. Insurance claims and mandatory insurance claims must be settled within the period specified in the regulations.
 - b. Failure to comply with the specified time frame in subparagraph (a) of paragraph (٢) of this Article without a valid justification shall be deemed a violation of the Law.

Article ١٠١: Combating Waste, Misuse, and Fraud

- ١. Insurance companies, reinsurance companies, and insurance service providers must establish internal policies, procedures, mechanisms, and controls to effectively detect, deter, and manage incidents of waste, misuse, and fraud committed by policyholders, employees, or any parties involved in operations handled by the licensed entity. The Authority shall issue the regulations, rules, and guidelines that outline the measures and procedures to be followed for compliance.
- ٢. Insurance fraud is considered a crime punishable under the Law. The Insurance Disputes and Violations Committee may, in addition to the penalties stipulated in Article (٩٩), impose a prison sentence of up to two (٢) years.

Article ١٠٢: Powers Related to Unauthorized Activities

- ١. Any person who practices insurance or reinsurance activities, or provides insurance services without obtaining a license shall be considered in violation of the Law.

The Insurance Disputes and Violations Committee may, in addition to the penalties under Article (٩٩), impose any of the following penalties:

- a. Imprisonment for a period not exceeding nine (٩) months.
 - b. Confiscation of the financial proceeds resulting from the unauthorized activity in favor of the Authority.
٢. Without prejudice to the fact that the unlicensed person who entered into the insurance contract is in violation, the following shall apply:
- a. Insurance contracts entered into by policyholders shall remain valid, and policyholders may choose to enforce them at their discretion.
 - b. Policyholders shall retain all their legal rights to claim compensation or any other obligations arising from the contract as if the contract had been entered into with a licensed insurance company.
٣. The measures stipulated in this Article shall not prejudice the Authority's powers to deter the conduct of unauthorized activities and to protect policyholders.

Article ١٠٣: Other Penalties

١. The Insurance Disputes and Violations Committee may, in addition to the penalties in Article (٩٩), impose a prison sentence of up to nine (٩) months on anyone who commits any of the following acts:
- a. Anyone who falsely claims to be licensed to engage in insurance, reinsurance, or insurance service activities without obtaining such license from the Authority.
 - b. Anyone who unlawfully uses the term “insurance,” “reinsurance,” or any of their derivatives in their name, trademark, or promotional materials.
 - c. Anyone who violates the Authority's instructions concerning the transfer or restriction of shares owned by a controller and fails to rectify unauthorized changes in control.
 - d. Any insurance broker or insurance agent who fails to disclose all material information to policyholders prior to offering an insurance contract.
 - e. Any insurance service provider who provides services to an insurance or reinsurance company in a line of business for which the insurer is not licensed.
 - f. Any insurance service provider who fails to maintain separate accounts for managing client funds.

g. Any person who refuses to provide required documents, information, or data to the Authority's inspection and enforcement officers, or who obstructs or interferes with their duties.

h. Any person who commits an act involving abuse of authority, or waste of the funds of an insurance company, reinsurance company, or insurance service provider.

i. Any person who engages in activities that constitute a systemic risk.

Article ١٠٤: Publication or Disclosure of Penalties

١. The Authority may publish details of violations and penalties, including the nature of the violation and the resulting penalty, unless such publication would:
 - a. Undermine the stability of the insurance sector in the Kingdom.
 - b. Violate data protection laws or the public interest.
٢. The violating person must disclose the penalty to stakeholders, including policyholders, within the period specified by the regulations.

Part Eleven: Final Provisions

Article ١٠٥: Financial Consideration

١. The Authority may impose a financial consideration on insurance companies, reinsurance companies, and insurance service providers in exchange for supervision, oversight, and regulation. This is in addition to any other financial considerations for services provided under the provisions of the Law, including the issuance of licenses, permits, and approvals.
٢. The Authority shall issue the regulations, rules, and guidelines that specify the financial considerations referred to in this Article.

Article ١٠٦: Issuance of Additional Regulations, Rules, and Guidelines

١. The Authority shall issue the regulations, rules, and guidelines necessary to achieve the objectives of the Law, including those related to:
 - a. Implementation of any provisions of the Law.

- b. Regulation of financial solvency requirements, market conduct, consumer protection, anti-money laundering, risk management, and governance of insurance companies, reinsurance companies, and insurance service providers.
- c. Addressing emerging risks or technological developments that affect the insurance sector.
- d. Establishing Shariah governance rules and standards for insurance companies, reinsurance companies, and insurance service providers.
- e. Collecting and using statistical information from insurance companies, reinsurance companies, and insurance service providers.
- f. Defining and interpreting the terms and provisions stated in the Law.

Article ١٠٧: Repeal of Conflicting Provisions

This Law shall replace the Law on Supervision of Cooperative Insurance Companies issued by Royal Decree No. (M/٣٢) dated ٢/٦/١٤٢٤H, as well as all insurance-related powers and responsibilities set out in the Cooperative Health Insurance Law issued by Royal Decree No. (M/١٠) dated ١/٥/١٤٢٠H, and shall repeal all provisions in conflict with it.

Article ١٠٨: Entry into Force

This Law shall come into effect one hundred and eighty (١٨٠) days from the date of its publication in the Official Gazette.