نظام مراقبة شركات التأمين التعاوني

Cooperative Insurance Companies

Control Law
Article 1

Insurance in the Kingdom of Saudi Arabia shall be provided by insurance companies registered in the Kingdom operating in accordance with the practice of cooperative insurance in line with the provisions of the Articles of Incorporation of the National Company for Cooperative Insurance issued by Royal Decree No (M/5) dated 17/4/1405 H, and not inconsistent with the provisions of Shari’ah.

المادة الأولى:

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Article 2

Subject to the provisions of the Law of Cooperative Health Insurance issued by Royal Decree No. (M/10) dated 1/5/1420 H, the Saudi Arabian Monetary Agency shall, in connection with the application of this Law, have power to:

1. Receive and review applications to form cooperative insurance and re-insurance companies to ensure that these applications satisfy the conditions and the rules applicable in this respect. Upon approval of these applications, it shall refer them to the Ministry of Commerce and Industry to take the necessary legal action.

2. Supervise and technically control insurance and re-insurance activities in accordance with the principles specified in the implementing regulations of this Law and the means of control employed by the Agency, specially the following:

(a) Regulating and approving rules for the investment of premiums of insurance and re-insurance operations, and designing a formula to distribute the surplus of insurance and re-insurance operations among shareholders and the policyholders, provided that separate accounts are kept for shareholders, the

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policyholders and insurance operations.
(b) Determining the sums of money required to be deposited in one of the local banks in order to engage in each of the different classes of insurance.
(c) Approving standard forms of insurance and re-insurance policies, and determining the minimum amounts of third party insurance coverage, subject to the provisions of laws applicable in this regard.
(d) Setting rules determining the method of investing the assets of insurance and re-insurance companies.
(e) Setting general rules determining the assets each company shall allocate inside and outside the Kingdom, the minimum and maximum for each class of insurance, and the conditions that shall be observed in each class, and the minimum and maximum of underwriting premiums as they relate to the capital of the company and the reserves.
(f) Setting rules which protect the rights of the beneficiaries, and ensure the ability of the insurance companies to satisfy claims and obligations.

Article 3
An insurance or re-insurance company may not be formed in the Kingdom of Saudi Arabia except by a license issued pursuant to a Royal Decree upon a resolution by the Council of Ministers and a recommendation by the Minister of Commerce and Industry according to Article Two of this Law, and subject to the following:

1. The company shall be a public joint-stock company.
2. The company’s principal object shall be to perform any insurance and re-insurance activity and shall not undertake other objects unless they are necessary or complementary to its principal object. Insurance companies may not directly own companies or brokerage

ب- تحديد مقدار المبالغ المطلوبة إعدادها لدى أحد البنوك المحلية لملء لوائح كل نوع من أنواع التأمين المختلفة.
ج- إقرار صيغ نماذج وثائق التأمين وإعادة التأمين ووضع الحد الأدنى لبالغات تأمين مطلوبة المسؤوليات نحو الغير مع مراعاة أحكام الأنظمة المعمول بها في ذلك.
د- وضع القواعد والضوابط التي تحدد كيفية استئجار أصول شركات التأمين وإعادة التأمين.
ه- وضع القواعد العامة لتحديد الموجودات التي يجب على كل شركة أن تحتفظ بها داخل المملكة وخارجها وتحديد الحد الأدنى والحد الأعلى لكل فرع من فروع التأمين والشروط الواجب مراعاتها في كل فرع. وكذلك تحديد الحد الأدنى والحد الأعلى للإشتراكات والأقساط التأمينية مقابل رأس مال الشركة والاحتياطات. و- وضع القواعد والضوابط التي تكفل حقوق المستفيدين والتآمرات من قدرة شركات التأمين على الوفاء بالملتاميات والالتزامات.

المادة الثالثة:
لا يجوز تأسيس أي شركة تأمين أو شركة إعادة تأمين في المملكة العربية السعودية إلا برخصة بمسوح ملكي بناءً على قرار من مجلس الوزراء وعرض وزير التجارة والصناعة وفقاً لما جاء في المادة (الثانية) من هذا النظام، على أن يراعى ما يأتي:
1- أن تكون شركة مساهمة عامة.
2- أن يكون الغرض الأساس لها مزاولة أي من أعمال التأمين وإعادة التأمين، ولا تباشر الشركة أغراض أخرى إلا إذا كانت لازمة أو مكملة، ولا يجوز لشركات التأمين تملك شركات أو مؤسسات الوساطة مباشرة، كما لا يجوز لشركات إعادة التأمين تملك شركات أو مؤسسات وساطة إعادة التأمين. ومع ذلك يجوز لشركات التأمين - بعد الحصول على
establishments, and re-insurance companies may not own re-insurance brokerage companies or establishments. However, insurance companies – upon the approval of the Saudi Arabian Monetary Agency – may own companies or establishments that act as brokers in re-insurance activities.

(3) The paid-up capital of the insurance company shall not be less than one hundred million Saudi riyals and the paid-up capital of the re-insurance company or the insurance company carrying out re-insurance activities simultaneously shall not be less than two hundred million Saudi riyals. The capital may not be changed without the approval of the Saudi Arabian Monetary Agency, and pursuant to the Companies Law.

Article 4
The implementing regulations shall specify the insurance operations governed by this Law, and each insurance company shall specify the classes of insurance it shall provide.

Article 5
An insurance or re-insurance company - upon commencing business - may not suspend its insurance activities without the prior approval of the Saudi Arabian Monetary Agency. This is to ensure that insurance companies take all necessary measures to safeguard the rights of the policyholders and the investors.

Article 6
Selection of members of the board of directors of insurance and re-insurance companies shall be subject to the approval of the Saudi Arabian Monetary Agency in accordance with the criteria specified in the implementing regulations.

Article 7
The chairman of the board of directors of an insurance or re-insurance company, managing
director, a member of the board of directors and general manager shall be liable, each within the limits of his authority, for the company’s violation of any of the provisions of this Law or its implementing regulations.

Article 8
The Saudi Arabian Monetary Agency may inspect the records and accounts of any insurance or re-insurance company through the Agency’s employees or auditors appointed by it, provided that the inspection be carried out at the site of the insurance or re-insurance company. In this case the employees of the company shall submit whatever is in their possession or under their authority or records, data, and documents requested from them, and disclose any information they have, relating to the company, to the employees of the Agency or whoever it may appoint as auditors.

Article 9
An insurance or re-insurance company may not open any branch or office inside or outside the Kingdom, agree to merge with, own any insurance or banking activity, have control thereof, or own shares of another insurance or re-insurance company without the written approval of the Saudi Arabian Monetary Agency.

Article 10
(1) The general assembly of the insurance or re-insurance company shall annually appoint two auditing offices from among the certified accountants licensed to practice the profession in the Kingdom and shall determine their fees.

(2) The auditors shall include in their annual report presented to the general assembly— in addition to the data provided for in the Companies Law— their opinion as to whether the financial statements of the company correctly reflect its true financial position on the date of the balance sheet and the results of the company’s operations for the year.

المادة الثامنة:
لمؤسسة النقد العربي السعودي الحق في أن تجري تفتيشاً على سجلات وحسابات أي شركة تأمين أو إعادة تأمين وذلك بمعرفة موظفيها أو بمعرفة مراجعين تعينهم المؤسسة، على أن يتم التفتيش في مقر شركة التأمين أو شركة إعادة التأمين، وفي هذه الحالة يجب على موظفي الشركة تقديم ما في حوزتهم أو تحت سلطتهم أو ما يطلب منهم من سجلات وبيانات ووثائق وأن يدلوا بما لديهم من معلومات تتعلق بالشركة لموظفي المؤسسة أو من تعينهم من المراجعين.

المادة التاسعة:
لا يجوز لشركة التأمين وشركة إعادة التأمين افتتاح أي فرع أو مكاتب في الداخل أو الخارج أو الاتفاق على الاندماج أو تملك أي نشاط تأميني أو مصرفى أو السيطرة عليه أو امتلاك أسهم شركة تأمين أو إعادة تأمين أخرى إلا بموافقة مكتوبة من مؤسسة النقد العربي السعودي.

المادة العاشرة:
1- تعنين الجمعية العامة في شركة التأمين أو شركة إعادة التأمين سنوياً اثنين من مكاتب مراقبين مختصين في المحاسبة القانونية، لتمهم بمراقبة المنشأة في المملكة وتحدد أنفسهما.

2- على مراقب الحسابات أن يضع رأيهما السنوي المقدم للجمعية العامة بالإضافة إلى البيانات الموصوف عليها في نظام الشركات - ألا يفوتك فيما إذا كانت القوائم المالية للشركة تظهر بدالة حقيقة مرحلة المالي في تاريخ الميزانية ونتائج أعمالها عن
of its activities during the fiscal year which expires on that date, and as to whether the preparation, presentation and audit of these statements conform to the generally accepted accounting principles applied in the Kingdom.

(3) Financial statements and the auditors’ report shall be published within three months from the date of the end of the company’s fiscal year.

Article 11

The Saudi Arabian Monetary Agency may at any time request any insurance or re-insurance company to submit to it— at the time and in the form it determines— any information it deems necessary to fulfill the purposes of this Law. It shall also send to the Saudi Arabian Monetary Agency at its request the following:

(1) A statement of the revenues and expenses for each insurance class.
(2) A detailed statement of the insurance activities carried out by the company during the stated period.
(3) Statistical statements and general information about the activities of the company.
(4) A statement of the investments of the company.
(5) Any other information requested by the Saudi Arabian Monetary Agency.

Article 12

It is prohibited for any person who obtains any information, while carrying out any work related to the application of the provisions of this Law, to disclose or benefit from it in any way.

Article 13

All insurance and re-insurance companies shall submit to the Department of Zakat and Income Tax their zakat or tax returns, the audited financial statements and any other information or documents which the
Department deems necessary for the purpose of determining the amount subject to zakat or taxation in accordance with the provisions of the Tax Law, the Zakat Collection Law and their implementing regulations and payment of the sums due, within the times specified by the Law.

**Article 14**

Insurance and re-insurance companies governed by this Law shall deposit in one of the local banks, a statutory deposit to the order of the Saudi Arabian Monetary Agency, and the implementing regulations shall determine the rules relating to this deposit.

**Article 15**

The insurance and re-insurance companies shall allocate a part of their annual profits, not less than 20%, as a statutory reserve, until the total reserve amounts to 100% of the capital paid.

**Article 16**

All insurance and re-insurance companies shall set up the required reserves for their insurance classes, and other reserves as provided for in the implementing regulations of this Law.

**Article 17**

All insurance and re-insurance companies governed by the provisions of this Law shall keep a separate account for each class of insurance as specified in the implementing regulations of this Law. They shall also keep records and books to record insurance policies issued by the company, names and addresses of the holders of such policies and the date of concluding each policy, its effectiveness, prices and conditions provided for in it. Any change or amendment occurring in such policies shall also be recorded in these records and books. The Saudi Arabian Monetary Agency may issue the decisions it deems necessary to compel insurance companies to record in the books الفضائيات الادارية للنظام الضريبي والزكاة، ونظام جباية فريضة الزكاة الشرعية، ولوائحهما التنفيذية وسداد ما هو مستحق من واقعها في المواعيد المحددة في النظام.

المادة الرابعة عشرة:

على شركات التأمين وشركات إعادة التأمين الخاضعة لهذا النظام أن تودع في أحد البنوك المحلية وديعة نظامية لأمر مؤسسة النقد العربي السعودي، وتحدد اللائحة التنفيذية الضوابط المتعلقة بهذه الوديعة.

المادة الخامسة عشرة:

على شركات التأمين وشركات إعادة التأمين أن تخصص حصة من أرباحها السنوية لا تقل عن (20%) كاحتياطي نظامي، وذلك إلى أن يصل إجمالي الاحتياطي (100%) من رأس المال المدفوع.

المادة السادسة عشرة:

على كل شركات التأمين وشركات إعادة التأمين تكوين الاحتياطيات اللازمة لكل فرع من فروع التأمين التي تمارسها وكذلك الاحتياطيات الأخرى وفقا لما تنص عليه اللائحة التنفيذية لهذا النظام.

المادة السابعة عشرة:

يجب على كل شركات التأمين وشركات إعادة التأمين الخاضعة لهذا النظام أن تمسك حساباً مستقلًا لكل فرع من فروع التأمين حسب ما تحدده اللائحة التنفيذية لهذا النظام وكذلك إمضاء سجلات ودفاتر تقيد فيها وثائق التأمين التي تصدرها الشركة مع بيان بأسماء وعناوين حملة الوثائق، وتوقيع إبرام كل وثيقة وسريانها والسعار والشروط التي تشمل عليها. كما يجوز في هذه السجلات والدفاتر كل تغيير أو تعديل بطرى على تلك الوثائق، ويجوز لمؤسسة النقد العربي السعودي أن تصدر ما تراه ضرورياً من قرارات تنظم شركات التأمين بأن تقيد في الدفاتر والسجلات أي بيانات ترى أنها ضرورية لمشاركة سلطة في الرقابة والإشراف، كما يجوز
and records any data it deems necessary to exercise its authority of control and supervision. The data contained in the records and books mentioned above may be entered in the computer in accordance with the rules and procedures provided for in the implementing regulations of the Law of Commercial Books.

**Article 18**

The Saudi Arabian Monetary Agency shall set the necessary conditions for issuing licenses to practice self-employment professions relating to the insurance activity, especially the following:

1. Insurance brokers.
2. Insurance consultants.
3. Loss adjustors and loss assessors.
4. Specialists in settlement of insurance claims.
5. Actuaries.

licenses for these professions shall be issued by the Ministry of Commerce and Industry, and the Saudi Arabian Monetary Agency shall control and supervise the activities of the professions referred to.

**Article 19**

If the Saudi Arabian Monetary Agency finds that any of the insurance or re-insurance companies has violated the provisions of this Law or its implementing regulations or followed a policy liable to adversely affect its ability to fulfill its obligations, the Agency may take one or more of the following measures:

1. Appointing one consultant or more to provide consultation to the company in relation to the management of its activities.
2. Suspending any member of the board of directors or any of its employees proven to be responsible for the violation.
3. Preventing the company from accepting any new shareholders, investors or members in any of its insurance activities or restricting it...
in this respect. (4) Compelling the company to take any other measures the Agency deems necessary. If the Agency finds that the company persists to violate the provisions of this Law or its implementing regulations and does not respond to any of the measures taken by the Agency in accordance with this Article, and despite the infliction of the punishments provided for in this Law, the Agency may request the dissolution of the company.

Article 20

1- One (or more) Preliminary Committee(s) shall be formed based on a resolution by the Council of Ministers and shall be composed of not less than three specialized members, working full-time if possible; one of whom, at least, shall be a legal consultant. The membership shall be for a three-year renewable term. The committee(s) shall be responsible for settlement of the following:

a. All disputes arising from insurance contracts, including disputes between insurance companies and their clients and insurance beneficiaries or between these companies and other companies subrogated to the rights of the insured;

b. Disputes occurring between insurance companies and re-insurance companies or among companies of each activity, or disputes occurring between these companies and insurance-related service providers;

c. Violations of the regulatory and supervisory instructions of insurance and reinsurance companies.
companies or any of these two activities;
d. Violations of insurance-related service providers referred to in Article (18) of this Law; and
e. Violations arising from the implementation of this Law, and the enforcement of fines as prescribed in Article (21) of this Law.

2- In the event a violation involves a crime, the Committee shall refer it to the competent authority to investigate the offender in preparation for initiating a lawsuit before the specialized criminal court in order to consider imposing the penalties set forth in this Law or any other law, as the case may be. If the competent authority deems the case to be non-criminal, the authority shall return it to the Committee to look into the violation and take the necessary action as prescribed in this Law.

Article 21

Without prejudice to any harsher punishment provided for in any other law, anyone who violates any provision of this Law shall be punished with a fine not exceeding one million riyals and imprisonment for a period not exceeding four years, or by either.

Article 22

1. An Appeal Committee shall be formed of not less than three consultants, working full-time if possible, who are specialized and knowledgeable about the jurisprudence of transactions and insurance. The Committee is responsible for looking into grievances raised by concerned parties against the rulings of the Committees set forth in this Law, the violations of insurance-related service providers referred to in Article (18) of this Law, and the violations arising from the implementation of this Law, and the enforcement of fines as prescribed in Article (21) of this Law.

المادة الجادية والعشرون:

المادة الثانية والعشرون:
Article (20) of this Law, and its decisions shall be final and not open to appeal.

2. The chairman and members of the Appeal Committee shall be appointed by a royal order. Their membership shall be for a three-year renewable term.

3. Rules and regulations governing the business of the Committees set forth in this Law and governing prosecution before these Committees shall be issued by the Council of Ministers.

4. Remuneration of members of the Committees set forth in this Law shall be determined by the Minister of Finance.

Article 23

The implementing regulations of this Law shall be issued by a decision of the Minister of Finance, shall be published within sixty days from the date of publication of this Law, and shall come into effect on the date of the enforcement of this Law.

Article 24

Subject to what is stated in Article One of this Law whatever is not provided for therein shall be governed by the Companies Law to the extent permitted by the nature of such type of companies.

Article 25

This Law shall be published in the Official Gazette and shall come into effect after ninety days from the date of its publication.