

**Explanatory Announcement on the Status of Foreign Insurance Companies Operating  
in the Kingdom \***  
**26/8/1430H (17/8/2009)**

Whereas the transitional period granted by Royal Decree No. 3120 dated 4/3/1426H ended on 3/3/1429H, the foreign insurance companies currently operating in the Kingdom through Saudi agents shall immediately cease operation unless they have received final authorization from SAMA to carry on insurance activities in the Kingdom. In view that the licensing procedures for a number of insurance companies are still in progress and have not yet been finalized, and since most of the companies which obtained final authorization, or those which are still under licensing, or those for which a Royal Decree was issued approving their establishment, have been established in participation with foreign insurance companies operating in the Saudi market of which insurance portfolios will be transferred to the newly established Saudi companies after the completion of the valuation process, SAMA has decided the following:

**First:** the operating insurance companies that participated in the establishment of the companies for which final authorization has been issued are NOT allowed to renew existing policies or issue new ones without a written approval from SAMA.

**Second:** the operating insurance companies that participated in the establishment of the companies listed in Saudi Stock Exchange (but have not been authorized yet) and companies whose approvals for licensing have been issued by a Royal Decree and companies whose files had been considered by SAMA and sent to the Ministry of Commerce and Industry are allowed to renew existing policies only without issuing new ones until the end of the business hours on Monday 3/3/1431H (17/2/2010).

**Third:** companies mentioned above under item "Second" should provide SAMA with the following:

1. Monthly financial performance reports, including details on insurance premiums, claims, and technical reserves, starting from 1/8/2009, not later than one week from the end of each month.
2. Reports every two months starting from 1/9/2009 details the initial steps that have been taken to finalize the licensing process. In case SAMA observes that the

initiatives are not serious or enough, SAMA will then stop the operating insurance company from operating in the Kingdom (even from renewals of existing policies).

3. An Irrevocable and renewable bank guarantee valid until 30/6/2010 for an amount equal to 20% of the company's Gross Written Premiums (GWP) as at the end of 2008.

**Fourth:** SAMA hopes that all insurance companies will comply with the requirements stated in this announcement. In case of violating any of these requirements, SAMA shall halt the licensing procedures for the violating company.