

Diversification of Activities of Insurance companies and its reconciliation with Article 25 of Federal Law no. 6 of 2007

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Being mindful of the time frame stipulated by the Insurance Regulator (United Arab Emirates Insurance Authority) as the ultimate deadline for insurance companies to comply with the above mentioned law, I thought that the topic of this article warranted prompt attention.

Pursuant to the Federal Law No. 6 of 2007 concerning Establishment of The Insurance Authority and Organization of its Operations, insurance companies that were established and existed before the issuance of said law; which are carrying out the activities of life insurance and funds accumulation operations together with the property and liability insurances; shall reconcile their position so as not to carry out a combination of these two types of insurance activities, as the said law prohibits an insurance company from practicing both types of insurance activities.

Article 25(1) of the said law states that:

1. The company shall not carry out life assurance and funds accumulation operations together with the operations of properties and life liability insurances.
2. The existing companies engaged in the two types of insurance as provided for in Para (1) of the Article herein shall adjust their situations within five years as from date of enforcing the law herein. However, the said period may be extended by resolution of the Cabinet.
3. The existing companies engaged in the two types of insurance as provided for in Para (1) of the law herein upon enforcing the provisions of the law herein shall abide by the directives issued by the Board organizing the operations of each of these two types of insurances.”

Article 25(2) provides a five year grace period (from the date the statute entered into force) for all existing insurance companies to comply with the then new formal requirements of “permissible” activities.

As the said law entered into force on 28 August 2007, the five year grace period expires on 28 August 2012.

For those who have already initiated steps in order to comply and those who have yet to commence the process of compliance, if any assistance is required, Al Tamimi & Company have the expertise and are happy to provide sound and practical assistance towards full regulatory compliance before the fast approaching dead