

Cabinet Resolution No. (42) of 2009
Regarding Insurance Company Minimum Capital Regulations

The Cabinet:

- Having reviewed the Constitution,
- Federal Law No. (1) of 1972 Regarding the Competences of Ministries and Powers of Ministers, as amended,
- Federal Law No. (8) of 1984 Regarding Commercial Companies, as amended,
- Federal Law No. (5) of 1985 Promulgating the Civil Transactions Law of the United Arab Emirates, as amended,
- Federal Law No. (18) of 1993 Promulgating the Commercial Transactions Law,
- Federal Law No. (6) of 2007 Regarding the Establishment of the Insurance Authority and the Regulation of its Operations,
- Ministerial Council for Services Resolution No. (227/10m) of 2009 Regarding Insurance Company Minimum Capital Regulations, and
- Upon the proposal of the Minister of Economy, Chairman of the Board of Directors of the Insurance Authority, and the approval of the Cabinet,

Hereby resolves as follows:

Article (1)

Definitions

For the purposes of implementing the provisions of this Resolution, the following terms and expressions shall have the meanings assigned to each of them, unless the context requires otherwise:

- State** : The United Arab Emirates.
- Law** : Federal Law No. (6) of 2007 Regarding the Establishment of the Insurance Authority and the Regulation of its Operations.
- Companies Law** : Federal Law No. (8) of 1984 Regarding Commercial Companies, as amended, or any law superseding it.

- Authority** : The Insurance Authority.
- Board** : The Board of Directors of the Authority.
- Company** : An insurance company established in the State and a foreign insurance company licensed to conduct business in the State, either through a branch or an insurance agent, including companies conducting cooperative and Takaful insurance operations, as well as reinsurance companies.

Article (2)

Scope of Application of the Resolution

The provisions of this Resolution shall apply to all Companies, with the exception of companies operating in the free zones in the State.

Article (3)

Minimum Capital of the Company

The minimum subscribed and paid-up capital of the Company shall not be less than AED 100,000,000 (one hundred million UAE dirhams), provided that the minimum subscribed and paid-up capital of a reinsurance company shall not be less than AED 250,000,000 (two hundred and fifty million UAE dirhams).

Article (4)

- a. At least (51%) of the capital of a Company established in the State shall be owned by natural persons who are nationals of the State or nationals of the Gulf Cooperation Council (GCC) countries, or by legal persons wholly owned by nationals of the State or nationals of the Gulf Cooperation Council (GCC) countries.
- b. The Board shall issue a resolution specifying the controls and conditions required for the admission of natural or legal persons as shareholders in the Company.

Article (5)

Increase of the Company's Capital

Subject to the provisions of the Companies Law, the capital of the Company may be increased by a decision of the Authority, based on a request submitted by the Company in this regard and in accordance with the form prepared by the Authority for this purpose.

Article (6)

Reduction of the Company's Capital

Subject to the provisions of the Companies Law and Article (3) of this Resolution, the capital of the Company may be reduced by a decision of the Authority, based on a request submitted by the Company in this regard and in accordance with the form prepared by the Authority for this purpose. The request shall include a statement of the reasons justifying the Company's request for the reduction of its capital, and such reduction shall not prejudice the Company's current or future obligations. The Board may approve or reject the reduction in accordance with the requirements of the public interest.

Article (7)

Final Provisions

All existing Companies shall, upon the entry into force of the provisions of this Resolution, regularize their status in accordance with its provisions within a period of three years from the date of its entry into force.

Article (8)

The Board shall issue the necessary instructions and systems for the implementation of the provisions of this Resolution.

Article (9)

This Resolution shall be published in the Official Gazette and shall enter into force as of the date of its publication.

Mohammed bin Rashid Al Maktoum

Prime Minister

Issued by Us:

On: 10 Muharram 1431 A.H.

Corresponding to: 27 December 2009 A.D.

Notice of Amendment of Designations

Article Two of Federal Decree by Law No. (24) of 2020 stipulates the following:

1. The term "Authority" shall be replaced by "the Central Bank", wherever it appears in the aforementioned Federal Law No. (6) of 2007.
2. The term "the Minister" shall be replaced by " Chairman", wherever it appears in the aforementioned Federal Law No. (6) of 2007, and in the regulations, systems, and resolutions issued in implementation thereof.
3. The term "Director General" shall be replaced by" Governor of the Central Bank", wherever it appears in the aforementioned Federal Law No. (6) of 2007, and in the regulations, systems, and resolutions issued in implementation thereof.