2

Article One:
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.

Article Two:
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 insured, provided that separate accounts
are kept for shareholders, the insured and insurance operations.
(b) Determining the sums of money required to be deposited with one of
the local banks in order to provide each of the different types 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 and restrictions determining the method of investing the
assets of insurance and re-insurance companies.

3

(e) Setting general rules determining the assets which each company
shall keep inside and outside the Kingdom, the minimum and
maximum for each type of insurance, and the conditions that shall be
observed in each type, and the minimum and maximum of
membership fees and insurance premiums against the capital of the
company and the reserves.

5

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 budget and the results 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 Eleven:
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 returns and expenses of each insurance type.
(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 Twelve:
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 Thirteen:
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

6

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

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

Article Sixteen:
All insurance and re-insurance companies shall setup the required reserves
for their insurance types, and other reserves as provided for in the implementing
regulations of this Law.

Article Seventeen:
All insurance and re-insurance companies governed by the provisions of this
Law shall keep a separate account for each type 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 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.

7

Article Eighteen:
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) Inspection and loss assessment experts.
(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 Nineteen:
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

8

Article Twenty:
One or more committees shall be formed based on a Resolution by the
Council of Ministers, upon the recommendation of the Minister of Finance,
composed of three specialized members, at least one of whom shall be a legal
counselor, to be entrusted with the settlement of disputes occurring between
insurance companies and their clients, or between these companies and others that
may substitute for the insured, and shall decide on cases of violations of control
and supervision instructions for the licensed insurance and re-insurance
companies, and the violations of those practicing self-employment professions
referred to in Article Eighteen of this Law. Prosecuting before the Committee – in
connection with these violations – is represented by the employees appointed by a
decision of the Minister of Finance.
Decisions of these Committees may be appealed before the Board of
Grievances.

Article Twenty One:
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 Twenty Two:
(1) Without prejudice to the powers of the committee provided for in Article
Twenty of this Law, the Board of Grievances shall have jurisdiction in the
following:
(a) Deciding all disputes between insurance companies and re-insurance
companies, or between companies of either type.
(b) Deciding cases of violations of this Law and the implementation of
the punishment provided for in Article Twenty Ond for in Amenthe pT
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9

Article Twenty Three:
The implementing regulations of this Law shall be issued by a decision of the
Minister of Finance, and 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 Twenty Four: