

Act10

Chapter 1

Insurance Under This Act

* **Article 1** - Insurance under the provisions of this Act includes

First : The insurance of person(s) and capital redemption including the following classes :

- 1- All types of life assurance.
- 2 - Personal accident and long term health insurance.
- 3 - Capital redemption.

Second : Property and liability insurance including the following classes:

- 1 - Fire and additional perils
- 2 - Land, river, marine, air transportation and related liabilities.
- 3 - Marine hull, its machinery, its equipment and related liabilities.
- 4 - Aviation , its machinery, its equipment and related liabilities.
- 5 - Motor vehicle and related liabilities.
- 6 - Engineering and related liabilities.
- 7 - Oil.
- 8 - Miscellaneous and liabilities.

The board of directors of the Authority may issue a decision determining other insurance and their classes.

- Replaced with Law 91 / 1995

Chapter 2

The Insurance Sector

Article 2 - The insurance sector consists of :

- 1** - The Supreme Council of Insurance.
- 2** - The Egyptian Insurance Supervisory Authority
- 3** - Establishments which transact insurance and reinsurance . These are as follows :
 - a)** Insurance and Reinsurance Companies.
 - b)** Co-operative Insurance Societies.
 - c)** Private Insurance Funds.
 - d)** Governmental Insurance Funds.
 - e)** Insurance Pools.
- 4** - Federations and auxiliary organs set up in accordance with the provisions of this Act.

Chapter 3

The Supreme Council of insurance

Article 3 - The Supreme Council shall be formed under the chairmanship of the competent minister and the membership

- The chairman of the Egyptian Insurance Supervisory Authority and his deputy.
- The Chairmen of the boards of insurance and reinsurance companies registered under this Act.
- A representative of the insurance funds approved by the competent minister through the nomination of the Egyptian Insurance Supervisory Authority .
- Two insurance Professors. from The Egyptian Universities who are experts in insurance approved by the competent minister by the agreement with the competent authorities.
- A Chancellor from the Council of State chosen by the president of the council.
- A representative of the Public Sector Information Center.
- Under-Secretary of the Ministry of Planning nominated by the Minister of Planning.
- Under-Secretary of the Ministry of Finance nominated by the Minister of Finance.
- A representative of the trade unions organization of the insurance Sector staff approved by the Competent minister.
- A representative of each of the auxiliary organs set up under this Act.

The chairman of the council shall have the right to invite whoever, if necessary, to offer his expertise.

Article 4 - The Supreme Council of Insurance has the competence to decide the general objectives of the insurance activity and to approve the policies needed for the achievement of these objectives.

This Council shall replace the Supreme Council of Commercial Insurance set up by the presidential decree No.516, of 1976.

* **Article 5** - The Supreme Council of Insurance shall have a technical secretariat formed by a decision of the chairman of the Council from the employees of the insurance sector whose function is to receive the topics to be put to the Council, to prepare its agenda to communicate its decisions and follow them up, as well as it is concerned with the preparation and studying of the topics related to the Insurance sector which are presented to the competent minister who decides the financial affairs of the secretariat.

* **Replaced with Law 91/1995**

Chapter 4

The Egyptian Insurance Supervisory Authority

Article 6 - A public Authority called the Egyptian Insurance Supervisory Authority is to be set up as an independent body corporate subordinate to the competent minister with its head quarters in Cairo. This Authority shall have the competence to supervise and control the insurance activity in Egypt whether at the establishment, during transaction or at the termination of the business. The Authority in particular aims at the implementation of the following objectives

- 1-** to protect the rights of insurance policyholders, the beneficiaries and third parties.
- 2 -** to secure the achievement of the economic and social objectives of insurance activity and preserving the national savings and the foreign currency resources from flowing abroad.
- 3 -** to secure the soundness of the financial positions of the Insurance market units, coordinating among them and preventing any conflict between them.
- 4 -** to participate in developing insurance awareness in the country
- 5 -** to support the insurance market and develop it.
- 6 -** to strengthen the ties of co-operation and integration with the other control and supervisory authorities at the Arab, African, and world level.
- 7 -** to promote the insurance professions and to contribute effectively to the availability of the expertise.

All this shall be within the framework of the Act as well as the objectives and policies decided by the Supreme Council of Insurance.

* **Article 7** - The Authority is concerned with the implementation of the provisions of this Act in particular :

First : First : The Supervision and control of individuals and bodies Corporate subject to the provisions of this Act

Second: The supervision and control of the Private Insurance Funds within their Act.

Third : Studying the legislation related to the insurance activity and expressing its view in any proposed decision or pursuit of the relevant draft laws to this activity.

Fourth : Representing the State at the international insurance and reinsurance bodies and companies in which the government decides to participate.

Fifth : Supporting the insurance studies and participating in their finance to serve the insurance market.

Sixth : Preparing and publishing the statistical data, reports and studies pertaining to the activities of the Egyptian insurance market and its units.

Seventh: Taking all the required measures to follow-up the implementation of the provisions of this Act and its regulations

*** Article 8 -** The Authority shall have a board of directors formed as Follows:

- The Chairman of the Authority. (**Chairman**)
- The Deputy Chairman of the Authority. (**Deputy Chairman**)
- One of the actuaries registered in the Authority's registers nominated by the competent minister. (**Member**)
- One of the deputies of chairman of the Council of State nominated by the Council. (**Member**)
- Seven members experienced in the field of insurance and reinsurance and related activities nominated by a decree issued by the Prime Minister based on the proposal of the competent minister, including among them one of the insurance professors in the Egyptian Universities. (**Members**)

Article 9 - The board of directors of the Authority is the competent power to run its affairs and has the right to take whatever decisions to achieve its objectives in particular
The board of directors of the Authority is the competent power to run its affairs and has the right to take whatever decisions to achieve its objectives in particular

1 - considering the topics required by this Act or any other act to be submitted to the board, beside considering the topics Stipulated by the Private Insurance Funds Act No.54 of 1975 to be submitted to the board.

2 - approving the organizational structure of the Authority.

3 - issuing the systems and regulations concerning its staff, their salaries, wages, remuneration, benefits, special allowances, fixing their per diem rates for local and overseas missions, so as to keep them on an equal footing with what is decided for the staff of the public insurance companies.

4 - issuing the financial administrative and technical regulations of the Authority and other organizing decisions without being bound by the regulations and rules specified in the Act and regulations applied to the government and the public sector.

5 - approving the budget, the balance sheet and the annual accounts of the Authority.

6 - considering any matters to be presented through the proposal of the competent minister or the chairman of the board in compliance with the Authority's powers.

The board is entitled to delegate some of its functions to a committee comprising of its members, or to the chairman of the board or his deputy, it may also delegate one of his members to do a specific assignment .

* **Article 10-** The decisions of the board of directors of the Authority shall be valid without being approved by a higher authority with the exception of the following decisions which have to be approved by the competent minister.

1- The decisions related to the general policy or the insurance legislation's.

2 - The decisions of determining other classes of insurance.

3 - The decisions concerning the quotas by which the companies are obliged to cede from their transactions to the Egyptian Reinsurance Companies and the rates of commissions paid by the companies of these cessions.

4 - The decision of the dissolution of the board of directors of a company according to article. 59 (i) of this Act.

The Chairman shall notify the competent minister of the decisions that need his endorsement within two weeks from the date of issue, and they shall be valid by his sanction and he shall have the power to amend them.

The minister shall notify the Authority of the decision within 30 days from the date of receiving the documents otherwise these resolutions will be deemed final and valid.

Article 11 - The chairman of the board shall assume the management of the Authority's affairs, implement the board's decisions and shall represent the Authority in its relations with others and in courts.

Article 12 - **The resources of the Authority are :**

1 - The fees of supervision, control, registration and inspection stipulated in this Act.

2 - Subsidies allocated to the Authority by the state and the loans it acquires.

3 - Any other amounts of money as a result of the Authority's activities or for the transactions and services rendered by it. Any surplus of the Authority's resources shall be transferred to the state treasury.

Article 13 - The Authority shall have an independent budget prepared according to the rules applied to the companies. The relation between this budget and the budget of the state is confined to the surplus that will be transferred to the treasury and any loans and contributions decided for this budget.

Article 14 - The annual auditing of the Authority's accounts shall be assigned to the General Department of Auditing Insurance Sector's Accounts at the Central Organization of Accounting. The Authority shall put all the necessary records, documents and data at the disposal of the auditors.

Article 15 - The Authority shall prepare within four months after the end of the financial year the statement of the financial position, revenues and expenditures accounts of the Authority according to the rules applied to the companies, in addition to a report on the financial position of the Authority and its activity during that year to be submitted to the board of directors.

Article 16 - The Authority shall prepare an annual book to be published on the insurance activity in the Arab Republic of Egypt, the application of the Act and the status of the establishments subjected to it.

* Replaced by Law91/ 1995

Chapter 5

The Establishments of Insurance and Reinsurance Business :

A) Insurance and Reinsurance Companies.

(1) **Article 17** - Under the provisions of this Act the term insurance and reinsurance companies means the joint stock companies authorized to transact insurance and reinsurance business whatever its instrument of establishment and shall be referred to in this Act as the " company " . .

(2) **Article** - Insurance and Reinsurance companies of which the private sector participates in their capital, are subject to joint stock , partnership and limited liability Act No.159/1981 and stock exchange market Act no. 95/1992 . It is related to the provisions not stipulated in this Act.

Article 19 - Each company shall have a board of directors formed according to the Act applied to it and the chairman is to represent the company in Courts and in its relation with other parties.

Article 20 -The board of directors of a company controls and runs its affairs. It shall set up the company's insurance and Investment plan and supervise its implementation. It is entitled to issue the decisions it sees fit to guarantee the achievement of the company's objectives within the framework of this Act. The board has in particular the power to :

1 - Carry on insurance and reinsurance business in accordance with the decision of the company's establishment and authorization issued by the Authority.

2- Contribute to the development of savings and financial investment.

3 - Participate in the establishment of enterprises and companies in the different Spheres of economic activity within the framework of the state's national plan.

4 - Approve the draft of the general plan, the annual accounts and the balance sheet in preparation for submitting them to the general meeting for sanction

5 - Approve the organizational structure.

6 - Issue the financial technical and administrative systems and regulations including those related to the company's staff, their salaries, wages, remuneration,, benefits, special allowances, at home and abroad per diems and incentive systems.

The board of directors of public companies shall not be bound in issuing its directives in accordance with item (5 & 6) to the rules and regulations specified in Act No.60 of 1971 of public sector organizations and affiliated companies and Act. No 48 of 1978 of the system of public sector personnel provided that the principles shown below shall be applied:

First : Linking the wages with performance.

Second: The rules of the social insurance system according to Act No.79 of 1975.

Third: No contravention to the staff unions participation as stipulated in the Acts.

(3) Article 20 (bis) - The general meeting of each insurance and reinsurance company subordinate to the public sector is formed under the chairmanship of the competent minister or his representative and with the membership of each of:

- a) The chairman of the board of directors of the Insurance Supervisory Authority.
- b) A representative of each of the Ministry of Finance, Ministry of Planning and Ministry of Economic and Foreign Trade.
- c) The chairmen of the other public insurance and reinsurance companies.
- d) Four employees of the company, other than the board members, chosen by its trade union.
- e) Members who have experience in the company's business not exceeding four nominated by the competent minister.

The chairman of the company, the board members and the auditors from the Central Organization of Accounting attend the general meeting without having voting counted.

The resolutions of the general meeting are passed by a majority of the members present and voting except cases which require obtaining a special majority under the provisions of the Act and the memorandum of association of a company.

Article 21 - The net profits of the public companies shall be transferred to the treasury after deducting the estimated reserves, provisions and the staff share of the profits.

The general state budget shall not include the resources and current and capital expenditures of these companies.

(1) Replaced with Law 91/1995

(2) Replaced with Law 156/1998

(3) Added by Law 30/1989

B) Cooperative Insurance Societies.

***Article 22** - A co-operative insurance society is one which is formed within the framework of the general rules of co-operation and provided that the value of shares or its capital portions at the establishment and the paid up capital are not less than the amount specified in the executive regulation of this Act.

The Authority shall register and authorize these organizations to carry on their activities under its supervision and control.

The mutual organization acquires the legal entity when it is registered in the prescribed register at the Authority.

The executive regulation shall define the necessary rules and conditions for the establishment, registration and the technical bases of these societies.

*** Replaced with Law 91/1995**

C) Private Insurance Funds.

Article 23 - under the provisions of this Act, a private insurance fund means every system in a body corporate, trade union or a society composed of members of one profession or the same work or having any other social relation. This system is formed without a capital, financed by subscriptions or other means with the view of granting its members, or beneficiaries, certain insurance rights in the form of compensations or periodical pensions or specified financial benefits.

These Funds are subject to the provisions of the Private Insurance Funds Act No.54 of 1975.

D) Governmental Insurance Fund.

* **Article 24** - This term means the Funds that transact the insurance of risks not normally acceptable by insurance companies or those which the government decides to undertake by itself.

The governmental Insurance Fund shall be set up by the Prime Minister's decree. Rates and conditions of the Insurance transactions mentioned above shall be fixed by the competent ministers decree through the proposal of the board of the Authority.

The executive regulation of this Act includes the provisions regulating the Authority's supervision and control aspects of these Funds.

* **Replaced with Law 91/1995**

Chapter 6

Federations and Auxiliary Organs

* **Article 25** - insurance and reinsurance companies under this Act may set up among themselves a federation, an auxiliary organ or more aiming at building up analyzing and publishing information, or carrying out business for loss prevention and reduction or strengthening the ties with insurance associations abroad or any other matters that are of interest to the members.

Not more than one federation may be set up for each purpose or a class of insurance.

The Constitution of the federation or the organ shall include the provisions of the nature of the relationship between its members, their obligations and penalties of breaching its rules. The competent minister shall issue a decree of ratifying the establishment of the federation or the organ and its constitution. The federation or the organ shall be registered in the prescribed register at the Authority after paying fees amounted to L.E. 5000.

The decree of establishment and the constitution shall be published in Al Waka' a Al Masriyah at the expense of the federation or the organ and each of them will be a body corporate from the date of publication.

The Authority shall have a representative at the federation or the organ who shall attend the meetings of its committees without having voting counted.

Article 26 - Subject to the above article, auxiliary organs include

1 - Cargo Supervision and Surveying Office in A.R.E and the relationship between governmental organs and others related to their activity are organized by the Prime Minister's decree.

2 - The Egyptian Insurance Computer Center.

3 -The insurance institutes jointly set up by the companies.

* **Replaced with Law 91/1995**

Chapter 7

(1) Insurance and Reinsurance Companies

(1) **Article 27** - An insurance or reinsurance company must take the form of an Egyptian joint stock company with an issued capital of not less than LE 30 million of which at least one half has been paid up at the establishment.

The rest of the issued capital must be fully paid within a period not exceeding five years from the date of the company's registration at the Authority.

(2) The company's shares must be nominative.

The company's capital shall not be reduced without the Authority's consent provided that the capital shall not be less than the minimum limit referred to in the first paragraph of this article.

The Insurance company may not carry on both the classes of insurance specified in article 1, clause (1) item (1) of this Act and classes specified in the second item of the same clause except the existing companies are at the time of issuing the Act are lawfully carrying on both the classes specified in the mentioned clause.

(3) **Article 27 (bis)** - Any one who establishes or manages an insurance or reinsurance company shall meet the following requirements

1 - not be sentenced to a criminal penalty or Sentence restricting liberty for committing a felony of infidelity or honor unless he has been rehabilitated.

2 - not be declared bankrupt, unless he has been rehabilitated.

3 - not be disqualified.

(4) **Article 27 (bis1)** - Each natural or legal person owns 5% of an insurance or reinsurance company's capital must give a written notice to the authority within two weeks of the date of his ownership of such percentage.

Ownership of 10% or more other than heritage of a company's capital must be provided by the Prime Minister consent.

(1) **Article 28** - Founders of an insurance or reinsurance company shall apply to the Authority to obtain the initial approval of the company's establishment.

The application form must be accompanied by a technical and economic feasibility study of the company, its objectives, envisaged classes of insurance and the additional information necessary for the consideration of the application. The Authority shall decide whether or not to approve the application according to the regulation of this Act

After having the initial approval, the founders shall take the procedures of the company's establishment under the provisions of the pertaining laws.

(1) Replaced with Law 91/1995

(2) Replaced with Law 156/1998

(3) Added by Law 91/1995

(4) Added by Law 156/1998

Chapter 8

(1) The Registration and Authorization of Insurance and Reinsurance Companies to Carry on Business :

(1) Article 29 - The company after being established shall submit an application form of registration and authorization to the Authority to carry on business accompanied by the following documents:

- a)** The certificate of the company's incorporation.
- b)** The documents which prove that the conditions specified in article 31 of this Act have been complied with.
- c)** A certified copy of the initial contract of the company.
- d)** A certified copy of the memorandum of association of the company.
- e)** A certificate issued by one of the banks registered at the Central Bank of Egypt proving that the company has deposited in A.R.E. an amount not less than L.E. 500,000 for each class of insurance it intends to carry on and not exceeding L.E 3. million for all these classes. The company may not dispose of any of these funds without the Authority's consent.
- f)** Registration fees amounted to L.E. 2.000 for each class of insurance which the company intends to carry on.
- g)** The policies forms issued by the company for each class of insurance the company applied to obtain authorization to transact and the benefits, restrictions, rates and conditions of these policies.
- h)** If the company shall carry on one of the transactions specified in article (1) of this Act, these policies should be accompanied by the following documents :
 - 1** - a certificate from one of the actuaries registered at the authority that the bases of rates of these transactions, benefits and restrictions granted by the policies are sound and applicable.
 - 2** - a schedule specifying the surrender value or reduction provided that it must be provided for in each of the mentioned policies.
- i)** Reinsurance arrangements and its type.

j) Any other documents required by the board of directors of the Authority.

(1) Article 30 : The chairman of the Authority shall issue a decision of the company's registration and authorization to carry on business within a month from the date of fulfillment of registrational requirements .

The decision shall be published in Al Waka'a Al Misryah at the expense of the company and the authority shall register the company in its prescribed register.

The company may not begin to carry on business unless it has been registered and authorized to transact its business, as well as it may not be allowed to carry on any class of insurance other than the authorized classes. Any contract concluded contrary to the above mentioned is null and void. This annulment is not argument against the insured and the beneficiaries unless it is proved their bad faith.

(2) Article 31 : The board of directors of a company must include two experts in the field of insurance provided that one of them will be responsible for the executive management .

The manager who is responsible for underwriting, claims settlement, reinsurance and investment transactions must have experience in the fields of insurance, reinsurance and investment accordingly

The company must notify the chairman of the Authority with the decisions issued concerning the appointment of the board members and those who are responsible for the executive management and any other related information, within thirty days from the date of issuing the decisions mentioned above. This notification is to be submitted according to the form set up by the Authority

The Authority may serve a notice of objection on any person proposed to be appointed within a period of one month from the date of the notification of the decision.

The person concerned has the right to appeal to the Minister of Economy against the Authority's decision of the objection of appointment within a period of fifteen days from the date of notification of the decision. Lapse of thirty days as from notifying the Authority without being objected, shall be considered as a decision of approval.

Article 32 - The company has to display in papers it issues, that it has been authorized to transact insurance or reinsurance business in Egypt, and should mention the number and date of its registration in the companies register at the Authority.

Article 33 - The company shall notify the Authority of any alteration in the information included in the application of registration and authorization as well as in the documents and forms accompanying it. This notification is submitted according to the rules and conditions provided for in the executive regulation of this Act and should be accompanied by the documents pertinent to this alteration or change.

If the alteration covers the bases of insurance business or the benefits, restrictions and conditions under the insurance policies, the company, if it is already transacting one of the classes of insurance specified in the article 1, clause (1), item (1) of this Act, should also submit together with the notification a certificate from one of the actuaries registered in the prescribed register at the Authority proving that the rates, benefits, limits and conditions are sound and applicable.

These alterations or changes shall be taken into effect only after being endorsed by the Authority. Lapse of thirty days from the Authority's notification without a decision being made on them, they will be considered as a decision of approval. The alterations concerning the information of registration and authorization will be published in Al waka'a Al Misryah at the expense of the company.

(1) Replaced with Law 91/1995

(2) Amended by Laws 91/1995 & 156/199

Chapter 9

Insurance and Reinsurance Companies Funds and Liabilities

Section 1 : General Rules for the Liabilities of Insurance and Reinsurance Companies.

* **Article 34** - Insurance companies must reinsure part of their direct Insurance transactions carried out in Egypt with the Egyptian Reinsurance Company, according to a decision of the Authority's board of directors fixing the rules, quotas of these cessions and commissions to be paid by the Egyptian Reinsurance Company.

In the case of the establishment of reinsurance companies with Egyptian capital not less than 51%, a decision of the board of the Authority may redistribute the compulsory cession aiming at the national economic interest.

Article 35 - The Egyptian reinsurance companies pledge to accept the reinsurance cession according to the decision referred to in article 34 of this Act.

Article 36 - Companies are prohibited to transact insurance business on the basis of sharing, which means that they do not fix the indemnities and benefits under an insurance policy and make some or all of the indemnities subject to the result of distributing certain amounts between the total Insurance policies due at a future date.

Companies are also prohibited to do business on the basis of correlating the amount of the premium paid by the policyholder, all or part. of it, with the number of policies due at a future date with the exception of the dividends of the policyholders for the policies issued by the companies transacting the business provided for in article I (1), (2) from the surplus estimated by the actuary's report after carrying out the investigation mentioned in article 53.

Companies are prohibited to transact insurance business on the basis of sharing, which means that they do not fix the indemnities and benefits under an insurance policy and make some or all of the indemnities subject to the result of distributing certain amounts between the total Insurance policies due at a future date.

Companies are also prohibited to do business on the basis of correlating the amount of the premium paid by the policyholder, all or part. of it, with the number of policies due at a future date with the exception of the dividends of the policyholders for the policies issued by the companies transacting the business provided for in article I (1), (2) from the surplus estimated by the actuary's report after carrying out the investigation mentioned in article 53.

* **Article 37** - The insurance company must establish the required technical reserves to meet its liabilities to policyholders and beneficiaries, as follows:

First : As for personal insurance and capital redemption business:

a) The mathematical reserve, which is estimated by an actuary according to the technical bases endorsed by the board of directors of the Authority.

b) The outstanding claims reserve equal to the value of the total unsettled claims at the date of the balance sheet.

Second : As for property and liability insurance:

a) Unearned premium reserve

It is the amount set aside by the company to meet its liabilities for insurance transactions issued before the end of the financial year and is still in force after its end and at the following minimum ratios of the gross premiums of the company for the previous financial year.

1 - 47 % for compulsory third party liability insurance arising from motor accidents.

2 - 25% for marine and aviation insurance.

3 - 40% for any other insurance transactions.

4 - 100% of the balance of premiums for long term policies pertinent to the years following the previous financial year after deducting these years' share of the agent's brokerage paid in the year of issue.

b) The outstanding claims reserve for the reported losses.

c) Incurred but not reported losses reserve at the date of the balance sheet according to the rules being made by the Authority.

d) Loss ratio fluctuations reserve.

The executive regulation of this Act determines the basis of its estimation and the cases in which it is used according to each class of property and liability insurance.

In all cases, these reserves must be adequate to meet the rights of policyholders. If the Authority finds out during examining these reserves that they are inadequate, the company must take the measures required to satisfy them according to the rules specified by the Authority in this respect.

*** Article 38:** Any insurance and reinsurance company should allocate funds in Egypt with a value at least equal to the value of the technical reserves mentioned in the previous article for the business carried out in Egypt.

These allocated funds must not be seized unless other funds of the company have been exhausted.

The company must maintain the funds of personal Insurance and capital redemption completely separate from the funds of property and liability insurance.

The executive regulation of this Act determines the rules and ratios for investing these funds and methods of its evaluation.

Cash money and securities which form part of these funds should be deposited in one of the banks registered at the Central Bank of Egypt.

The company must give a permission to the concerned bank in order to submit to the Authority all the information requested about these funds.

Each company shall submit to the Authority statements of the funds allocated according to the provisions of this article at the dates specified in the executive regulation of this Act

The Authority shall take the appropriate action to ensure that the company is carrying out the provisions of this article.

The company shall notify the Authority of all the dispositions or final court decisions concerning the funds to be allocated as they establish a right of real estate, its transfer, its change or its abolish before declaration by registry or entry.

Article 39 - Without prejudice to the provision of the previous article, the value of assets of an insurance or reinsurance company should exceed its liabilities at any time by 20% of the net premiums of property and liability transactions or 25% of the net incurred claims of the preceding year whichever is the greater, provided that the amount deducted for outward reinsurance transaction, at the time of calculating these ratios, must not exceed 50% of the gross premiums.

The assets of the company should exceed its liabilities for personal insurance and capital redemption funds at any time by the following ratios:

a - a - equal to 0.3 % of the exposure funds of insurance contracts in force including reinsurance. That amount will be reduced by not more than 50% for reinsurance.

b - equal to 4% of the mathematical reserves including reinsurance. That amount will be reduced by not more than 15% for reinsurance. In all cases, the required increase of the value of assets over liabilities referred to shall not be less than the paid up capital.

The board of directors of the Authority will issue a decree regarding the rules of fixing the elements of the assets and liabilities of insurance and reinsurance companies for calculating the ratios mentioned in this article.

Article 40 - The Insurance company may not contribute in another company's capital transacting the same activity in Egypt.

Insurance and Reinsurance Companies are Obligated to the Following:

1- The value of all types of shares owned by the company must not exceed the ratio determined by the decision of the competent minister issued on the ground of the recommendation of the Authority's board of directors.

2 - The value of sharing of the company's capital must not exceed 5% of the company's investments in the previous financial year, and not exceeding 20% of the company's capital.

3 - The company must not contribute in companies other than the stock companies provided that the percentage of contribution, loans, guarantees, and bonds in one company must not exceed the ratio mentioned in item (2).

4 - Not entitled to grant any loans or renew them without securing adequate guarantees. In all cases, the amount of any loan must not exceed 1.5% of the total company's investments. As for loans with registered estate mortgages, the amount of these loans must not exceed 60% of the amount of the mortgaged estate.

5 - Not entitled to give guarantees to other parties whatever their kind beyond the classes of insurance specified in article 1, clause (1), item (2).

Article 41 -The beneficiaries of the policies effected and carried out by the company in Egypt shall have a privilege over the allocated funds according to articles 37 and 38, which comes next to the privilege stipulated in article 1141 (a) of the civil code, and the department concerned shall certify through declaration and notarization at the request of the Authority of this privilege on the margin of each register or entry of these funds and shall notify the Authority of every nota bene.

Article 42 - All revenues from stocks and loans granted by the insurance company and all kinds of deposits that should be allocated according to articles 37 and 38 are exempted from the taxes on the earnings of mobile capitals.

All revenues from stocks and loans granted by the insurance company and all kinds of deposits that should be allocated according to articles 37 and 38 are exempted from the taxes on the earnings of mobile capitals.

Article 43 - A fund shall be set up and called a policyholders' guarantee fund and the relative beneficiaries of insurance companies' registered at the Egyptian Insurance Supervisory Authority. It will have the legal entity and separate balance sheet. It will be subject to the supervision of the Authority with its headquarters in Cairo and it aims at the compensation of policyholders and beneficiaries of the policies due to the company's inability to meet its liabilities. The Constitution of the fund shall be passed by a virtue of the Prime Minister's decree through the proposal of the competent minister after getting the Authority's view. The constitution should in particular include

- a) The objectives of the fund means of its implementation and regulating the relation between it and the Authority.
- b) Membership subscription, its terms and the amount of the annual subscriptions of member companies.
- c) Work system of the fund and the formation of its board of directors.
- d) Guarantee scale and maximum amount of compensation of the fund.
- e) The financial sources of the fund , rules and items of expending thereof.
- f) Audit of the fund accounts.

Section 2 : Records and Accounts of Insurance and Reinsurance Companies.

Article 44- Each insurance company shall keep the following registers for each class of business

a) The policies register in which all the policies effected by the company are to be registered. It includes the names and addresses of the policyholders, the date of issue, duration of the policy, the sum insured and the amendments and changes taking place.

b) The claims register in which all claims submitted to the company are entered. It includes the date of each claim. The name and address of the policyholder, the policy number, the estimated reserve for the casualty and date of the claim payment. in the case of repudiating the claim; its date and reasons shall be mentioned.

c) The intermediaries register in which the company registers the name and address of every intermediary who intermediates in transacting insurance business for it.

d) The treaties register which includes the facultative and treaty transactions. All treaties concluded by the company are entered in it. It shows the names and addresses of the other parties to the treaty, the date of every treaty, its expiry date, and any changes that might occur and any other additional information the company deems significant to the treaty.

e) The legally allocated funds register which is to be notarized by the Authority . It shows the invested amounts of the funds to be legally allocated in Egypt and the changes relating to the formation of these funds. The funds relating to life assurance transactions shall be registered separately. As for reinsurance companies, they shall keep the two registers referred to in items (d) and (e) of this article.

Each insurance company shall keep the following registers for each class of business

a) The policies register in which all the policies effected by the company are to be registered. It includes the names and addresses of the policyholders, the date of issue, duration of the policy, the sum insured and the amendments and changes taking place.

b) The claims register in which all claims submitted to the company are entered. It includes the date of each claim. The name and address of the policyholder, the policy number, the estimated reserve for the casualty and date of the claim

payment. in the case of repudiating the claim; its date and reasons shall be mentioned.

c) The intermediaries register in which the company registers the name and address of every intermediary who intermediates in transacting insurance business for it.

d) The treaties register which includes the facultative and treaty transactions. All treaties concluded by the company are entered in it. It shows the names and addresses of the other parties to the treaty, the date of every treaty, its expiry date, and any changes that might occur and any other additional information the company deems significant to the treaty.

e) The legally allocated funds register which is to be notarized by the Authority . It shows the invested amounts of the funds to be legally allocated in Egypt and the changes relating to the formation of these funds. The funds relating to life assurance transactions shall be registered separately. As for reinsurance companies, they shall keep the two registers referred to in items (d) and (e) of this article.

Each insurance company shall keep the following registers for each class of business

a) The policies register in which all the policies effected by the company are to be registered. It includes the names and addresses of the policyholders, the date of issue, duration of the policy, the sum insured and the amendments and changes taking place.

b) The claims register in which all claims submitted to the company are entered. It includes the date of each claim. The name and address of the policyholder, the policy number, the estimated reserve for the casualty and date of the claim payment. in the case of repudiating the claim; its date and reasons shall be mentioned.

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e) The legally allocated funds register which is to be notarized by the Authority . It shows the invested amounts of the funds to be legally allocated in Egypt and the changes relating to the formation of these funds. The funds relating to life assurance transactions shall be registered separately. As for reinsurance companies, they shall keep the two registers referred to in items (d) and (e) of this article.

*** Article 45** - The Authority determines the date for the beginning and ending of the financial year of insurance and reinsurance companies.

Article 46 - The company shall keep separate accounts for every class of insurance. The board of the Authority may moreover ask the company to keep an account for one or more kinds of - The company shall keep separate accounts for every class of insurance. The board of the Authority may moreover ask the company to keep an account for one or more kinds of - The company shall keep separate accounts for every class of insurance. The board of the Authority may moreover ask the company to keep an account for one or more kinds of - The

company shall keep separate accounts for every class of insurance. The board of the Authority may moreover ask the company to keep an account for one or more kinds of insurance business that come under one class.

Article 47 - The company shall submit annually the following data and accounts to the Authority in the date specified in the executive regulation

- a) The balance sheet.
- b) The profit and loss account
- c) The appropriation account.
- d) The separate revenues and expenditures account for every class of insurance.
- e) Summary of the reinsurance treaties.

The statement of the legally allocated funds to be maintained in Egypt according to the provisions of this Act. This statement shall be supported by the documents requested by the Authority. A report on the company's transactions during that year shall be enclosed. These data shall be prepared according to the forms specified in the executive regulation and include all the transactions carried out by the company in Egypt and abroad separately.

These data and documents applied under the provisions of the Act should bear the signature of the chairman of the company and its financial manager. As for the data relating to life assurance and Capital redemption, it shall also be signed by the actuary.

*** Article 48** - Without prejudice to the rules of the Central Organization for Accounting, a company's accounts shall be audited by an auditor appointed by the general meeting of the company from the auditors recorded in a register to be established at the Authority in consultation with the Central Organization for Accounting. It is not permitted to the auditor to audit more than two companies accounts .The company shall put at the disposal of the auditor all the books and documents necessary for carrying Out his job. The chairman of the Authority, if necessary, shall commit to another auditor to implement a specific assignment against fees paid by the company.

*** Article 49** - Each insurance or reinsurance company must provide an annual report to the Authority issued by its auditor. The report shall state that the balance sheet profit and loss account, revenue and expenditure and allocated funds established to meet the company's liabilities in Egypt, and have been properly prepared and they give a true and fair view of the company's financial position according to its books and the other data put at his disposal.

The auditor shall notify simultaneously both the company and the Authority of any deficit, mistake or any irregularity he finds out during his investigation.

The company shall offer an actuarial report Each insurance or reinsurance company must provide an annual report to the Authority issued by its auditor. The report shall state that the balance sheet profit and loss account, revenue and expenditure and allocated funds established to meet the company's liabilities in Egypt, and have been properly prepared and they give a true and fair view of the company's financial position according to its books and the other data put at his disposal.

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The auditor shall notify simultaneously both the company and the Authority of any deficit, mistake or any irregularity he finds out during his investigation.

The company shall offer an actuarial report which proves that the technical reserves of personal insurance transactions are estimated according to the approved technical bases.

Article 50 - Fifteen days notice must be given by the company to the Authority specifying the date, place and agenda of the general meeting It shall also provide to the Authority a certified copy of every report provided to the Shareholders or policyholders on the company's transactions once that action takes place it shall provide the Authority with a copy of the minutes of each general meeting within thirty days of the date of meeting.

The Authority shall have a representative at the general meeting but without having voting counted.

Article 51 - The Authority has the right to inspect at any time the books and records of insurance and reinsurance companies subject to the provisions of this Act, to ensure obtaining the data and clarification required to confirm the implementation of the provisions of this Act.

This Sight shall take place at the offices of every company and carried out by the Authority's inspectors and their assistants who shall have the status of the judiciary officers according to article 95 of this Act. The Authority has the right to inspect at any time the books and records of insurance and reinsurance companies subject to the provisions of this Act, to ensure obtaining the data and clarification required to confirm the implementation of the provisions of this Act.

This Sight shall take place at the offices of every company and carried out by the Authority's inspectors and their assistants who shall have the status of the judiciary officers according to article 95 of this Act. The Authority has the right to inspect at any time the books and records of insurance and reinsurance companies subject to the provisions of this Act, to ensure obtaining the data and clarification required to confirm the implementation of the provisions of this Act.

This Sight shall take place at the offices of every company and carried out by the Authority's inspectors and their assistants who shall have the status of the judiciary officers according to article 95 of this Act. The Authority has the right to inspect at any time the books and records of insurance and reinsurance companies subject to the provisions of this Act, to ensure obtaining the data and clarification required to confirm the implementation of the provisions of this Act.

This Sight shall take place at the offices of every company and carried out by the Authority's inspectors and their assistants who shall have the status of the judiciary officers according to article 95 of this Act.

* Replaced with Law 91/1995

Section 3 : Specific Provisions of Personal Insurance and Capital Redemption.

* **Article 52** - The companies transacting the insurance business specified in article 1, clause (1), item (1) of this Act may not discriminate between policies of the same kind in respect of insurance rates, the amount of dividends of the policyholders or other conditions, unless this discrimination is due to the difference of life expectancies, except of the following :

1 - Insurance policies of special conditions for insuring the lives of the members of one family or a group of people of one occupation, work or any other social relation.

2 - The policies of big sums insured which have reductions approved by the Authority.

The board of the Authority may authorize the company to Issue less rated policies than the ordinary rates in the case of justifiable reasons.

Article 53 - The companies stipulated in the previous article shall examine the financial position or life assurance and capital redemption classes and evaluate the outstanding liabilities at least once every three years by an actuary. This evaluation deals with all the insurance transactions carried out by the company in the Arab Republic of Egypt and abroad separately This evaluation shall be made whenever the company seeks to examine its financial position for fixing the dividends of the shareholders or the policyholders.

The Authority may, if it deems it necessary, and upon the approval of its board demand this evaluation at any time before the lapse of three years provided that one year has lapsed since the last examination.

The executive regulation fixed the data to be included in the actuarial report. A copy of the report shall be sent to the Authority within six months of the examination date, accompanied by a declaration from the managers of the company certifying that all the data and information needed to reach a correct estimation of the company's commitments were put at the disposal of the actuary.

The Authority may after the expiry of six months period, give the company an additional grace period to submit this report, not exceeding three further months.

Article 54 - If the Authority finds that the actuary's report does not indicate the company's financial true position due to applying wrong bases for the evaluation, it may after hearing the company's representatives, order the re-examination specified in the above article at the expense of the company.

*** Article 55-** The companies stipulated in Article 52 of this Act, may not deduct any part of its funds directly or indirectly to meet their commitments arising from insurance policies to distribute it as a profit to the shareholders or policyholders, or to pay any amount other than their liabilities under the insurance policies issued by them.

The dividend of shareholders or policyholders is confined to the amount of the surplus fixed by the actuary in his report after the examination mentioned in article 53 of this Act and the distribution of that dividend shall be made according to the rules Stipulated in the executive regulation of this Act.

Without prejudice to article 38 of this Act, funds of the company in Egypt and abroad to which this article applies may be considered as one unit.

Article 56 - The companies stipulated in article 52 are prohibited to give loans to their managers or employees either by a guarantee or a real estate mortgage or a personal guarantee, unless the company has unallocated funds of its net profits exceeding the allocated funds in accordance with articles 37 and 38 of this Act.

Loan guaranteed policies are exempted of that prohibition provided that the loan is not exceeding the surrender value of the policy.

Article 57 - The Authority may authorize the insurance companies stipulated in article 52 to run a lottery. The sums given for every winning policy may not exceed the capital due in its maturity date. This provision shall not apply to the policies issued with different conditions before the application of the Act. The lottery takes place in the presence of the Authority's representative.

The chairman of the Authority issues a decision on the conditions of the lottery and how to declare its results within the framework of the applied laws

Article 58 In the case of bankruptcy or liquidation of one of the companies stipulated in article 52, the sums due to each policyholder of an unexpired policy is estimated as an equivalent to its mathematical reserve at the date of the court's sentence of bankruptcy or liquidation, calculated according to the technical rules of the tariff of premiums as at the date of issuing the policy and the bases of establishing the technical reserve.

In the case of bankruptcy or liquidation of one of the companies stipulated in article 52, the sums due to each policyholder of an unexpired policy is estimated as an equivalent to its mathematical reserve at the date of the court's sentence of bankruptcy or liquidation, calculated according to the technical rules of the tariff of premiums as at the date of issuing the policy and the bases of establishing the technical reserve.

In the case of bankruptcy or liquidation of one of the companies stipulated in article 52, the sums due to each policyholder of an unexpired policy is estimated

as an equivalent to its mathematical reserve at the date of the court's sentence of bankruptcy or liquidation, calculated according to the technical rules of the tariff of premiums as at the date of issuing the policy and the bases of establishing the technical reserve.

* Replaced with Law 91/1995

Chapter 10

** Examination of the Companies Transactions*

Article 59 - Without prejudice to the Authority's right of inspecting the books and records under article 51 of this Act, the Authority has to carry on periodical examination of Insurance and reinsurance companies to ensure the soundness of the company's financial position, compliance with the provisions of the Act and technical bases to carry on insurance and reinsurance business.

The Authority may make comprehensive examination of the company's business if it has the causes to which it believes the rights of policyholders are at stake or that the company will be unable to meet its liabilities or its conduct of business proved that it is harmful to the insurance market or it contravened any of the provisions of this Act.

This examination shall be carried out at the request of a number of shareholders representing not less than one tenth of the capital or by not less than five hundreds of policyholders of life assurance and capital redemption whose policies have been issued not less than three years ago.

The company shall furnish the Authority with any information, data, or documents it demands during the examination.

The examination shall be carried out according to the conditions and procedures of the executive regulation of this Act.

If the company's examination proved that the rights of policyholders are at stake or that the company is exposed to inability to meet its liabilities or that its business attitude proved to be harmful to the insurance market or that the company has contravened any of the rules of this Act the board of the Authority is authorized to take the corrective action and in particular :

- a)** to warn the company.
- b)** to limit the company's acceptance of new business, or renew its existing business in respect of all or some classes of insurance which the company is authorized to transact.
- c)** to oblige the company to prepare the financial statements and annual accounts for periods less than a year.
- d)** to invite the board of directors of the company to study and to take the required action to eliminate the irregularities attributed to the company. In such

case a representative of the Authority or more shall attend the meeting of the board.

e) to appoint a controller in the board of directors of the company for a period determined by the board of directors of the Authority.

The controller shall have the right to share the discussions of the board, and to express his views in the presented issues without having voting counted.

f) to allocate the distributable surplus to the shareholders or part of it to strengthen the net assets of the company.

g) to amend the investment policies and reinsurance arrangements of the company.

h) To separate One or more of the executives of the company.

i) To disintegrate the board and appoint a delegator to run temporarily the company until the appointment of the new board.

***** Replaced with Law 91/1995

Chapter 11

Transfer of Policies, Work Suspension, Withdrawal Of Authorization and Erasure of Registration :

Section 1 : Transfer of Policies

Article 60 - Where a company proposes to transfer to another company its policies together with all its rights and obligations for all or a part of its transactions in A.R.E., shall apply to the Authority under the provision specified in the executive regulation.

The application shall be published in Al waka'a al Misrya and in at least two local dailies according to the provisions specified in the executive regulation

This application shall include a call to the policyholders and others who may be concerned to notify the Authority of their remarks on the transfer in a date not exceeding three months as from publication.

Transfer of the company's policies with all its obligations shall be made on the ground of the decision of the board of the Authority if it is demonstrated that the transfer does not harm the interests of the policyholders, effected in Egypt the beneficiaries and creditors.

This decision shall be published in Al wak'a Al Misryah and used as a pretext against the insured and beneficiaries of the policies issued by the company in A.R.E. and the company's creditors.

In such a case the company's funds in A.R.E shall be transferred to the transferee, subject to the provisions of the transfer of property and the funds transferred .The transferred funds shall be exempted from stamp duties, registration and archive fees imposed under laws on the transfer of property and funds.

Section 2 : Work Suspension.

Article 61 - If a company registered under this Act resolves to suspend its transactions in one or more classes or insurance and seeks to free all or some of its funds, it shall submit to the Authority an application accompanied by the following:

1 - an evidence that it has completely and finally met its liabilities for all the valid policies of the class or classes it resolved to suspend its transactions or that it has transferred its policies to another company as specified in the previous article.

2- an evidence that it has published three times advertisement in at least two local dailies at intervals of 15 days under the provisions of the executive regulation, intending to apply a petition to the Authority three months later from the date of the last advertisement to free all or part of its funds in A.R.E. That advertisement contains a call to the policyholder and others who may be concerned to submit their objections to the Authority in a date not later than the date of submitting the mentioned application.

The Authority shall accept the application if it received no objections within the period set in this clause.

But if an objection was submitted within this period, the application shall only be decided on after an agreement or a final judgment on the objection.

However the chairman of the Authority may permit release of the company's funds providing the allocation of an amount equal to its commitments towards objector, including the expenditures needed to keep any asset of the company's.

Section 3 : Erasure of Registration and Withdrawal of Authorization .

*** Article 62** - Erasure of registration and withdrawal of authorization for carrying on the activity wholly or in part are as follows:

1 - If it appears that authorization and registration have not been obtained in a legal way.

2 - If the company persists to contravene the provisions of this Act or its executive decisions.

3 - If it is proved to the Authority that the company is unable to meet its liabilities.

4 - If it is proved to the Authority that the company always neglects settling the claims or frequently disputes sound claims.

5 - If the paid up capital becomes less than the minimum amount fixed in article 27 of this Act and the company does not complete it although it has been asked to do so.

6 - If the company does not keep in Egypt the funds that should be allocated as specified in article 38 of this Act or if it does not complete them within a year as from the date of asking it to do so.

7 - If the company refrains to submit its Erasure of registration and withdrawal of authorization for carrying on the activity wholly or in part are as follows:

1 - If it appears that authorization and registration have not been obtained in a legal way.

2 - If the company persists to contravene the provisions of this Act or its executive decisions.

3 - If it is proved to the Authority that the company is unable to meet its liabilities.

4 - If it is proved to the Authority that the company always neglects settling the claims or frequently disputes sound claims.

5 - If the paid up capital becomes less than the minimum amount fixed in article 27 of this Act and the company does not complete it although it has been asked to do so.

6 - If the company does not keep in Egypt the funds that should be allocated as specified in article 38 of this Act or if it does not complete them within a year as from the date of asking it to do so.

7 - If the company refrains to submit its Erasure of registration and withdrawal of authorization for carrying on the activity wholly or in part are as follows:

1 - If it appears that authorization and registration have not been obtained in a legal way.

2 - If the company persists to contravene the provisions of this Act or its executive decisions.

3 - If it is proved to the Authority that the company is unable to meet its liabilities.

4 - If it is proved to the Authority that the company always neglects settling the claims or frequently disputes sound claims.

5 - If the paid up capital becomes less than the minimum amount fixed in article 27 of this Act and the company does not complete it although it has been asked to do so.

6 - If the company does not keep in Egypt the funds that should be allocated as specified in article 38 of this Act or if it does not complete them within a year as from the date of asking it to do so.

7 - If the company refrains to submit its books and documents for the check or examination carried out by the Authority or the auditors or refused to submit the statements or data which should be submitted according to the Act , although it was asked in writing to do so more than once for three months.

8 - If a decision has been issued approving the transfer of the company 's policies and related obligations to another company of all the transactions carried on in Egypt according to article 60 of this Act.

9 - If the company suspends to carry on its activity in Egypt and released its funds according to article 61 of this Act.

10 - If a court sentence passed proclaiming the company's bankruptcy.

11- If the company fails to comply with any of the prerequisites of the authorization to carry on its activity and does not correct the offence committed within the period fixed by the executive regulation of this Act.

A decision of erasure and withdrawal of authorization of carrying on the activity shall not be issued unless the company has been notified by a registered letter

with a delivery receipt to present its defense within a month in writing as from the date of notification. Erasure and withdrawal of authorization to carry on all or part of the business shall be effected by a decision of the board the Authority sanctioned by the competent minister published in Al waka'a Al Misryah.

Erasure and withdrawal of authorization of carrying on part of the business shall be applied only to the transactions specified in the issued decision therein.

In all cases the company to which the decision of erasure and withdrawal of authorization of carrying on the whole business may not dispose of its funds and guarantees before carrying out the requirements specified in article 61 of this Act. In consequence or the decision of erasure and withdrawal of authorization the company shall suspend carrying on the activity in the classes of Insurance specified in the decision.

The chairman of the Authority may authorize the company to run off the existing transactions during erasure under the conditions made by him, as well as he may order to liquidate the company.

Liquidation shall take place according to the rules set up by the board of the Authority to ensure the fulfillment of the company's obligations under the supervision committee consisting of three members nominated by the chairman of the board.

*** Replaced with Law 91/1995**

Chapter 12

Experts and Intermediaries of Insurance

Section 1 : Actuaries.

* **Article 63** - The actuaries shall not carry on their work unless they are registered in the prescribed register at the Authority. A person entitled to be registered in this register must meet the following requirements

1 - To obtain one of the following degrees or diplomas:

a) a degree of Associateship or Fellowship from one of the following institutes :

1. the Institute of Actuaries (London) The actuaries shall not carry on their work unless they are registered in the prescribed register at the Authority. A person entitled to be registered in this register must meet the following requirements

1 - To obtain one of the following degrees or diplomas:

a) a degree of Associateship or Fellowship from one of the following institutes :

1. the Institute of Actuaries (London)
2. the Faculty of Actuaries (Scotland)
3. the Society of Actuaries (U.S.A)

b) a higher degree following the first university study in actuarial sciences from one of the universities or educational institutes or societies of actuaries equivalent to the certificates mentioned in item (a), or other certificate approved by the Authority according to the rules and conditions specified in the executive regulation of this Act.

2 - Not be sentenced to a criminal penalty or sentence restricting liberty for committing a felony of infidelity or dishonesty unless he has been rehabilitated.

3 - Not be declared bankrupt, unless he has rehabilitated.

4 - Not be disqualified.

5 - Not be fired from his occupation by a sentence or a final punitive decision or a decision taken to erase his name from the register of any of the professions organized by the laws and regulations for matters affecting the honesty or honor, unless at least three years has lapsed since the issue of the sentence or decision.

6 - Non Egyptian actuaries shall not be registered in the prescribed register of actuaries unless he is authorized to carry on the profession as an actuary abroad and he must submit the documents specified in the executive regulation of this Act.

*** Article 64** - An application form for registration in the actuaries register shall be submitted according to the terms and conditions specified in the executive regulation of this Act.

The applicant shall pay the fee fixed by the board of the Authority not exceeding LE 200.

Registration shall be accomplished by a decision of the chairman of the board of the Authority as well as it shall be erased in case of the actuary loses one of the requirements of the registration or at his request, as well as if it is proved that he has furnished any information required according to the provisions of this Act which is false whether willfully or by gross negligence or if frequently non complied with the technical bases to carry on business.

*** Replaced with Law 91/1995**

Section 2 : Insurance Consultants.

Article 65 - The insurance consultants shall not carry on the business of insurance consultancy unless they are registered in the prescribed register at the Authority. A person entitled to be registered in this register must meet the following requirements :

1- He must obtain one of the following degrees or expertise :

a) a degree of Associateship or Fellowship from the Chartered Insurance Institute of London.

b) a degree of Ph.D in Insurance or related sciences from a recognized university.

c) a degree from one or the universities or educational Institutes equivalent to the certificates mentioned in items (a,b) or other certificate approved by the Authority according to the rules specified in the executive regulation of this Act.

d) a university degree and a practical experience in the field of insurance activity for not less than 15 years.

2 - He must have the prerequisites specified in article 63 (2-6) of this Act.

In the case of carrying out the consultancy service by a body corporate, a legal representative of it must have these requirements.

The insurance consultants shall not carry on the business of insurance consultancy unless they are registered in the prescribed register at the Authority. A person entitled to be registered in this register must meet the following requirements :

1- He must obtain one of the following degrees or expertise :

a) a degree of Associateship or Fellowship from the Chartered Insurance Institute of London.

b) a degree of Ph.D in Insurance or related sciences from a recognized university.

c) a degree from one or the universities or educational Institutes equivalent to the certificates mentioned in items (a,b) or other certificate approved by the Authority according to the rules specified in the executive regulation of this Act.

d) a university degree and a practical experience in the field of insurance activity for not less than 15 years.

2 - He must have the prerequisites specified in article 63 (2-6) of this Act.

In the case of carrying out the consultancy service by a body corporate, a legal representative of it must have these requirements.

(1) 3 - Non Egyptian insurance consultants are remitted to carry on their business in Egypt under the conditions stipulated in the executive regulation.

(2) Article 66 - An application form shall be submitted in the register of the insurance consultants in accordance with the terms and conditions specified in the executive regulation of this Act The applicant shall pay the fee fixed by the board of the Authority not exceeding L.E 200.

Registration will be made by a decision of the Chairman of the board of the Authority. Also the expert registration shall be erased, if he lost one of the registration requirements, or at his request or if it is proved that he has furnished any information required in accordance with the provisions of this Act, which are inaccurate whether willfully or by gross negligence or if frequently non complied with the technical bases of carrying on the profession as a consultant.

An application form shall be submitted in the register of the insurance consultants in accordance with the terms and conditions specified in the executive regulation of this Act The applicant shall pay the fee fixed by the board of the Authority not exceeding L.E 200.

Registration will be made by a decision of the Chairman of the board of the Authority. Also the expert registration shall be erased, if he lost one of the registration requirements, or at his request or if it is proved that he has furnished any information required in accordance with the provisions of this Act, which are inaccurate whether willfully or by gross negligence or if frequently non complied with the technical bases of carrying on the profession as a consultant.

Article 67 - Actions of - Actions of insurance consultancy before courts or fields of arbitration shall be assigned only to the consultants registered in the prescribed register specified in article 65 of this Act.

(1) The executive regulation 362/1996 & article 115/c

(2) Replaced with Law 91/1995

Section 3 : Loss Adjusters.

Article 71 - In this Act an insurance intermediary means everyone who intermediates to effect insurance or reinsurance transaction.

* **Article 72** - Insurance or reinsurance intermediaries shall not practice their business unless their names are registered in the prescribed register at the Authority for this purpose, and non Egyptian intermediaries may not be allowed to intermediate in property and liability insurance transactions.

The registration shall be valid for three years to be renewed, at the request of the intermediary, who shall pay the fee fixed by the board of directors of the Authority not exceeding LE. 100 in the case of registration or renewal.

The registration or renewal application shall be submitted according to the conditions and provisions specified in the executive regulation of this Act.

* **Article 73** - An intermediary mentioned above in article 71 of this Act must meet the requirements as follows :

1 - He holds the qualification or expertise specified in the executive regulation of the Act.

2 - He holds the provisions specified in article 63 (2-6) of this Act registration and renewal shall be made by a decision of the chairman of the board of the Authority.

Also entry will be deleted if the intermediary lost any of the registration qualifications, or at his request, non renewal of his registration or if it is proved that he has acted in contravention to this Act or on the ground of fraud or gross negligence.

Article 74 - Insurance companies may not accept local insurance business from insurance intermediaries not registered in the prescribed register at the Authority , producers staff working in insurance companies at the time of - Insurance companies may not accept local insurance business from insurance intermediaries not registered in the prescribed register at the Authority , producers staff working in insurance companies at the time of issuing this Act are exempted.

* **Replaced with Law 91/1995 .**

Section 4 : Insurance Intermediaries.

Article 71 - In this Act an insurance intermediary means everyone who intermediates to effect insurance or reinsurance transaction.

* **Article 72** - Insurance or reinsurance intermediaries shall not practice their business unless their names are registered in the prescribed register at the Authority for this purpose, and non Egyptian intermediaries may not be allowed to intermediate in property and liability insurance transactions.

The registration shall be valid for three years to be renewed, at the request of the intermediary, who shall pay the fee fixed by the board of directors of the Authority not exceeding LE. 100 in the case of registration or renewal.

The registration or renewal application shall be submitted according to the conditions and provisions specified in the executive regulation of this Act.

* **Article 73** - An intermediary mentioned above in article 71 of this Act must meet the requirements as follows :

1 - He holds the qualification or expertise specified in the executive regulation of the Act.

2 - He holds the provisions specified in article 63 (2-6) of this Act registration and renewal shall be made by a decision of the chairman of the board of the Authority.

Also entry will be deleted if the intermediary lost any of the registration qualifications, or at his request, non renewal of his registration or if it is proved that he has acted in contravention to this Act or on the ground of fraud or gross negligence.

Article 74 - Insurance companies may not accept local insurance business from insurance intermediaries not registered in the prescribed register at the Authority , producers staff working in insurance companies at the time of - Insurance companies may not accept local insurance business from insurance intermediaries not registered in the prescribed register at the Authority , producers staff working in insurance companies at the time of issuing this Act are exempted.

* **Replaced with Law 91/1995 .**

Chapter 13

*The Companies Established under the Provisions of the System of the Investment of the Arab and Foreign Funds and Free Zones Proclaimed by Law No.43 of 1994 **

***Article 75** - Insurance companies established under the System of the Investment of Arab and Foreign Funds and the Free Zones proclaimed by Law No. 43 of 1974 shall continue to carry on their activities in accordance with the provisions and rules issued by the decision of authorization.

The provisions of this Law shall not be applied to these companies except the articles 37 to 40, article 44 (a,b,d,e), articles 47 to 51 and articles 53,59,60,61,62, 77 of this Act.

These companies may operate locally and in local currency provided to be in compliance with the provisions of this Act and its directives.

Article 76 - The General Authority for Investment and Free Zones shall notify the Egyptian Insurance Supervisory Authority of the decision authorizing the establishment of Insurance or reinsurance company in the free zones, as well as the decision of erasure.

*** Replaced with Law 91/1995**

Chapter 14

Penalties

* **Article 77** - A sentence of imprisonment and a fine not less than L.E.5.000 and not exceeding L.E.50.000 or either of these two penalties

1 - Any one who transacted any class of insurance or reinsurance business in Egypt without authorization.

2 - Any one who represented foreign insurance bodies or companies or intermediates to them without authorization of the Authority.

3 - Any one who refrained from producing the books and documents to the representatives of the Authority who have the right of inspection in addition to a sentence of submitting them and in the case of a delay in submitting information required to be given in time specified in this Act and its executive regulation. In these two cases a sentence may be made including a warning fine of refrain or delay not exceeding L.E. 50 per day.

4 - Any one who willfully declares or conceals intending fraud to data, minutes or any other documents submitted to the Authority or published to the public.

5 - Any one who divulged information obtained through carrying on his duties under this Act.

* Any one who breaches the tariffs Any one who breaches the tariffs Any one who breaches the tariffs, rates, conditions or forms notified to and approved by the Authority according to article 86 of this Act, shall be liable to a fine not less than L.E. 100 and not exceeding L.E. 1000.

An Insurance company which breaches these conditions, tariffs, and rates referred to shall be penalized to a fine equal to the double of the premium in the case of offence, but not less than L.E. 1.000 and not exceeding L.E. 1 00.000 for each case.

Upon these offences criminal action shall be brought based on a petition presented by the Authority and it may reconcile at any time until the final jurisdiction to that action with the offender company against payment all or part of the fine referred to. Accordingly the procedure shall be dissolved.

***Article 79** - Without prejudice to any severer penalty stipulated in the penal code or any other law, any one who intermediates in Egypt to effect insurance or reinsurance business and any one who carries on the profession of actuaries, insurance consultants or loss adjusters without being registered in the prescribed registers specified in this Act, shall be sentenced to imprisonment for not less than six months or a fine not less than LE.5.000 and not exceeding L.E. 50.000, also officers of insurance companies shall be liable to the same penalty for the contravention of the provisions of articles 67,70,74 of this Act.

Article 80 - The provisions of the above article will be applied to any one who contravenes the provisions of this Act, its regulations or decisions issued accordingly.

*** Replaced with Law 91/1995**

Chapter 15

General Rules

Article 81 - Individuals and bodies corporate may not make a contract of any direct insurance transactions relating to their properties or liabilities in Egypt unless the companies are subject to this Act. However, when it is impossible to make these contracts in Egypt, the Authority may authorize effecting the insurance with other than these companies according to the rules set by the board or directors of the Authority.

Article 82 - No individual or body corporate may transact in A.R.E. personally or through mediation any activity related to the insurance or reinsurance without obtaining the due license from the Authority and being registered at it.

Article 83 - The chairman of the Authority and all of its staff are prohibited to take part in forming or managing any of the companies or cooperative insurance societies subject to this Act

Article 84 - The disputes of which the Authority or any of the companies subject to this Act is one party, shall be settled in the following way.

a) A committee set up by the competent minister regarding disputes between the Authority and one of insurance or reinsurance companies registered under this Act.

This committee is to be formed as follows :

- a representative of each disputing parties.
- a chancellor from the council of state nominated by the president of the council.
- an insurance expert known for his efficiency and expertise nominated by the competent minister.
- a specialized university professor by the consent of the university

The chairmanship of the committee shall be according to its formation decision and decisions on the dispute in question shall be made by the majority of votes in a period up to three months as from the date of its formation of its decision and it shall be final and binding to the parties. The executive regulation specifies the procedures followed by the committee in carrying out its work.

b) The board of the Authority in the case of a dispute between Insurance and reinsurance companies according to the measures stated in clause (a) of this article other than any disputes settled by the Egyptian Insurance Federation among its members.

c) Arbitration bodies provided for in section six of Act No.60 of 1971 on the public sector organizations and affiliated companies regarding disputes arising between the Authority or insurance and reinsurance companies mentioned in this article and a local or central governmental department, or general authority or a public company, provided that the parties to the dispute agreed to transfer it to arbitration.

d) Arbitration bodies mentioned in the previous item regarding the disputes arising between the Authority or insurance companies mentioned in this article and individuals or bodies corporate of the private sector, if the parties to the dispute agreed to refer it to arbitration.

In all cases specified in the preceding items the insured and beneficiaries may resort to the Authority to present their disputes with the insurers without violating their right to refer to the court.

***Article 85** - Each insurance company shall pay to the Authority an annual fee to meet the costs of supervision and control of all business transacted in Egypt on the base of a percentage of the total direct premiums due to the company from the policyholders of the previous financial year as follows:

1 - Two and a half per mill of the insurance business specified in the first item of the first paragraph of article 1 of this Act.

2 - Six per mill of the insurance business specified in the second item of the first paragraph of the above article.

The company may not collect this fee from the policyholders or the insured in excess of the two mentioned rates.

The company must pay all these fees within a month from the date of the approval of the general meeting of the company to its balance sheet In the case of delay of payment, a fine shall be payable to the Authority accounted on the base of the rate of discount published by the Central Bank of Egypt.

The amount of these fees will be put into a separate account of the Authority of which expenses will be allocated to aspects of insurance control and supervision.

*** Article 86** Bodies under the provisions of this Act shall furnish the Authority with full details of tariffs of general insurance, rates of life assurance, terms and forms of insurance policies whenever any alternation arises to be checked in the

light of the necessary studies to ensure the fair rate. These tariffs, rates, terms or forms shall not be valid unless approved by the Authority. Lapse of thirty days as from informing the Authority without being decided on shall be considered as an approval decision.

The Authority shall periodically monitor the tariffs and rates applied to the companies in the light of the actual results to ensure the satisfaction of the fair rate and the companies shall be subject to the alterations of the Authority in this regard.

In respect or the insurance classes specified in article 1, second item (2,3,4,6,7,8) of this Act, their tariffs and rates need not the Authority's approval to be in force, but only it shall be sufficient to notify the Authority. The provision of the above paragraph shall be applied to all other classes of insurance after the lapse of five years from the date of this Act being in force.

Article 87 The company may not publish any of the data it should present according to the Provisions of the Act unless they are identical to the data presented to the Authority. Identical copies of the original data may be published.

Article 88 The owner of any interest approved by the Authority may sight the documents and data presented according to the Act or to obtain copies, certificates, extracts of them or of the decisions made by the Authority or the registers specified in the Act except the technical bases of the Insurance rates after paying the due fee.

Insurance companies shall allow the policyholders to sight the data pertaining to their policies, or give them at their request a copy of it, after payment of the due fee.

The amount of fees payable in accordance with this article will be fixed by the attached schedule.

* Replaced with Law 91/1995

Chapter 16

Concluding Rules

Article 89 - The term the competent minister in the provisions of this Act means the Minister of Economy.(1)

Article 90 -The Egyptian Insurance Supervisory Authority replaces the Egyptian General Insurance Authority in relation to its rights and liabilities with the exception of the capitals of public insurance and reinsurance companies, whose ownership belongs to the public treasury according to the Act No. 111 of 1975 (2) on some rules relating to the public companies.

The employees of the Egyptian General insurance Authority shall be automatically transferred to the Egyptian Insurance Supervisory Authority by their same status without taking any other procedure.

Article 91- With the exception of the provisions of the laws, regulations and the decrees organizing importation, the Authority, public insurance and reinsurance companies shall be allowed to import without license, directly or indirectly, the machines, apparatuses, equipment and the electronic computers equipped for their purposes. These transactions shall not be viewed by the deciding committees.

Article 92 The decisions taken by the board of the Authority, insurance and reinsurance companies subordinated to the public sector and the decisions of their chairmen are to be valid without being approved by a higher authority in the cases of appointment, promotion, secondment, delegation, transference missions, internal and external tasks and the penalties without contravention of the jurisdiction of the disciplinary court.

Article 93 -Insurance and reinsurance companies have the right to open foreign currency accounts abroad to meet their obligations which are due abroad.

The competent minister may issue a decree on the rules he considers suitable for this purpose.

Article 94- The Egyptian insurance companies registered in the prescribed register at the Authority according to the valid laws at the time of issuing this Act comes into force shall be considered authorized to carry on business under this Act.

Article 95 - The employees of the Authority specified in a decree issued by the Minister of justice in agreement with the competent minister, shall have a judiciary power to prove the contravention of - The employees of the Authority specified in a decree issued by the Minister of justice in agreement with the competent minister, shall have a judiciary power to prove the contravention of - The employees of the Authority specified in a decree issued by the Minister of justice in agreement with the competent minister, shall have a judiciary power to prove the contravention of - The employees of the Authority specified in a decree issued by the Minister of justice in agreement with the competent minister, shall have a judiciary power to prove the contravention of - The employees of the Authority specified in a decree issued by the Minister of justice in agreement with the competent minister, shall have a judiciary power to prove the contravention of - The employees of the Authority specified in a decree issued by the Minister of justice in agreement with the competent minister, shall have a judiciary power to prove the contravention of this Act, regulations and decisions issued accordingly.

(1) According to the Presidential Decree issued in November 2001, the competent minister has become (The Minister of Planning)

(2) Law 111/1975 was cancelled by Law 97/1983