



## **1. DEFINITIONS:**

### **1.1 Life Insurance:**

Life Insurance includes all insurance activities related to human lives and the dangers which might happen to them.

### **1.2 Savings and Investment Plans:**

Includes insurance activities relating to issuing securities, documents, certificates or others, whereby the Insurance Company shall be liable to pay a certain amount or amounts on a further date against a premium or regular premiums.

The Companies, which exercise life insurance activities, savings and investment plans may not issue policies for more than 30 years.

### **1.3 Insurance against accidents and liability:**

This includes damages resulting from personal accidents, employer's liability, burglary, motor insurance, civil liability, engineering insurance and others.

### **1.4 Fire Insurance:**

This type includes damages resulting from fire, explosions, natural disasters, and others, which are normally included in fire insurance.

### **1.5 Insurance against Road, Sea and Air Transport risks:**

This type of cover includes insurance of goods, shipments, freight charges, hulls and aircrafts, their machines and accessories. It also covers risks arising from their construction, building, usage, maintenance or anchoring, including damages occurring to others, and other customary insurance included in risks of road, sea and air transport.

It is not admissible to insure goods which are inside the country with an insurer who is based outside. Insuring properties within the country must be carried out by insurers or brokers based inside the country, and registered in the Insurance Companies Register.

## **2. LICENSING INSURANCE COMPANIES:**

2.1 It is not admissible for any Company to exercise insurance activities in the State unless it had obtained a license to perform such activity from the Ministry and has a local national agent.

2.2 An Insurance Company established in the State may open another branch or branches provided that it notifies the Ministry at least one month prior to the date specified to open the branch.

2.3 An Insurance Company established in the State shall be a Joint Stock Company, and all the shares shall be nominal and the total capital shall be owned all the time by shareholders who are local nationals of the UAE.

2.4 The paid up capital of an Insurance Company shall not be less in all cases than Ten Million UAE Dirhams.

### **3. REGISTRATION OF INSURANCE COMPANIES:**

3.1 Any Company which obtained a license to be incorporated or to exercise its business may not start insurance activities in the State unless it is registered in the Insurance Company Register at the Ministry. Application for registration shall be submitted to the Ministry within 6 months from the date of obtaining the license, otherwise the license shall be considered null and void .

3.2 Applications for Registration must be accompanied by the following documents:

- a. A copy of the Memorandum of Association of the Company and its Articles of Association, attested and notarized by the Competent Authorities.
- b. An attested document which confirms that the capital of the Company is not less than 10 Million Dirhams.
- c. A statement outlining the types of insurance which the Company wishes to exercise with general conditions of insurance and technical principles if the nature of the cover requires that.
- d. A statement of the privileges, restrictions and conditions which would be included in the insurance policies to be issued by the Company. If the Company is engaged in particular types of life insurance, savings and investment plans, the above statement must be attached with a list describing the insurance charges and premiums with a certificate by an insurance expert confirming that such privileges and restrictions are correct and applicable.
- e. A schedule of the redemption or reduction charges applicable to insurance contracts.
- f. Forms of all insurance policies to be issued by the Company.
- g. A certificate of deposit for the following amounts:
  1. Two million Dirham for life, savings, and investment insurance.
  2. One million Dirham for each of vehicle and liability insurance, fire risks, road, sea and air transport risks. The total amount shall not exceed three million excluding the amount listed above.
- h. A certified document stating the name of the Company Manager, his address, and statement of authorization to run the Company and to sign insurance contracts on its behalf. The Ministry shall be notified when the manager is replaced or his powers being amended within fifteen days from the date of that replacement or amendment.

The Applicant shall pay to the Ministry the fees specified in the executionary statement relating to each type of insurance he wishes to exercise upon filing for registration.

3.3 The Ministry shall register the Company in the Insurance Companies Register after verifying all the registration requirements. The Ministry shall then grant the applicant a Certificate of Registration.

The types of insurance, which the Company is licensed to exercise shall be listed in the certificate and a copy of the same shall be sent to the Competent Authorities in the relevant Emirate, and it will be published in the Official newspaper.

- 3.4 Registration of the Company shall be renewed annually following a renewal application and payment of the specified fees one month prior to the expiry of registration.

#### **4. DELETION OF REGISTRATION:**

- 4.1 The Minister may terminate registration of a Company in any of the following cases:

- a. If the Company ceased to exercise its business in the State.
- b. If a decision has been made to accept the transfer of all the activities exercised in the State by the Company to another Company.
- c. If a judgement is issued to declare bankruptcy or liquidation of the Company.
- d. If it is discovered that the Company had been registered illegally or incorrectly.

- 4.2 Prior to termination of a Company, the Ministry shall notify the Company in writing to submit its defense in writing within thirty days from the date of notification.

- 4.3 The Company whose registration has been terminated by a final court decision may not dispose of its funds or guarantees unless it follows the set procedures for the disposal of the same.

#### **5. THE MINISTRY'S POWER TO SUSPEND INSURANCE COMPANIES FROM UNDERTAKING NEW CONTRACTS:**

- 5.1 The Minister may suspend the Company from undertaking any new contracts for a period not exceeding six months, provided that such suspension does not prejudice its previous obligations, in each of the following cases:

5.1.1 If the Company exercising the business of life insurance, savings and investments had not preserved the funds in the State, that are equal to the minimum reserve total amount of the contracts concluded in the State.

5.1.2 If the Company exercising vehicle and liability insurance for road, sea and air transport risks had not preserved in the State at least 25% of the total amount of premiums received in the previous year.

5.1.3 If the paid up capital of the Company becomes less than the minimum specified.

5.1.4 If the Company declined to execute a final judgement issued by any Court in the State.

- 5.1.5 If the Company declined to submit its books or its documents to be revised or checked by the Ministry, or if it refused to submit the required statements or particulars.
- 5.1.6 If it was proven that the rights of the policy holders of the Company may be jeopardized, or the Company is unable to perform its obligations.
- 5.1.7 If it was proven that the Company has not abided by the Insurance Companies and Agents Law.

## **6. INSURANCE AGENTS**

- 6.1 The Insurance Agent is the one who mediates, offers or concludes an insurance contract on behalf of a registered insurance company in the State, in consideration of a salary, remuneration or commission.

Salesmen or marketers or other personnel of Insurance Companies or Insurance Agents shall not be considered as agents.

- 6.2 Insurance agents may not exercise their activities unless they are registered in the Insurance Agents Register at the Ministry.
- 6.3 Applications for registration in the Insurance Agents Register shall be submitted to the Ministry according to the conditions and requirements set out by the Minister.
- 6.4 Insurance Agents who apply for registration in the Insurance Agents Register must satisfy the following conditions:
  - 6.4.1. Hold UAE nationality,
  - 6.4.2 Holds a Certificate of Good Conduct and non-conviction of any crime of dishonor or mistrust unless rehabilitated or pardoned by the Competent Authorities.
  - 6.4.3 Should be at least 21 years of age and of full capacity.
  - 6.4.4 Not have been convicted of bankruptcy unless has been rehabilitated.
  - 6.4.5 Should exercise the business in a permanent location.
  - 6.4.6 If the Insurance Agent is a Company, the Company must be incorporated in the State and its total capital must be owned by UAE Nationals.
  - 6.4.7 The Insurance Agent shall not exercise business on behalf of the Insurance Company unless he has a Power of Attorney from that Company, and according to the terms and conditions agreed between the two parties.

## **7. INSURANCE SURVEYORS:**

- 7.1 The role of surveyors is to examine and estimate the damages suffered by the insured object.
- 7.2 Prior to practicing this profession, such a person must be registered in the Register of Experts of Survey and Estimation of Damages at the Ministry.

Insurance Companies may ask assistance of unregistered experts if a special technical experience is required and in this case the Ministry shall be notified.

## **8. FUNDS OF INSURANCE COMPANIES**

- 8.1 Each Insurance Company shall deposit a performance guarantee in one of the Banks in the UAE as follows:
- 8.1.1 Two Million Dirhams for the activities of life insurance and savings and investments.
- 8.1.2 One Million Dirham for each of the other insurance activities.
- 8.2 The deposit shall be in cash or its equivalent of shares, stocks belonging to companies established in the State, or mortgage of properties in the State, provided that the same is subject to the Minister's approval.
- 8.3 The deposit may only be disposed of by a written permission by the Minister or by an authorized representative,
- 8.4 The Competent Court may order attachment of the deposit for the debts arising from insurance activity conducted by the Company. The deposit may not however be attached for any other debts.

## **9. RECORDS AND ACCOUNTS OF INSURANCE COMPANIES**

The financial year of Insurance Companies shall commence on 1st January of each year and end on 31st December. The first financial year shall commence on the date of establishing the Company and ends on the 31st December of the following year.

## **10. TRANSFER OF POLICIES, MERGE AND SUSPENSION OF BUSINESS**

- 10.1 Any Company that wishes to transfer its policies, alongwith their rights and liabilities of some or all of its insurance activities in the State to another Company or Companies, must make an application to the Ministry.
- 10.2 The application shall be published in the Official Gazette and in two local newspapers issued in the Arabic Language.

- 10.3 The application shall include an invitation to all policy holders or other interested parties to submit objections to the Ministry on the transfer within three months from the date of publishing the application.
- 10.4 The Ministry shall approve the transfer if no objections had been received from interested parties within the above mentioned period.
- 10.5 The transfer must be in accordance with the relevant laws and regulations, and the decision for approval by the Ministry shall be published in the Official Gazette within one month of the date of issue.
- 10.6 If an objection had been submitted within the period mentioned above, a decision regarding the application of transfer shall not be made. That is, unless the relevant parties reach an agreement or a final court judgement is issued with regard to that objection.
- 10.7 The Ministry may issue its approval on the transfer provided that it shall receive from the Company an amount that is equal to its liabilities towards the objector. This amount must include the expenses of keeping any of the assets of the Company.

This clause would also be applicable if two companies or more wanted to merge to form one Company. In such case, each Company shall submit a report certified by a legal accountant and insurance accounting expert stating that the merge does not prejudice the rights of policy holders or the rights of others in general.

## **11. PENALTIES**

- 11.1 Any of the directors, managers or agents of Insurance companies, or more generally any person who offers, concludes or deals with insurance policies before registration of the Company in the Insurance Companies Register in accordance with the laws of Insurance and Agents, shall be penalized. The penalty may be extended to imprisonment for not less than one month and not more than one year. He may further be liable to a fine of 5000 to 50,000 Dirhams.
- 11.2 Any person who conducts new insurance business after a decision for termination of registration has been issued, or anyone who exercises insurance activities which are not stated in the registration certificate, shall be exposed to the same penalties as mentioned above.
- 11.3 Any non-registered insurance agent who exercises insurance business on behalf of a registered insurance company shall be exposed to the penalties set out in 11.1 above.

Furthermore, surveyors and estimators of damages shall be penalized with the same if they exercise business before being registered.

- 11.4 A fine of not less than one thousand Dirhams and not exceeding five thousand Dirhams shall be applied in the case of not providing policy holders with all particulars relating to their policies as and when requested. These penalties may be multiplied in the case of repeated breaches.
- 11.4.1 Failure to submit the required statements in accordance with the laws of Insurance Companies and Agents on the specified date shall invite a fine of not less than five hundred Dirhams and not exceeding five thousand. The same penalty may be applied against anyone who abstains from submitting the required statements, records and documents to the representatives of the Ministry who are granted the rights by Law and executionary regulations to check and review these records.
- 11.4.2 Anyone who offers or concludes a Life Insurance contract in the name of a Company under the Rules of Insurance Companies and Agents Law, by premiums or conditions other than those submitted to the Ministry, shall be fined not less than one thousand Dirhams and not more than five thousand Dirhams.
- 11.4.3 Anyone who violates Articles 13, 19, 26, 27, 48 and 55 of the Insurance Companies and Agents Law shall be fined with the same.
- 11.4.4 Without prejudice to any severer penalty provided for by any other Law, anyone who deliberately commits fraud, states or hides particulars, minutes or other papers submitted to the Ministry or provided to the public, shall be imprisoned for not less than three months and not more than three years, and fined not less than two thousand Dirhams and not more than ten thousand Dirhams, or either of the two penalties.

## **12. REGISTRATION OF SURVEYORS**

- 12.1 Any person who wishes to practice as a surveyor should have his name registered with the Competent Authority. Insurance Companies should not utilize the services of unregistered surveyors except in cases where special technical experience is required, and after notifying the Ministry.
- 12.2 An individual applying for registration into the surveyors register should satisfy the following criteria:
- 12.2.1 Holds a relevant university degree with at least five years of experience in the same field.
- 12.2.2 Enjoys full legal competence.
- 12.2.3 Has good conduct and has not been convicted of a crime of moral turpitude unless rehabilitated or pardoned by a competent authority.

12.2.4 Has not declared bankruptcy, unless has been rehabilitated.

12.2.5 Should be a resident of the UAE, and practices his activities from a permanent premises.

12.3 Companies applying for registration should meet the following:

12.3.1 Have one of its partners or managers registered in the surveyors register.

12.3.2 The above mentioned conditions should be met by all acting partners, members of the Board of Directors or Managers, etc.

12.3.3 UAE nationals share in the capital should not be less than 51% if the Company is incorporated inside the UAE, or having a national UAE agent if the company is incorporated outside the Emirates.

Any registered surveyor will not be permitted to provide his services to any party, other than his employer, unless his employer and the relevant authority give consent.

12.4 A non-local registered individual will not be permitted to practice the profession of a surveyor unless the following criteria are met:

12.4.1 Must have a national sponsor.

12.4.2 Must be a partner, manager or executive officer in a registered company.

12.4.3 Must be an employee at a Federal Ministry, Local Government, Public Corporation or a Registered Insurance Company.

12.5 Any expert should, within three months of his registration, submit to the Competent Authorities all documents evidencing his fulfillment of the above conditions. The Deputy Minister may cancel registration in case of failure to submit required documents within the said period.

12.6 Registered surveyors should apply annually to the Ministry for renewal of their registration.

12.7 Registration renewal application must be submitted to the Ministry in two copies, signed by the applicant, at least thirty days prior to the date of expiry of the annual registration. The Competent Authority may then renew the registration having verified that all renewal conditions have been fulfilled.

### **13. DISCIPLINARY PENALTIES WHICH MAY BE IMPOSED ON SURVEYORS**

13.1.1 Warning.

13.1.2 Suspension from work for a period not exceeding one year.

13.1.3 Deletion of name from the register.

- 13.2 Suspension from work or deletion from the register shall not prejudice the expert's previous commitments prior to the date of Suspension. However, an objection against the suspension or any of the penalties may be submitted to the Minister of Economy & Commerce within thirty days from the date of notifying the concerned party of the penalty. The minister's decision about this objection shall be final.
- 13.3 Any one who suffers the penalty of deleting his name from the register shall not be permitted to apply for re-registration before the elapse of a 5-year period from the date of deletion.

#### **14. CONDITIONS AND PROCEDURES FOR REGISTRATION IN THE REGISTER OF EXPERTS OF INSURANCE CALCULATIONS**

- 14.1 Practicing the Profession of Insurance Calculations Expert is limited to those who are registered with the Competent Authorities.
- 14.2 Those who are to be registered must be:
- 14.2.1 Holders of (Associate) or (Fellow) degree from the Ektwarian Experts Society in London or Edinburgh, or from the Ektwarian Experts Society to be established by a decree issued by the Minister of Economy & Commerce,
  - 14.2.2 Must have at least three years of experience in this field,
  - 14.2.3 Should not be less than 25 years of age at the time of applying for registration,
  - 14.2.4 Must enjoy full legal competence,
  - 14.2.5 Must have good conduct and has not been convicted of a crime of moral turpitude unless has been rehabilitated or pardoned,
  - 14.2.6 Have not declared bankruptcy unless rehabilitated.
- 14.3 Registration application must be in two copies signed by the applicant and submitted to the Ministry with the following documents:
- 14.3.1 Authenticated copy of academic certificates duly signed,
  - 14.3.2 Certificates of work Experience duly signed and authenticated with an authenticated copy of the same,
  - 14.3.3 An authenticated passport copy of the applicant,
  - 14.3.4 A certificate proving that the applicant has never been convicted of a crime of moral turpitude with a declaration from the applicant that he has never declared bankruptcy.

- 14.4 Any registered insurance calculations expert should apply to the Ministry for annual renewal of his registration.
- 14.5 Renewal application should be in two copies signed by the applicant and submitted to the Ministry at least thirty days from the expiry date of the annual registration. The Competent Authority would renew such registration if all requirements were met.
- 14.6 Insurance Calculation Experts operating in the UAE must apply to the Ministry to register their names.
- 14.7 Any registered expert has to quote his registration number on all correspondence and certificates issued by him.

## **15. UAE BROKERAGE LAW NO.11 OF 2000**

- 15.1 It is forbidden for any Brokerage to carry out business and also for Insurance Companies to deal with a Brokerage in the UAE unless they are registered with the Ministry.
- 15.2 A Broker may not issue Insurance Policies on behalf of insurance companies with the exception of Motor Vehicle Insurance Policies. Brokerages may also not settle any claims on behalf of Insurance Companies.
- 15.3 Insurance Brokerages may not carry out the business of Brokerage work unless the broker has a contract bringing out the conditions and terms with the Insurance Company. The Broker should be with a local insurance company registered with the Ministry and he must provide the Ministry with a copy of this contract.
- 15.4 The Manager who carries out the Insurance Brokerage Service and manages an Insurance Brokerage Firm must be:
  - A. A full time employee carrying out the brokerage work,
  - B. Qualified from a University in one of the following qualifications:
    - Insurance
    - Economy
    - Trade
    - Accounting
    - Banking
    - Management
    - Financial
    - Business administration
    - Law
  - C. He must have experience in an Insurance or Brokerage firm for a minimum of 2 years for UAE nationals, and provide a certificate from the Insurance Association to confirm that he has attended courses or seminars no less than 3 months.

- D. For non-UAE nationals a minimum experience of 8 years, or 5 years if the person is holding a scholarship issued from an Insurance Institution.
  - E. He must provide a certificate of good conduct.
  - F. He has not been bankrupt.
- 15.5 It will not be possible to carry out insurance brokerage firms from a sole proprietorship with the exception of sole proprietorship firms which have already been registered with the Ministry prior to this law, provided that:
- a) The sole proprietorship is owned by a UAE national who holds a University degree or one of the qualifications provided in 15.4.
  - b) That the owner is qualified for the provisions provided by this law.
- 15.6 For a company to register in the Brokerage Registrar, it must qualify for the following:
- 15.6.1 One of partners holds a University degree or experience that qualifies him, which will be assessed by the Ministry.
  - 15.6.2 The Manager qualifies for the provisions provided here above in the law.
  - 15.6.3 All the Partners and Directors of the company comply with the provisions of Article 1.5 and 6 of this law.
  - 15.6.4 The UAE national's shares in the company is no less than 51%. However, if the company is a foreign company, it must have a UAE national as a local agent.  
  
All companies now in operation must comply with this law and adjust their registration in compliance with this Article.
  - 15.6.5 The Company, which is a foreign company, must be licensed in its foreign jurisdiction to carry out an Insurance Brokerage practice.
- 15.7 The law provides for the documents and the information which need to be submitted to the Ministry. The documentation which the applicant must submit to the Ministry is the following:
- 15.7.1 Indemnity Insurance for Dhs. 1,500,000.00 (Dirhams one and a half Millions), the insurance policy will be issued in the name of the Broker firms and the Ministry. The only exemption to this is local insurance firms, which only carry out insurance of Motor Vehicles.
  - 15.7.2 A Bank Guarantee for one year renewable as long as the licence is valid and will continue after the expiry of the licence for one additional year unless the Ministry agrees to cancel the same before then. The value of the bank guarantee will be for Dhs. 300,000.00 (Dirhams Three Hundred Thousand) for the principal office of the brokerage firm and an additional Dhs. 150,000.00 (Dirhams One Hundred Fifty Thousand) for each branch.

This bank guarantee is to cover the brokerage firm's liability towards third parties. All companies will be given one year to comply with these provisions.

- 15.8 An application to register a Brokerage Firm must be determined within 30 days from the date on which the application is filed, and any decision taken to reject the application will be made in writing to the Applicants. If the application is accepted, the application will be marked accepted, and handed to the Applicants and a certificate will be issued for his registration after complying with the other requirements and payment of the appropriate fees confirming that he is registered for a year.

Any amendments to the application or the license must be provided to the Ministry within 30 days from the day on which the changes or amendments have taken place. The Ministry will then approve or reject the amendments within 30 days.

Renewal of the license must be applied on an annual basis 30 days prior to the expiry date of the certificate. The renewal will be on an annual basis.

The Broker must specify all the correspondence, the number of his registration and the same must be provided on all the certificates and reports issued from the Broker.

- 15.9 The Broker must keep proper records and a schedule for all the applications and operations of the insurance company, which he represents, including the accounts and must provide the Ministry of an account audited from an auditing firm in the UAE to include the following:

- a The statements of Accounts for the brokerage activities carried by the brokerage firm for the preceding year.
- b Number and name of the Insurance Company of which the brokerage firm had dealt with during the preceding year.
- c The total amount of fees charged by the Broker for each company in the preceding year.

- 15.10 The Broker must not rely on one insurance company in his business, and he should not be a partner or an insurance agent in any insurance company.

- 15.11 If any Broker wishes to open a brokerage in the UAE, he must first:

- a Have 5 years of registration with the Ministry as a Broker, and have actually practiced during these 5 years,
- b Have earned through Brokerage insurance premium at least Dhs. 1,000,000.00 (Dirhams One Million).
- c The Manager of the new branch must have at least high school degree, and have experience in an insurance practice for a period not less than 10 years in addition to the condition provided above for the Manager, provided that the branch office will

be under the direct supervision of the Manager of the head office. The Ministry will have absolute discretion in accepting or rejecting the application for the branch office.

15.12 Without prejudice to any civil or criminal liability the Ministry may impose the following disciplinary measures:

- a Notice.
- b Suspend the practice for a period not exceeding 6 months and if repeated, for a period not exceeding 1 year.
- c Cancellation of the license. Whoever's license is being canceled may not apply for a new license for at least 3 years from the date of the cancellation. The canceling of the license will not prejudice the right of the third party to claim from the Brokerage for any obligation of civil liability arising in connection therewith.

The Broker may file grievance against any disciplinary measures taken by the Ministry within 30 days. Whoever's grievance is rejected may apply to the court within 30 days.

A Broker's license may be canceled if it was evidenced by the Ministry that:

15.12.1 The Broker is dealing with a company not registered in the UAE in connection with direct insurance.

15.12.2 He was late settling his financial obligation according to the agreement made with the insurance company for a period exceeding 3 months.

15.12.3 He has leased the license that he obtained for any of his branch offices in the country to third party.

15.12.4 If the company did not comply with any undertaking that they had made, knowing which the Ministry would not have registered the Brokerage firm.

15.13 Nobody can sell, transfer or assign the license issued from the Ministry to a Broker. However, the licensee may be transferred to relatives after they obtain the Ministry's approval.

15.14 Each person who has an interest may apply to the Ministry to obtain information about the registered Broker.

The following fees will be paid for the following applications:

1	Application to register an insurance broker	Dhs. 2,000.00
2	Application to renew an insurance broker	Dhs. 2,000.00
3	Renewal or registration of a branch of insurance broker	Dhs. 1,000.00
4	Recording any amendments to the insurance broker license	Dhs. 250.00
5	Obtaining a copy of the registration of the insurance broker	Dhs. 100.00

This decree issued from the Minister which was issued on 20 February 2000, amends and cancels the Ministerial Decision No. 24 of 1985.

## **16. MISCELLANEOUS JUDGMENTS ON INSURANCE**

### **Judgment No. 384 of 1997**

#### **Summary**

In an action filed before the Dubai Courts, the heirs of a deceased person who died in a car accident brought an action against the insurance company concerned and the driver of the vehicle. The Court of First Instance delivered a judgment in favour of the heirs and ordered the insurance company together with the driver of the vehicle at the time to pay Dhs 150,000/-as Diya money (blood money). The Dubai Court of Appeal upheld the judgment. However, the Dubai Court of Cassation reversed the judgment and dismissed the case on the ground that an insurance company will not be liable if the driver of the vehicle, or the insured were in breach of the terms of the insurance policy. Since the driver of the vehicle was driving under the influence of alcohol which constituted a breach of the terms of the insurance policy, the insurance company is therefore not liable even if the claimant was the injured party or the heirs of the deceased. The Court held that the heirs of the deceased and the injured person will be bound under the same terms and conditions of the insurance policy, and that there is nothing in the law to exclude them from the terms of the insurance policy. Accordingly, the action was dismissed and the claimant was ordered to bear costs and expenses of the case.

### **Judgment No. 335 of 1998**

#### **Summary**

In an action filed before the Dubai Courts, the Court of Cassation held that, in accordance with Article 1028 of the UAE Civil Courts, the insurance company (the plaintiff in the case) had to pay for damages caused in an accident, even though the driver of the vehicle (insured by the plaintiff) was under the influence of alcohol at the time of the accident. Further, the insurance company could only refuse to pay or claim back compensation for damages, if the insured had committed a felony or intentionally intended to cause the damages. Otherwise, any violation of the law will not entitle the insurance company to refuse to pay under the policy, unless such a violation is amounting to a felony according to the UAE Civil Court. An action was filed before the Dubai Court where an insurance company, who had paid for damages caused by a vehicle under their insurance to another vehicle, claimed for reimbursement of the amount paid to the other vehicle's insurance company, from the Car Rental Company, the lessee and the driver of the vehicle. The insurance company claimed that the driver was under the influence of alcohol and therefore the insured, the driver and the lessee must compensate the insurance company the amount paid-out in damages, as the insured was in violation of the policy.

The Court of Cassation in the UAE held that the insurance company (the plaintiff) would have to pay for the damages, and they had no right to claim back the amount they paid, even if the driver was under the influence of alcohol. Based on the above, the Court dismissed the action filed by the insurance company against the insured.

## **Judgment No. 369 of 1998**

### **Summary**

In an action filed before the Dubai courts, the Dubai Court of Cassation held that if the insurance company was not immediately informed of the accident and the traffic case by the insured then the insurance company cannot be held liable for compensation. The court further held that an insurance company is not liable to pay compensation to an injured person who is a third party and regarded as a beneficiary of the insurance policy, if the third party does not comply with the insurance policy terms.

## **Judgment No. 459 of 1998**

### **Summary**

In an action filed before the Dubai Courts, the Dubai Court of Cassation held that an insurance company was not liable to pay for damages sustained by a rented car belonging to a car rental company, as the car rental company had hired the vehicle to a 19 year - old driver who was (underage) as per the clause agreed upon by the parties and specified in the unified insurance policy. Parties to an insurance policy may agree to additional clauses to be included in the unified insurance policy, and if reasonable, such clause/s once added, will be binding on the parties and enforceable in a court of law.

## **Judgment No. 26 of 1999**

### **Summary**

In an action filed before the Dubai Courts, the Dubai Court of Cassation held that an insurance company was liable, to the terms of a life insurance policy, and to pay the insured's beneficiary a sum of US\$ 30,000 on the insured's death. Despite the insurance company's allegation, the Court found there was no evidence to substantiate that the insured had actually failed to declare significant information related to the condition of his health even though there was evidence that the insured suffered from high blood pressure and had died because of a heart attack. The Court further held that there is no duty under the terms of a life insurance policy for the insured to inform the insurance company about a decline in his/her health or of the occurrence of a new health problem, as such a provision would contradict the meaning of life insurance coverage.

## **Judgment No. 30 of 1997**

### **Summary**

In an action filed before the Dubai Courts, the Court of Cassation held that where damage to a vehicle is not due to the manufacturer's defect, then that damage will not be covered by the manufacturer's warranty. The Court also held that an insurance company will not be liable to compensate an insured party for expenses incurred or for the devaluation of the vehicle wherein the approval to commence the necessary repairs have been withheld from the insurance company.

## **Judgment No. 68 of 1997**

### **Summary**

In an action filed before the Abu Dhabi Court, the Court of Cassation held that where insurance monies are being claimed for goods accidentally destroyed by fire, the insured party is entitled to recover the lesser of the value of the goods or the amounts stipulated in the policy.

## **Judgment No. 35 of 1997**

### **Summary**

In an action filed before the Abu Dhabi Supreme Court of Cassation, the Court held that an insurance company is entitled to give 30 days notice by registered mail to an insured to amend the terms of an insurance policy. This shall be considered effective service for the purpose of upholding the amendments contained therein.

In an action filed before the Abu Dhabi court, the Court of Cassation held that according to Ministerial Decision no. 54 of 1987, as amended by Ministerial Decision no. 81 of 1987, any provision of an insurance policy not written in the Arabic language will be null and void.

## **APPENDIX**

- Federal Law No. (14) for 1986, amending Federal Law No. (9) for 1984 regarding insurance companies and agents;
- Federal Law No. (13) for 1995, amending Federal Law No. (9) for 1984 regarding insurance companies and agents;
- Federal Law No. (3) for 1997, amending Federal Law No. (9) for 1984 regarding insurance companies and agents;
- Ministerial Resolution No. (21) for 1985, regarding conditions and procedures for registration in insurance experts register.
- Ministerial Resolution No. (22) for 1985, regarding conditions and procedures for registration in insurance experts register;
- Ministerial Resolution No. (23) for 1985, regarding insurance consultancies profession;
- Ministerial Resolution No. (24) for 1985, regarding organization of insurance brokers profession;
- Ministerial Resolution No. (69) for 1985, amending Ministerial Resolution No. (22) for 1985 regarding conditions and procedures for registering in insurance experts register;
- Ministerial Resolution No. (28) for 1986, amending Ministerial Resolution No. (21) for 1985 regarding conditions and procedures for registering in surveyors and loss adjusters register;
- Ministerial Res. No. (29) for 1986, amending Ministerial Res. No. (23) for 1985 regarding organization of insurance consultancy profession;
- Ministerial Resolution No. (30) for 1986, amending Ministerial Resolution No. (24) for 1985 regarding organization of insurance brokers profession.
- Ministerial Decree No. (11) for 2000, regarding organization of practicing the profession of insurance brokers.