

Legal Alert



New Administrative Fines Imposed by the UAE Insurance Authority

By Bashir Ahmed, Saurbh Kothari and Deniz Ghazal | 7 March 2019

On 6 January 2019, UAE Cabinet Resolution No. 7 of 2019 Concerning the Administrative Fines Imposed by the Insurance Authority was published in the UAE Official Gazette, which lists a total of 204 items that are considered to be violations by the Insurance Authority and their corresponding penalties. This resolution will come into force on 6 April 2019 and will apply to any person, company or insurance-related professional¹ that commits any of the violations listed in the resolution.

The violations set out in the resolution are broad in range and generally cover, among other things, the following:

- the failure to comply with the various regulations applicable to insurance providers and decisions issued by the Insurance Authority, including the UAE Financial Regulations;
- the performance of insurance-related or reinsurance activities or the opening of a branch within onshore UAE without obtaining the Insurance Authority's approval or the necessary license; and
- the failure to provide the Insurance Authority with the required data, documentation, reports and notifications within the specified periods of time.

Most of the administrative fines range from AED 5,000 to AED 250,000 per violation. One exception is when a company opens a point of sales for insurance products without being licensed and registered with the Insurance Authority. This fine is AED 50,000 for each point of sales. The amount of any administrative fine may be doubled if a violation is repeated within one year from the date of the last violation with a maximum fine amount of AED 2 million.

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¹ An insurance-related professional is defined in the resolution as any entity or person that is licensed by the Insurance Authority to practice as an insurance agent, actuary, insurance broker, loss and damage adjuster, insurance consultant, health insurance TPA or any other insurance-related profession regulated by the Insurance Authority.

Any of the administrative fines issued by the Insurance Authority may be appealed within 15 days from the date of the notification of the fine and the appeal must be decided by the Insurance Authority's board of directors within 60 days from the date that the appeal is submitted.

Insurance and reinsurance providers should review the resolution and the list of violations to ensure their compliance prior to the resolution's effective date and should also continue to monitor their compliance accordingly going forward.

The complete list of violations and administrative fines included in Cabinet Resolution No. 7 of 2019 can be accessed on the Insurance Authority's website.

For more information, please contact the professionals listed in the column above, or your regular Afridi & Angell contact. ■

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