



Regulatory Digest Report

UAE Insurance Sector

2024

Expanding
Possibilities

BRAXTONE

Executive Summary

Over the past six months, the Central Bank of the UAE (CBUAE) has introduced several key regulatory changes aimed at enhancing the transparency, stability, and innovation of the insurance sector. These changes reflect the UAE's commitment to aligning with international standards and promoting sustainable growth.

The purpose of these regulatory changes is to strengthen the regulatory framework, encourage the adoption of digital technologies, and ensure the protection of policyholders' interests.





Regulatory Changes Summary

1. Federal Decree Law No. 48 of 2023

This new insurance law, effective from November 30, 2023, updates the regulatory framework for the insurance sector.

2. Insurance Brokers' Regulation

The CBUAE has issued the Insurance Brokers' Regulation, effective February 15, 2025, introducing enhanced oversight in line with international standards under Federal Decree Law No. 48 of 2023.

3. Corporate Governance Regulation for Insurance Companies

New governance standards have been implemented to improve internal controls and compliance.

4. Fitness and Propriety Regulation

The CBUAE has issued a regulation, effective October 31, 2024, outlining Fit and Proper requirements for Authorized Individuals and Material Risk Takers within insurance companies.

5. Licensing and Regulatory Requirements

The CBUAE has introduced detailed licensing requirements for local and foreign insurance companies.

6. Consumer Protection and Transparency

New rules emphasize consumer protection and transparency.

7. Technological Innovation and Digital Transformation

The CBUAE promotes digital transformation within the insurance sector.

1 Federal Decree Law No. 48 of 2023

Enacted in April 2024, this law reformed the regulatory framework for the UAE insurance sector, streamlining regulations and aligning them with international standards. The decree was necessitated by the transfer of supervision of the insurance sector to the CBUAE, following its merger with the UAE Insurance Authority. The law covers the role of the CBUAE as the primary regulator, licensing requirements, corporate governance, conduct of business, prudential requirements, minimum capital requirements and dispute resolution mechanisms. It also includes specific provisions for Takaful (Islamic insurance) and confidentiality of insurance data.

2 Insurance Brokers' Regulation

The Insurance Brokers' Regulation 2024 was Issued on July 25, 2024, and became effective from February 15, 2025, the regulation introduces stricter oversight for insurance brokers under Federal Decree Law No. 48 of 2023, aligning with international standards and enhancing financial stability.

This regulation establishes the rules and conditions for licensing, regulating, and supervising insurance brokers. It aims to ensure that brokers maintain financial soundness, adhere to sound governance practices, and manage risks prudently. Details of these regulations are listed below:

2.1 Stricter Licensing & Regulation

Brokers must obtain a CBUAE license under one of three categories:

- Primary Insurance Operation (direct client dealings).
- Reinsurance Operation (arranging reinsurance contracts).
- Dual Operations (handling both).
- A minimum of five years of experience is required for eligibility.

2.2 Prohibition on Premium Collection

Brokers can no longer collect premiums; policyholders must pay insurers directly.





2.3 Timely Commission Payments

Insurers must pay brokers' commissions within ten business days of receiving the premium.

2.4 Capital and Bank Guarantee Requirements

Clarifies that bank guarantees are separate from minimum capital requirements.

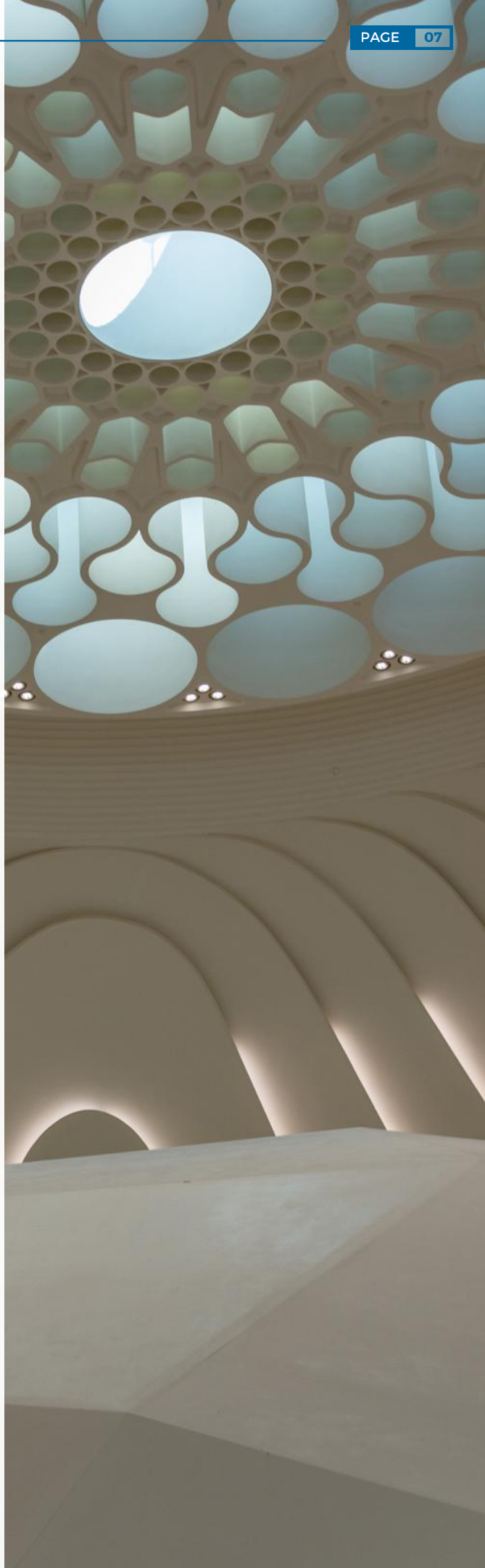
2.5 Operational Restrictions

Brokers cannot issue policies or endorsements, except for motor insurance certificates if agreed upon.

3 Corporate Governance Regulation for Insurance Companies

This regulation sets the minimum acceptable standards for corporate governance within insurance companies. It ensures that companies establish frameworks for sound and prudent management, aligning with leading international standards to protect policyholders' interests. New governance standards have been implemented to improve internal controls and compliance.

Insurance companies must maintain robust internal controls, comply with solvency and technical reserve requirements, and adhere to ethical business practices. The CBUAE has the authority to conduct inspections, impose penalties, and manage compliance issues.



4 » Fitness and Propriety Regulation (Effective October 31, 2024)

This regulation establishes a comprehensive framework to ensure that Authorized Individuals and Material Risk Takers within insurance companies are fit and proper for their roles. The regulation outlines the criteria for assessing fitness and propriety, including honesty, integrity, competence, financial conduct, independence, and time commitment. It mandates that individuals in key positions undergo a Fit and Proper Process prior to appointment and at regular intervals thereafter.

5 Licensing and Regulatory Requirements

The Central Bank of the United Arab Emirates (CBUAE) has established comprehensive licensing requirements for both local and foreign insurance companies. One of the most critical requirements is the capital adequacy stipulation. To obtain a license, an insurance company's paid-up capital must be at least AED 100 million or its equivalent in another currency.

Additionally, the company is required to place a bank deposit of AED 6 million if practicing property and liability insurance, or AED 4 million if practicing personal insurance and funds-building operations.

For insurance brokers, the regulations specify that UAE nationals must own at least 51% of the company's capital, and the paid-up capital should not be less than AED 3 million. Furthermore, brokers are required to provide a bank guarantee of AED 3 million for the head office and AED 1 million for each branch.

These capital requirements are fundamental to ensure that insurance entities maintain a solid financial foundation, thereby safeguarding policyholders and contributing to the stability of the UAE's insurance sector.





The recent regulatory updates in the UAE's insurance sector underscore a heightened commitment to consumer protection and transparency.

Key mandates include:

1.Proactive Disclosure:

Insurers are obligated to furnish consumers with comprehensive information regarding policy terms, benefits, and exclusions in a timely manner, ensuring sufficient time for consumers to understand the information before making decisions.

2.Standardized Fee Disclosure:

All applicable fees, including those for standard and additional services, must be transparently disclosed to consumers. This includes a clear explanation of the amount, calculation methodology, and any third-party fees that may apply.

3.Claims Processing Transparency:

Insurers are required to issue decisions on insurance claims in accordance with professional practice standards. In cases where a claim is rejected, insurers must provide a written explanation detailing the reasons for the decision.

4.Complaint Resolution Mechanism:

A structured process has been established for consumers to file complaints against licensed financial institutions or insurance companies. This mechanism ensures that consumer grievances are addressed systematically and transparently.

These measures collectively aim to enhance policyholder confidence by promoting clarity, fairness, and accountability within the UAE insurance industry.

7 Technological Innovation and Digital Transformation

The CBUAE promotes digital transformation within the insurance sector. The new regulatory framework encourages the use of InsurTech solutions, digital platforms, and price comparison websites to enhance service delivery and operational efficiency. Details of these regulations are listed below:

7.1

Open Finance Regulation

Issued on April 23, 2024, this regulation mandates licensed entities, such as banks and insurance companies, to provide access to customer data and enable transaction initiation to open finance providers. It covers various financial products and emphasizes customer consent and secure data sharing, aiming to foster innovation and competition in the financial sector.

7.2

Sandbox Conditions Regulation

Also introduced on April 23, 2024, this regulation establishes a controlled environment for testing innovative financial products, services, and business models. The regulatory sandbox allows participants to experiment under regulatory supervision, promoting innovation while ensuring consumer protection and financial stability.

7.3

Guidelines for Financial Institutions Adopting Enabling Technologies

In collaboration with other UAE supervisory authorities, the CBUAE issued guidelines to provide principles and best practices for financial institutions using technologies such as APIs, cloud computing, biometrics, big data analytics, artificial intelligence, and distributed ledger technology. These guidelines aim to encourage innovation while managing associated risks.



7.4

Central Bank Digital Currency (CBDC) Strategy

As part of its digital transformation efforts, the CBUAE initiated its CBDC strategy, referred to as the "digital dirham." This initiative aims to enhance domestic and cross-border payment efficiency, support financial inclusion, and transition towards a cashless society. The first phase includes real-value cross-border CBDC transactions for international trade settlement and proofs-of-concept for both wholesale and retail CBDC usage.



Analysis of Regulatory Changes



01

Rationale

The rationale behind these regulatory changes is to enhance the regulatory environment, promote transparency, and support the sustainable growth of the insurance sector in the UAE. The CBUAE aims to align with international best practices and address emerging trends in the financial industry.

02

Comparative Analysis

Compared to previous regulations, the new law and enhanced governance standards represent a significant step towards modernization. The focus on consumer protection and technological innovation aligns with global trends in the insurance sector.

03

Stakeholder Impact

These regulatory changes impact various stakeholders, including insurance companies, investors, and policyholders. Companies must adapt to new compliance requirements, while investors benefit from increased transparency and policyholders enjoy improved protection and service quality.

Implementation and Compliance

Timeline

2023

Enhanced Governance Standards

Ongoing throughout 2023

2023

Federal Decree Law No. 48

Effective from November 30, 2023.

2024

Licensing and Regulatory Requirements

Effective from January 2024

2024

Technological Innovation Guidelines

Effective from February 2024

2024

Consumer Protection Rules

Effective from March 2024

2024

Fitness and Propriety Regulation and Standards

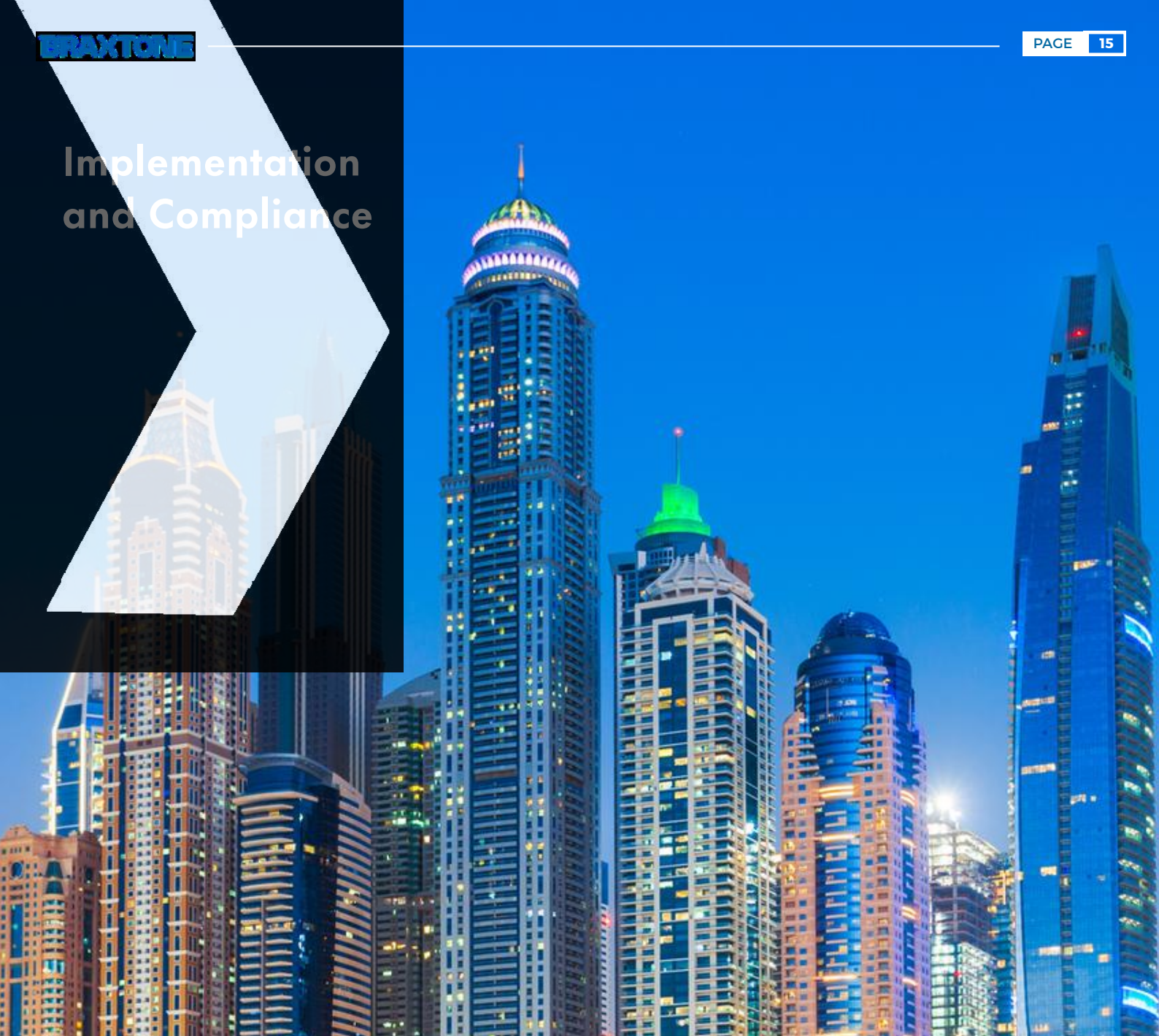
Effective on October 31, 2024

2025

Insurance Brokers' Regulation 2024

Effective from February 15, 2025

Implementation and Compliance



Compliance Requirement

Insurance companies need to update their reporting practices, establish internal controls, and align their operations with the new regulations. Compliance involves training staff, updating internal policies, and ensuring accurate and timely reporting.

Support and Resources

The CBUAE provides guidance and support through workshops, detailed guidelines, and advisory services to help insurance companies comply with the new regulations.

Future Outlook

Expected Outcomes

The regulatory changes are expected to result in improved transparency, better risk management, and enhanced investor confidence. The integration of digital technologies will drive innovation and efficiency within the sector.

Ongoing Monitoring

The CBUAE plans to monitor compliance through regular audits, reporting requirements, and feedback from industry stakeholders. The effectiveness of the regulations will be assessed through performance metrics and market feedback.

Future Developments

Anticipated future regulatory changes may include further digital transformation initiatives, enhanced consumer protection measures, and continued alignment with international standards.

Conclusion

The regulatory changes introduced by the CBUAE over the past 12 months represent significant steps towards modernizing the insurance sector in the UAE. These changes aim to enhance transparency, promote sustainability, and support the adoption of innovative technologies. CBUAE's proactive approach to regulation underscores its commitment to fostering a stable and transparent insurance market that aligns with global best practices and meets the evolving needs of stakeholders.

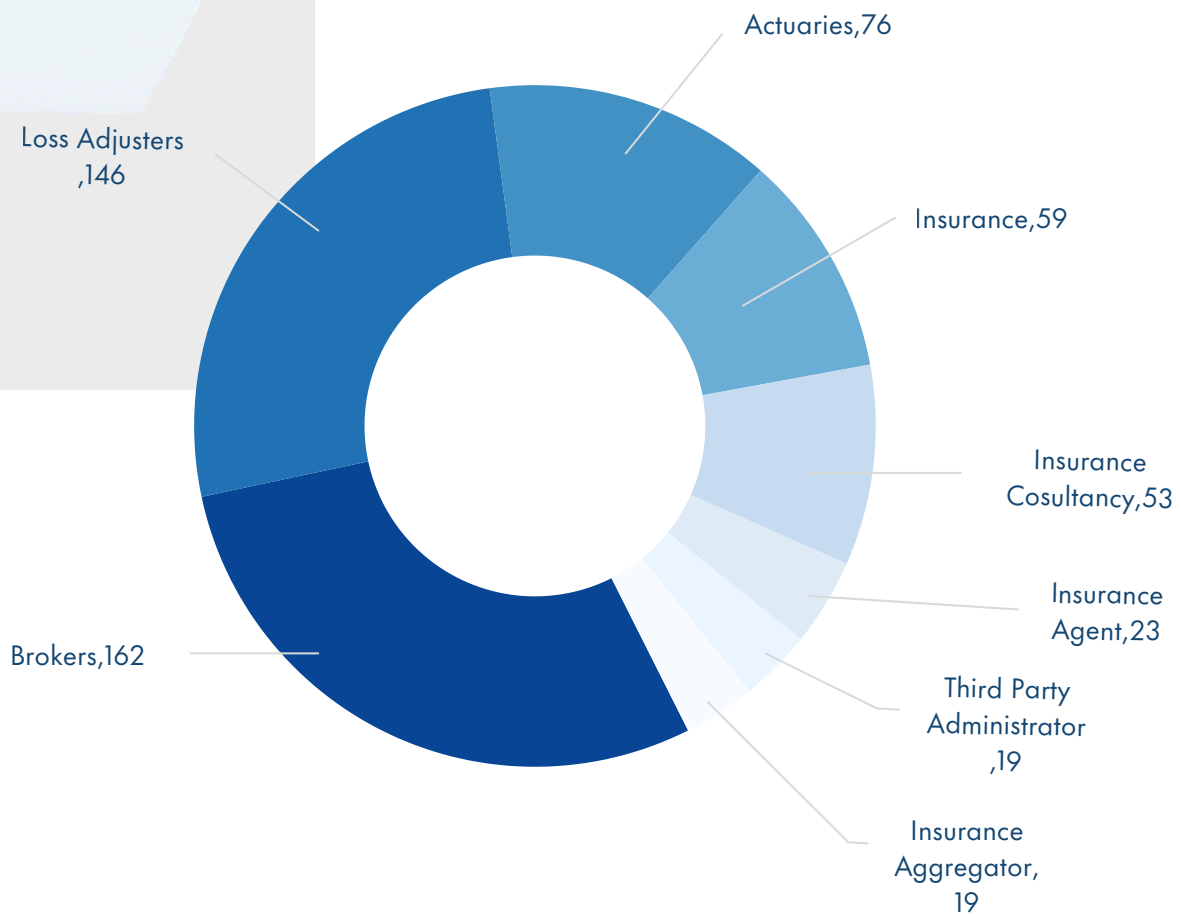
Additionally, the Financial Infrastructure Transformation (FIT) Programme, Open Finance Regulation, and Sandbox Conditions Regulation highlight the CBUAE's drive to foster technological innovation and digital transformation, paving the way for increased fintech integration, secure data sharing, and financial inclusion. The launch of the Central Bank Digital Currency (CBDC) strategy further signals a shift toward cashless transactions and enhanced payment efficiency.

These regulatory advancements underscore CBUAE's strategic vision of aligning the UAE's financial sector with global best practices, ensuring compliance, innovation, and resilience in an evolving financial landscape.

UAE Insurance Market Snapshot

Licenses Number and Type

The insurance sector in the UAE continued its upward trajectory in 2024, with significant growth recorded across all key performance indicators. According to preliminary data published by the Central Bank of the UAE (CBUAE), gross written premiums reached AED 64.8 billion (USD 17.6 billion), representing a 21.4% increase compared to AED 53.4 billion (USD 14.5 billion) in 2023.



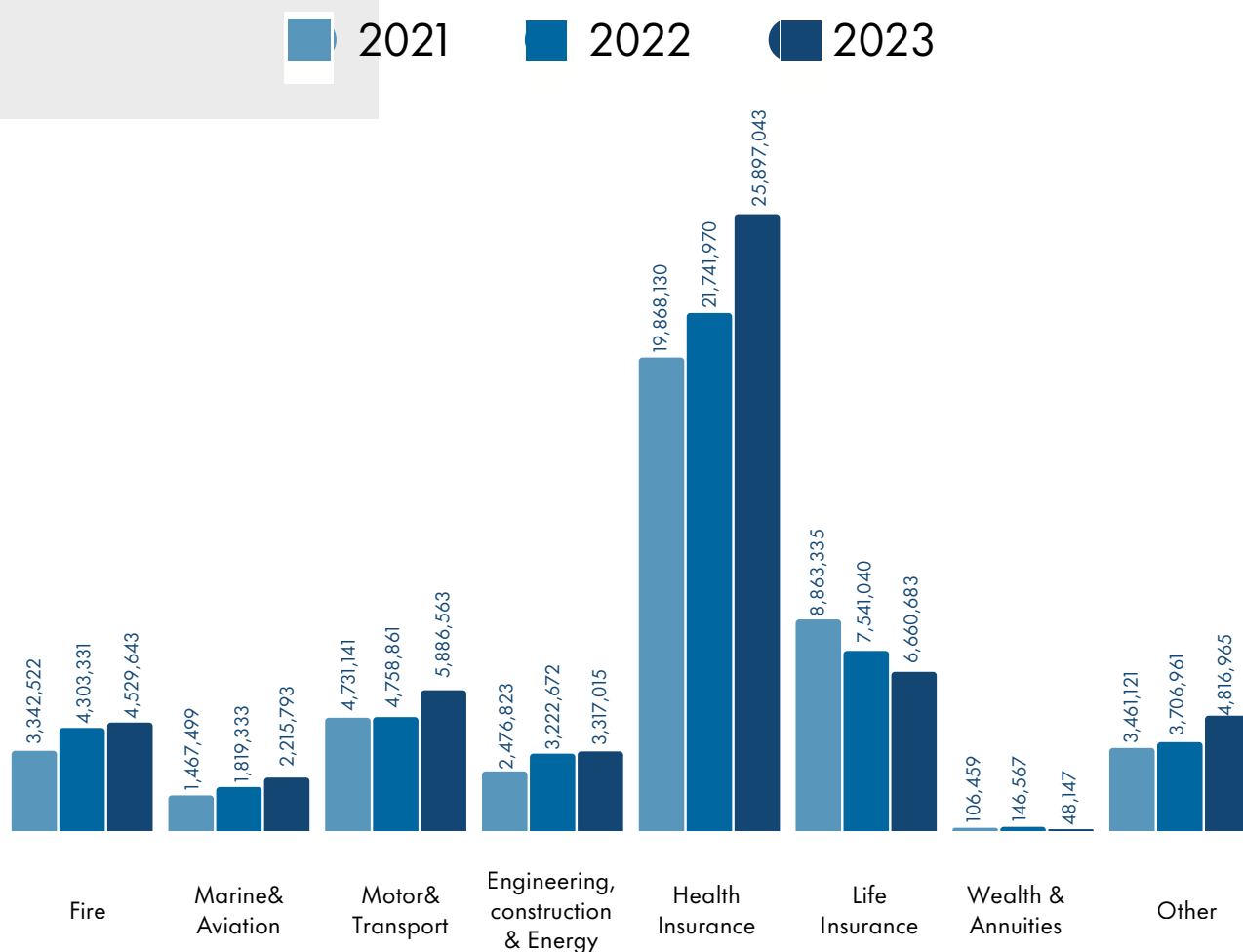
Claims paid by insurance companies rose sharply to AED 42.9 billion (USD 11.7 billion), marking a 35.8% increase from AED 31.6 billion (USD 8.6 billion) in the previous year. This significant rise reflects higher utilization of insurance services and reinforces the sector's role in providing financial protection.

By the end of December 2024, total assets of insurance companies operating in the UAE stood at AED 144.4 billion, while shareholders' equity reached AED 32.1 billion (USD 8.7 billion), highlighting the sector's robust financial position and continued resilience.

Gross Written Premium by Line of Business

In the first three quarters of 2024, the UAE insurance sector's GWP reached AED 50.8 billion (approximately \$13.8 billion), marking a 20.9% increase compared to the same period in 2023. Extrapolating from this growth trajectory, the total GWP for 2024 is projected to reach AED 67.7 billion (approximately \$18.4 billion).

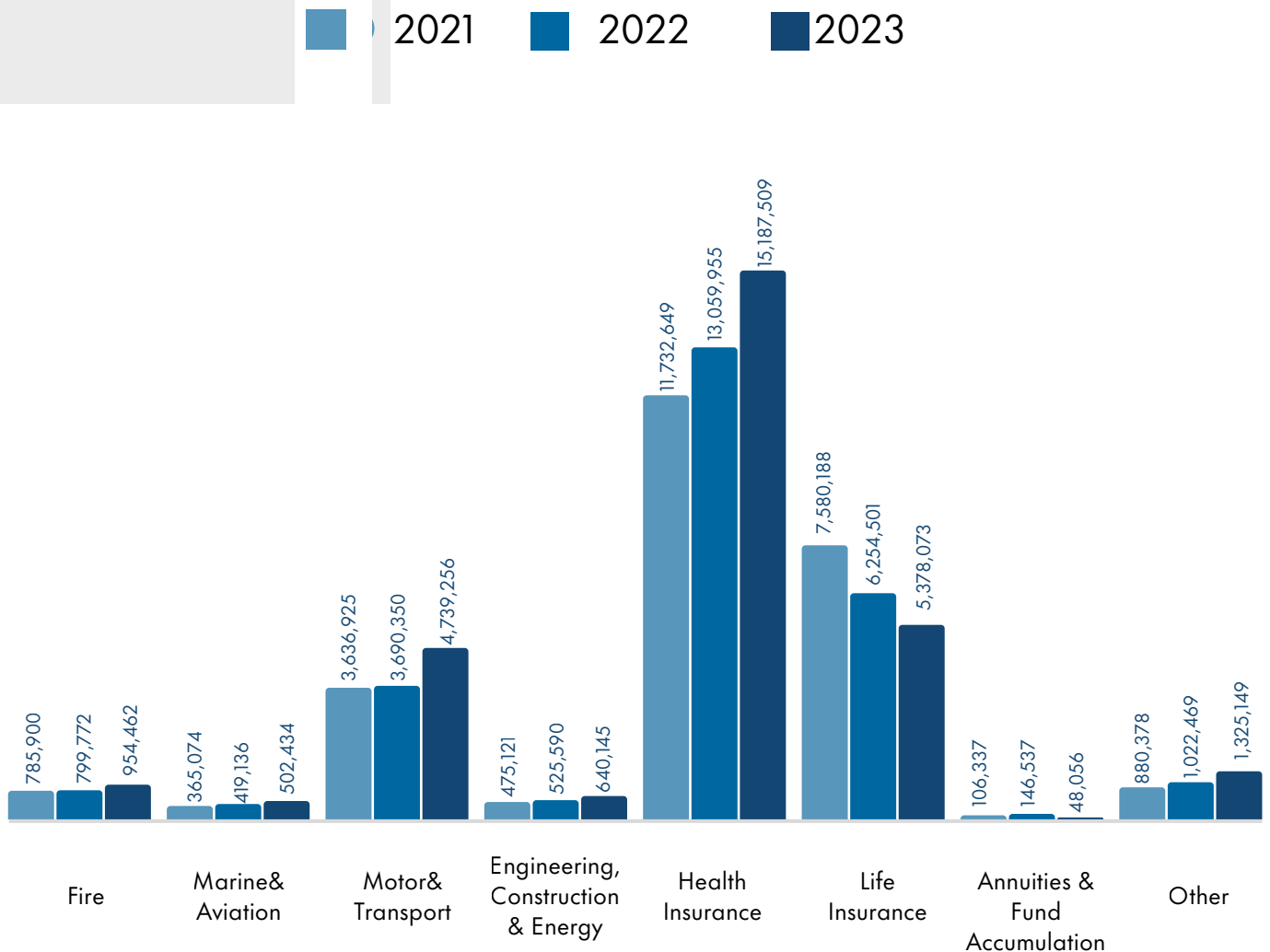
GWP BY LOB



Net Written Premium by Line of Business

In the first three quarters of 2024, the UAE insurance sector's Net Written Premium (NWP) reached AED 26.9 billion, reflecting a 17.2% increase compared to the same period in 2023. Extrapolating from this growth trajectory, the total NWP for 2024 is projected to reach approximately AED 35.9 billion.

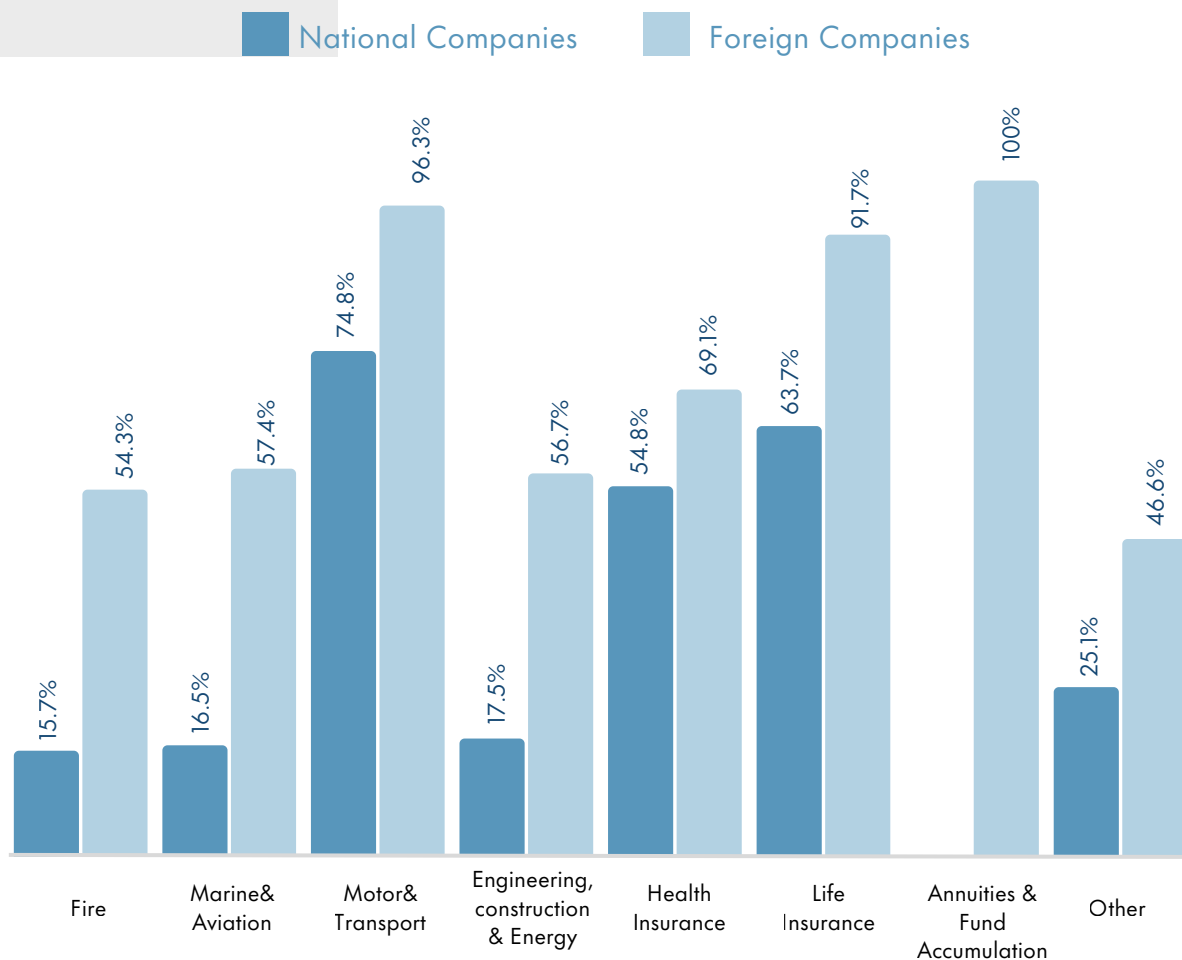
NWP BY LOB



Retention Ratio by Line of Business

The retention ratio for all types of insurance slightly decreased to 53.1% in the first half of 2024, compared to 53.8% during the same period in 2023. However, by the end of the third quarter, the average retention ratio had improved to 53.8%, up from 53.0% in Q1. Based on this upward trend and assuming a consistent or slightly improved performance in Q4, the full-year retention ratio for 2024 is estimated to reach approximately 54.2%.

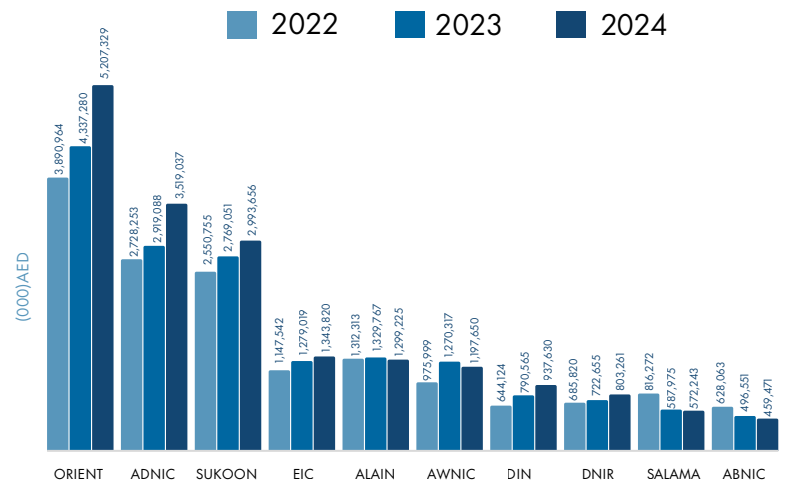
RETENTION RATIO 2023



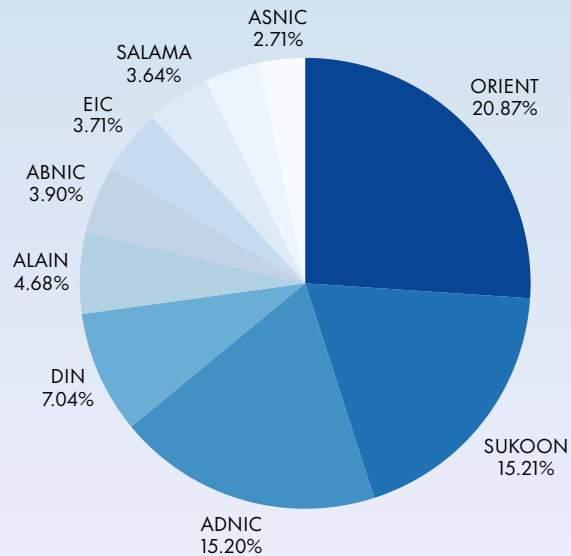
Industry Leaders

Performance of the top 10 companies

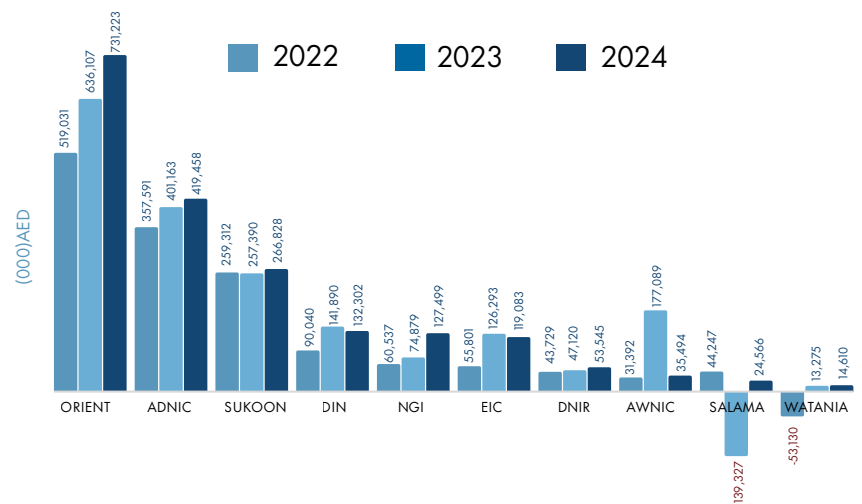
Top 10 Companies by Equity



Market Share Proportion



Top 10 Companies by Profit



Appendix A: List of UAE Insurance Companies Referenced in This Report

Company Name	Symbol
ORIENT Insurance PJSC	ORIENT
Abu Dhabi National Insurance	ADNIC
SUKOON Insurance	SUKOON
AlWathba Insurance	AWNIC
Dubai Insurance Co, PSC	DIN
Emirates Insurance Co.	EIC
Dubai National Insurance & Reinsurance	DNIR
Al Ain Alahlia Insurance Co.	ALAIN
WATANIA International Holding P.J.S.C.	WATANIA
Al Sagr National Insurance Company	ASNIC
Al Buhaira National Insurance	ABNIC
National General Insurance	NGI

Braxtone can assist and support your organization by providing regular updates on regulatory changes and their interpretations. Additionally, we can help identify the impacts of these regulatory changes and the necessary actions required to ensure full compliance within the timeframe set by the regulators.

What does Braxtone provide?



Deeper understanding of emerging regulatory trends



Enhanced resource efficiency and potential cost savings



Strengthened integrity and consistency



Improved data management and reporting through the use of customized and advanced analytic capabilities



Greater focus on assessing the impact of regulatory changes on your organization's governance and operational framework, and timely escalation of relevant information to the governance team

Our Team



**Ayman
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Chairman and CEO

Braxtone Group



**Mohamed
Radhi**

Vice Chairman and
COO

Braxtone Group



**Yahya
Nooruddin**

Chairman

Braxtone Insurance and
Reinsurance Brokers



**Jaffer
Mazaal**

General Manager

Braxtone
Insurance Management



**Osama
Alshammasi**

General Manager

Braxtone Muscat



**Hussein
Moussa**

Country Manager

Braxtone Surveyors
and Loss Adjusters



**Sahar
Alalaiwat**

Regional Head of
Advisory

Braxtone Corporate
Services Provider -
Bahrain Branch

Braxtone's Divisions

→ Advisory

- Mergers and Acquisitions
- Strategy Development
- Regulatory Compliance Support
- Process Improvement
- Digital Transformation

→ Insurance

- Insurance for Individuals
- Insurance for Corporate
- Reinsurance Brokerage
- Captive Feasibility Study
- Captive Management

→ Claims

Consumer Lines

- Motor Survey
- Market Value
- Investigation Report
- Technical Report

Commercial Lines

- Pre-Risk Inspection
- Claim Adjustment

→ Assistance

- Roadside Assistance
- Car Replacement
- Home Assistance
- Concierge Services
- Employee Secondment/Outsourcing

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