



## NEW LICENSING REQUIREMENTS FOR INSURANCE PRODUCERS

Late last year, the UAE Insurance Authority implemented Board of Directors' Resolution No. (27) of 2020 Concerning the Instructions for Licensing Insurance Producers (the Insurance Producer Regulations).

The Insurance Producer Regulations introduced a new concept into UAE insurance law, namely the regulated Insurance Producer (the Producer). This follows a general trend from the Insurance Authority towards increasing the classes and types of entities which fall within their regulatory ambit (see, for instance, the introduction of regulated entities such as Price Comparison Websites and Points of Sale).

The Insurance Producer Regulations also recognise how technology is affecting the way in which insurance policies are marketed and the move away from traditional forms of business generation.

### Insurance Producer

An Insurance Producer is defined as:

*“The natural or corporate person who is licensed by the Authority to practice the profession of marketing insurance policies through ordinary means or electronic means and registered in the Register.”*

The activities of Producers are limited to the marketing of insurance policies by attracting customers and allowing them to familiarise themselves with the products sold by the licensed Insurer. Producers are entitled to receive a commission for their services from the Insurer whom they are marketing on behalf of.

All Producers must be registered with the UAE and licenced Insurers may not deal with non-licenced Producers.

UAE nationals are permitted to market insurance in all types and classes. Non UAE nationals are generally limited to marketing policies relating to motor and health insurance, however they may be permitted to market other types and classes in certain circumstances.

### Conditions

A number of conditions are placed on Producers. For instance:

- 1 A Producer may only deal with one Insurer;
- 2 A Producer may not deal with Insurance Brokers;
- 3 A Producer may deal with an Insurance Agent, provided the approval of the relevant Insurer has been obtained;
- 4 A Producer may not practice the activities of Insurance Brokers or Agents;
- 5 A Producer may not sign the application on behalf of the customer;
- 6 A Producer may not receive premium or pay claims on behalf of the Insurer.

### Application Process

Both natural and legal persons may register as Producers. In all cases, applicants must submit a copy of the agreement entered into between the Producer and the Insurer for pre-approval from the Insurance Authority.

Legal persons must also ensure that they are licenced in the UAE and that their company's objectives include the practice of insurance marketing. Further, they must also submit a no-objection letter from their licensing authority permitting them to practice the activities of an Insurance Producer.

According to the Insurance Producer Regulations, applications for registration as a Producer will be processed and a decision issued within 15 days of the completed application.

If you require further information with regards to the Insurance Producer Regulations, please contact the author of this article or your regular HFW contact.



**SHANE GIBBONS**

Associate, Dubai

**T** +971 4 423 0574

**E** shane.gibbons@hfw.com

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