

*Legislative Decree No /43/
President of the Republic
Based on the statutes of the constitution,
Decreases the following:
Chapter I*

Definitions

Article (1) The following terms when used in the applicable context of this Legislative Decree

shall have the following meanings:

1- Insurance To hand the risks from the insured over to the insurer against premium, and the insurers commitment to indemnify the insured. Insurance also accommodates all other relevant synonyms including reinsurance in all its aspects that do not conflict with its nature.

2-Commission The supervision commission initiated under the Legislative Decree No 68 of 26/9/2004/

3-Board The commission Board of Directors.

4-Chairman Minister of Finance.

5-General Manager The general manager of the commission.

6- Insurer Any company licensed to pursue insurance under the statutes of this Legislative Decree.

7-Reinsurer Any reinsurance company licensed to pursue reinsurance under the statutes of this Legislative Decree.

8- Company The insurance company or reinsurance company.

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9- Insured The natural person or corporate body that has concluded an insurance contract with the insurer.

10- Beneficiary The natural person or corporate body in whose favour the insurance has been concluded or to whom the rights of insurance contract have been legally given.

11- License The License issued by the prime minister to pursue insurance or reinsurance under the statutes of this Legislative Decree.

12-Insurance Certificate The insurance policy concluded between the insurer and insured and the relevant obligations of both parties.

13-Technical Reserves The amounts of money that the insurer or reinsurer deducts and puts aside to meet the company's obligations of both parties.

14-Solvency Margin Increase in the company's actual assets to become greater than liabilities. the margin of solvency determine the company's power or the sufficient funds available to meet all its obligations and settle payable amounts with no stumbling block that could weaken the company's financial status.

15-Providers of Insurance Services

Individuals, offices, experts, companies and

whichever authority involved in insurance activities and whose pursuits do not include subscription to risks or acceptance of insurance.

16- underwriter A person authorized by the company to promote and sell insurance policies on its behalf against a commission, he should have obtained license from the commission to pursue this sort of activity.

17- Insurance Broker A person authorized by the insurance proposer against fees, he will negotiate procedures and completion of insurance contract with the company. He should be licensed to pursue this activity by the commission.

18-reinsurance

Broker

A person authorized by the commission to pursue brokerage between the immediate insurer (Insurance

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company) and reinsurer.

19-Actuary A person authorized by the commission to calculate the value of insurance policies, documents, reserves, and related accounts.

20-Insurance Adviser A person authorized by the commission to give advisory services in the field of insurance and reinsurance.

21-Insurance Surveyor The person or authority authorized by the commission who is well – versed in examining and assessing the causes of accidents, the size of damage or loss resulting, and holding responsibility in the event of an accident.

22- TPA A company licensed by the commission to regulate procedures of health insurance concludes between the Insurance company and the Insured, and to pursue its activities on behalf of the said company.

23-Auditor: An accounts auditor licensed to pursue auditing in the Syrian Arab Republic.

Article (2) **a)** The Statutes of this Legislative Decree shall cover all activities of insurance and reinsurance pursued in the Syrian Arab Republic, the said Decree shall cover the following branches of insurance:

First: General Insurance:

- 1- Accident and liability insurance.
- 2- Vehicle insurance and related liability.
- 3- Property and liability insurance.
- 4- Marine and liability insurance.
- 5- Aviation and liability insurance.
- 6- Energy risks and liability insurance.
- 7- Engineering and liability insurance.

Second: Health insurance.

Third : Life, savings and capital accumulation insurance.

Fourth : Agricultural insurance.

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b) The commission shall issue a detailed description of the branches of insurance in

each of the kinds provided in clause of this article.

c) the commission has the right to issue appended orders adding new branches of insurance not included in clause /A/ of this article whenever it is necessary and meets the requirements of the insurance market.

Chapter II

Organizing Insurance Pursuits

Insurance and reinsurance Incorporation

Article (3) Incorporation of private joint stock companies for insurance and reinsurance is

allowed in the Syrian Arab Republic under the statutes of this Legislative Decree, and the articles of the Legislative Decree No 68 of 2004 and in accordance with the regulations set by the Commission in this regard.

Article (4) a) The company's stocks are nominal and circulating and owned by the Syrian

Nationals or ipso facto. Arab and foreign natural persons or corporate bodies' subscription to stocks is also accepted. A natural person's subscription to stocks cannot exceed 5 % of the company's capital, and the corporate body's no more than 40 % of the said capital provided a prior consent is already obtained in the latter case.

b) The Syrian Nationals' subscription payments are made in the Syrian currency ,but non-Syrians' subscription payments are made in foreign currency according to the actual rate of exchange provided in the circular issued by the central Bank of Syria.

Article (5) The minimum capital of the company runs as follows:

- 700 Million Syrian pounds for companies that pursue general insurance only.
- 850 million Syrian pounds for companies that pursue general and life insurance.
- 1200 million Syrian pounds for reinsurance companies.

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Article (6) The company shall have to deposit /2/ million Syrian pounds in the name of the

Commission in a Syrian licensed Bank as a security deposit for each branch of insurance provided that the total amount ways of administration of the deposit shall be dictated by the regulations in force in the commission.

Article (7) Applications for licensing an insurance or reinsurance company are filed with the

Commission on the dates, forms and conditions specified for this purpose. The Commission shall then examine these applications in the light of the statutes of this Legislative Decree and the rules and regulations in force taking into consideration the applicant's reputation, qualifications and previous efficiency and experience in the field of insurance and the requirements and needs of the Syrian Insurance market. The study shall then be referred to the Prime Ministry coupled with a special proposition. The order of license shall be issued by the prime Minister.

Article (8) If the company specifies its purpose to pursue insurance on the basis of joint

solidarity (Islamic), then it has got to state this explicitly in the application detailing the legal control through which it will operate and method of operation.

Article (9) No insurance or reinsurance company can be registered in a public or private record

unless it has deposited all its capital in the company's account in one of the licensed

Syrian banks. Any insurance contract is regarded absolute invalid if ratified with a company not licensed under the statutes of this Legislative Decree.

Article (10) **a)** In case the agreement to incorporation and licence stated in Article (7) of this

Legislative Decree has been granted, then the applicant shall submit a request to be registered in the record of insurance companies with the Commission .the application must be attached to an advice of payment of the security deposit provided in Article (6) the company can pursue insurance business only after registration.

b) The Commission shall provide the conditions of registration, procedures and rationale as all the provisions of registration that the company has to abide by to be finally granted a special number in the record provided for this purpose.

Article (11) Taking into consideration the Arab and International Agreements prior to the

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insurance of this Legislative Decree:

a) No insurance on liability, movable or immovable property can take effect on the territories of Syria unless it is conducted by a Syrian insurance company licensed under the statutes of this Legislative Decree.

b) No organization or company operating in the Syrian Arab Republic can insure their staff with a non –Syrian insurance company.

c) the companies licensed under the statutes of the Investment Law No 10 of 1991 and amendments whereof ,before this Legislative Decree runs into effect, are committed to adapting their conditions to run in harmony with its statutes within an interim interval to be specified in the Guidelines of this Legislative Decree.

Article (12) The headquarters of the company shall be in the centre of the governorate chosen by

the applicant for license, and this has right to open branches inside and outside the Syrian Arab Republic under the Commission's consent.

Management of Insurance and Reinsurance Companies

Article (13) Each company shall set up aboard of directors according to its rules of procedures.

This board is the sole authority responsible for running the business and laying down the investment and insurance plans and all fiscal, technical and administrative regulations pertinent to running their affairs with full observance of the statutes of this Legislative Decree, and the rules and instructions put forward by the Commission.

Article(14) The following categories of people are not allowed to set up an insurance or

reinsurance company nor can they chair the board of directors or be members of it, directors general or authorized members:

- Someone declared bankrupt.

-Someone with previous Criminal record.

-Someone legally incompetent.

-Someone responsible for a grave infraction of the statutes of this Legislative Decree as decided by the commission's board of directors.

Article (15) The company is bound to recruit a purely Syrian staff; however, a limited number of

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non-Syrians could be recruited to provide certain expertise not available locally.

The quality and quantity of these positions must be agreed up on by the director general of the Commission.

Article (16) The company is bound to provide the Commission with the following:

- a) A detailed report on its operations attached with the Balance sheet and other data pertinent to the branches of insurance they pursue.
- b) Their auditor's report on accounts within /90/ days of the end of the fiscal year.
- c) Keeping the Commission informed of the contingent administrative And financial conditions, and the event of heavy losses. Such information should be forwarded to the commission by the board of directors or director general.
- d) Inviting the director general to attend the meeting of the general Commission fifteen days before the fixed date; the director general could deputize one of the directors of the Commission.

Article (17) The company is bound to build up technical reserves that corresponds to its

liabilities towards the policy holders and beneficiaries, and these include:

- a) Algorithmic reserves for life insurance and these can be assessed by the authorized actuary in line with the basics specified by the Commission.
- b) Reserves of premiums on current risks (not expiring by the end of the year) according to the basics and ratios specified by the Commission.
- c) Reserves of damages under settlement for accidents reported on the basis of advices on accidents and related claims.
- d) Additional reserves for eventualities that took place and were not reported.
- e) Other reserves the commission deems appropriate to build up.

Article (18) The company is bound to set aside at any time ,and under the basics, regulations and

instructions laid by the Commission, the following:

- a) A solvency margin that guarantees assets in surplus to liabilities.
- b) The full amount of the security deposit corresponding to the kind of insurance that the company pursues.
- c) The technical allocations assessed at the end of every fiscal Year.
- d) The funds, reserves and investments that must be in operation in the Syrian Arab

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Republic, besides specifying the fields and ratios of these investments.

Article (19) The company licensed to pursue life insurance has to appoint a licensed actuary

authORIZED by the commission within two months following the date of license, and the company is then bound to provide the commission with detailed information about him.

Chapter III

Insurance Policy

Article (20) The insurance policy used in the Syrian Arab Republic is completed in Arabic. It

could also be completed in a foreign language provided that an Arabic translation is attached to it. In case of divergence of interpretation, the Arabic text is adopted.

Article (21) In all cases, the company has to provide the insured and beneficiaries, when

explicitly designated on the insurance policy, with the relevant document, data and appendices.

Article (22) The company has to provide the director general with samples the insurance policy

and appendices accredited including the general and special insurance provisions.

Chapter IV

Money Laundering

Article (23) Money laundering in the context of implementing this Legislative Decree means

transferring funds that derive from illegal pursuits with the aim of exchanging, investing or transferring them in order to hide their illegal origin, and render them legal funds whose real origin is uncovered.

Article (24) The Commission has every right to ask anyone or any company covered by the

statutes of this Legislative Decree to abstain from implementing or sharing in any transaction or other activities that originate in any pursuit stated in Article (23) of this Legislative Decree, the Commission shall also advise any official or judicial authority of this under the statutes of the Legislative Decree No 43 of 2005 and

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executive guidelines whereof, on money laundering and funding terrorism.

Article (25) The insurance company is bound to provide the Commission with tables of life

insurance surrender value or any other payments related to insurance operations under the limits prescribed by the commission.

Chapter V

Violations and Penalties

Article (26) **a)** the company is regarded in violation and accountability is effected when the

Commission has proved the rise of any one of the following violations:

1- The company's failure to meet its obligations, or unjustifiably relinquishes them.

2- The company's failure to carry on with its pursuits for any reason.

3- Non abidance by the statutes of this Legislative Decree and the regulations, instructions and guidelines whereof.

4- Non abidance by the programme it submitted on applying for license.

5- Inadequacy of reinsurance programmes to protect insurance operations completely.

6- Losses that exceed (40%) of the company's capital.

7- Unjustified failure to carry on with subscription pursuits in one or more of the kinds of insurance it is licensed to pursue for a period longer than six months.

b) The director general shall verify the violation, and then he will ask to the company to take the necessary measures bound to rectify the conditions that have led to the violation. If the company fails to do so within a specified period of time, the director general shall then refer the situation to the board to work on it appropriately.

Article (27) Upon the proposal of the director general, the board of directors could take some

measures against the company with the aim of obliging it to rectify the conditions and settle the violation, and these include:

a) Forwarding a written warning to the company demanding that the violation be abstained from and the consequent situation be rectified.

b) Limiting the company's new operations or debarring it from renewing the already existing ones of one or more of the kinds of insurance the company is

licensed to pursue.

c) Calling the company's board of directors to hold a special meeting to see to the violations attributed to the company; the commission's representative is invited to attend this meeting.

d) Upon the proposal of the director general an observer named by the chairman is appointed in the board of directors; this member has the right to share in the discussions but with no right to vote.

e) Excluding one or two of the company's executives.

f) Binding the company to set up a finance centre and prepare final accounts.

g) Amending the investment policies and arrangements of the company's reinsurance.

h) Disbanding the board of directors and appointing a commissioner to run the company until a new board is appointed.

i) Suspending the company's license to pursue one or more of the kinds of insurance it pursues for a period not exceeding six months.

Chapter XI

Transferring Insurance Policies and Suspending Operation

Article (28) **a)** The company has the right to ask the commission for agreement to transfer the

insurance policies, issued in the Syrian Arab Republic, along with the right and consequent obligations related to any kind of insurance pursued by the company to another company or other insurance companies that pursue the same kind of insurance. This request for transfer is submitted to the director or general attached to the documents of agreement to transfer.

b) The commission shall undertake to announce this request for transfer in two daily papers for two times successively at the cost of the applicant for transfer. The paper advertisement shall clearly point out to the policy holders' right to object to this transfer within a month.

c) After considering the objections, if any, the legal procedures of transfer coupled with the rights and obligations are completed.

Article (29) If the company registered under the statutes of this Legislative Decree decides to

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suspend its operations in one or more of the branches or kinds of insurance it pursues, or if it decides to completely stop these operations, then it is bound to submit a request to the Commission supported by the documents that prove:

a) It is free from all accounts payable and has met all its obligations that derive from the insurance policies it has issued in the Syrian Arab Republic, or that it has transferred the policies to another company as provided in Article (28) of this Legislative Decree.

b) That the company has declared its intention to stop its pursuits and that it has invited the policy holders and beneficiary or whoever has to with its insurance activities to submit protests, if any.

c) The commission can agree to the company's requests if no protests have been submitted within a month. However, in case protests are submitted within the said period, the request shall not be settled unless an agreement has been reached or a court order has been issued, only then can the board of directors release the company's funds provided an amount of money equal to the claims and other additional expenses has been paid.

Chapter XII

Annulment of Registration and Cancellation of License

Article (30) If it is proven that the license has been offered on the basis of incorrect information

given by the applicant, then the license is abolished by the board of directors.

Article (31) If the company does not remove the reason for the abolition of license as provided in

Articles (26 and 30) of this Legislative Decree within the specified interval or if it has not put right the violations, then the license shall be abolished by the prime ministry upon a proposal made by the board of directors.

Article (32) The measures relevant to suspending or abolishing of license are specified in the

executive guidelines by the board of director for this purpose.

Chapter VIII

Providers of Insurance Services

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Article (33) The providers of insurance services listed below are not allowed to pursue this job

unless they have obtained agreement in this regard from the Commission, and they have been registered in a special record for this purpose, and have also met all the conditions included in the system of providers of insurance policies and the other regulations and guidelines issued by the Commission:

- a) Expert actuaries.
- b) Insurance advisers.
- c) Surveyors and damage assessors.
- d) Underwriters.
- e) Insurance brokers.
- f) Reinsurance brokers.
- g) Auditors.
- h) Companies of Health Insurance charges management (T.P.A).

Article (34) Insurance companies are not allowed to seek the services of anyone of those listed in

Article (33) unless they have obtained a license from the Commission, and have been registered in a special record for this purpose.

Article (35) All providers of insurance services and underwriters authorized by the Syrian

Insurance company have to adapt their status to run in line with this Legislative Decree and other regulations and guidelines issued by the Commission.

Article (36) Providers of insurance services subject to the statutes of this Legislative Decree are

bound to submit any information required by the Commission within the interval specified by the director general.

Chapter IX

Insurance Disputes

Article (37) a) The board of directors shall setup a special a committee to look into the

insurance complaints that results from the insurance activities, and settle the disputes whereof; the resolutions of the committee are binding to all parties.

b) The tasks of the said committee in the previous clause /A/ and terms of reference shall be specified through guidelines issued by the Commission.

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c) The insured and beneficiaries could resort to the Commission to demonstrate the difficulties that could arise between them and the insurance company with no prejudice to their right to seek the judiciary authority or arbitration.

Article (38) **a)** Upon the proposal of the director general, the board of directors shall issue the

appropriate guidelines that lay the basics of alternative means to settle the insurance disputes in general and mediation and arbitration, in particular, as well as the relevant wages and changes.

b) A special record is used by the Commission listing names of mediators and insurance dispute arbitrators authorized by the commission. The provisions and requirements of accreditations are specified through guidelines issued by the Commission for this purpose.

Chapter X

Joint Funds

Article (39) **a)** Upon the proposal of the director general, the board of directors may set up a

special fund to indemnify against injuries of traffic accidents for people who haven't received any compensation from any insurance company for one reason or another.

b) The board of directors has the right to set up a special fund to indemnify the insured and beneficiaries in case the insurance company is declared bankrupt and has failed to meet its obligations.

c) The board of directors has the right to set up other funds and specify their objectives, financial resource, liabilities and all procedures relevant to their operations and management.

d) All the funds aforementioned in this article retain their corporate character as from the date of initiating them.

Union of Insurance Companies

Article (40) **a)** A professional union of insurance and reinsurance companies subject to the

statutes of this Legislative Decree is initiated with corporate status, and all Syrian insurance companies are duly considered members of this union.

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b) The union shall take care of the members' interests and apply the rules of pursuit of this profession. It will also function as a representative of the insurance companies in all fields relevant to insurance activities.

c) The union's rules of procedures shall specify the nature tasks, obligations and the measures peculiar to its general assembly and board of directors. It will also determine the enrolment and annual subscription fees and the punitive measures taken against members.

d) The chairman of the board of directors of the supervision commission shall issue an order accrediting initiation of the union and endorsing the internal system. The union is registered in the Commission's record against / 200000 / Syrian pound.

e) The commission shall have representatives to attend the meetings of the union's board of directors and branch committees but with no right to vote.

Chapter XI

Fines

Article (41) **a)** Whoever violates clause /A/ of Article (10) of this Legislative Decree, or clauses

/A and B/ of Article (11) of this Legislative Decree, shall have to pay a fine not less than a million Syrian pounds and no more than five million Syrian pounds. The penalty is doubled in case the violation is repeated. If the violation is repeated more than twice, then the maximum penalty is doubled.

b) In case of violations of Articles (15-33-34-35) of this Legislative Decree then the penalty ranges between a hundred thousand and a million Syrian pounds, it is doubled when the violation is repeated, and if repeated more than twice, the maximum penalty is doubled.

c) Whoever violates any of the statutes of this Legislative Decree, or related regulations and guidelines not mentioned in clauses /A and B/ of this Article, is fined an amount of money ranging between (twenty-five and two hundreds and fifty) thousands Syrian pounds. This fine is doubled in case the violation is repeated, and if repeated more than twice then the maximum fine is doubled.

d) The board of director has the right to levy a fine on the company for the violations not mentioned in clauses /A-B-C/ of this article. The sort of violation and the amount of fine are specified through a decree.

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Article (42) Taking into consideration the rules of Law No 24 of 2003 and its amendments, the state income tax on net profit made by the insurance companies licensed by the rules of this Legislative Decree for their subscription and investment activities is specified at 25 % with no other extras except that of local administration that ranges between 4-10 % of the tax percentage. As for the companies, whose rate of public subscription to their shares exceeds 50 %, the rate of income tax on net profits realized is 10 % with no other extras.

Article (43) Article (3) of the Legislative Decree No 68 of 2004 is amended to run as follows:

The Commission aims to regulate and supervise the sector of insurance and reinsurance in a manner that provides the proper environment conducive to developing and enhancing the role of insurance industry in life and property insurance and liability coverage. It also supervises raising, promoting and investing national savings derived from insurance activities to support the economic development in the Syrian Arab Republic to protect the rights of the insured, the beneficiary and investor, and provide insurance coverage that guarantees these rights. In this context, the Commission shall perform the following duties:

a) Protect the rights of the insured and beneficiary and supervise the solvency of the insurance and reinsurance companies to guarantee their ability to provide a sufficient insurance coverage that protects those rights.

b) Work to promote the performance and upgrade the efficiency of the public authorities involved in insurance and reinsurance, and shall hold them responsible for sticking to the rules and basics of insurance pursuits with the aim of providing better insurance services and positive competition.

c) Participate actively in promoting insurance awareness, and conduct studies and research related to insurance.

d) Boost ties of cooperation with insurance organizations at the Arab and international levels.

e) Pursue any other activities related to insurance and reinsurance activities adopted by the board of directors.

Article (44) Article (17) of the Legislative Decree No 68 of 2004 is amended to run as follows:

The staff's rules of procedures and relevant financial system as well as all systems required are issued by the prime minister at the proposal of the Board of Directors.

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Article (45) The provisions of this Legislative Decree when ratified apply to the establishments and companies of insurance and reinsurance, which are operating in the Syrian Arab Republic: The general Syrian Insurance company and Arab Union Reinsurance Company (aure). These two organizations are bound to adapt their conditions to the provisions of this Legislative Decree and other relevant rules.

Article (46) **a)** The authorities that provide insurance services are bound to adapt their conditions

to the rules and relevant provisions of this Legislative Decree when it is ratified.

b) The Union of Insurance Agents must adapt their conditions to be compatible with this Legislative Decree.

Article (47) **a)** The provisions and amendments of the trade law are applied in any other area not

specified in this Legislative Decree, and the Legislative Decree No 68 of 2004.

b) The law of insurance supervision No 195 of 1959 is terminated and whatever rules that conflict with this Legislative Decree wherever they occur are cancelled.

Article (48) The Minister of Finance issues the internal rules of procedures for the Commission,

and the executive guidelines for the provisions of this Legislative Decree.

Article (49) This Legislative Decree is published in the official gazette.