

**Capital Market Authority
Decision No (E/96 /2022)**

Requirements for Licensing Oman Reinsurance Company (SOAG) to carry out Re-takaful Activity

Pursuant to the Insurance Companies Law enacted by Royal Decree 12/79; and
Takaful Law enacted by Royal Decree No. 11/2016; and
The Implementation Regulation of the Insurance Companies Law issued by Ministerial Decision No. 5/80; and
Licensing Requirements to carry out Insurance Business issued vide Decision No. E/31/2007; and
Takaful Regulation issued by Decision No. 103/2019; and
The approval of the Board of Directors of the Capital Market Authority,
In the interest of the public

It has been decided

First Article

The attached Requirements shall have effect with regard to licensing Oman Reinsurance Company (SAOG) to carry out Re-takaful Activity.

Second Article

The provisions of the above-mentioned Takaful Law and Takaful Regulation shall apply with regard to anything not specifically provided for in these requirements.

Third Article

Anything infringing this decision or inconsistent with its provisions shall be repealed.

Fourth Article

This decision shall have effect as from the date of issuance.

**Abdullah Salim Abdullah Al Salmi
Executive President**

Issued on: 6 Dhualqadah, 1443 H
Corresponding to: June 6, 2022

Requirements for licensing Oman Reinsurance Company (SAOG) to carry out Re-takaful Activity

Article (1)

In the application of these requirements words and expressions herein shall have the same meaning stipulated in the Takaful Law and Takaful Regulation and the following words and expressions shall have the meaning respectively ascribed to them unless the context otherwise requires;

1. **Company:** Oman Reinsurance Company SAOG)
2. **Register:** The register of reinsurance companies at the Capital Market Authority.
3. **Sub Operator Fund:** Shareholders fund in the Re-takaful activity.

Article (2)

Licensing application must be submitted to the CMA together with the following documents:

1. Evidence of maintaining a deposit with a bank licensed to carry out Islamic banking transactions in the Sultanate of Oman as specified in the Regulation.
2. Evidence of the required Re-takaful arrangement with Re-takaful companies unless the CMA estimates that there are no need for such arrangements based on reasonable bases provided by the Company.
3. Copy of the articles of association of the Company showing the extent of administrative and financial independence of the Re-takaful activity.
4. Evidence of appointment of an officer for management of Re-takaful operations.
5. Evidence of appointment of Sharia supervisory committee as provided for in the Regulations.
6. Evidence of opening bank account in the name of the Company for participants fund and another account for Sub-operator Fund.
7. Evidence of holding a capital not less than RO 2,000,000 (Two Million Riyals Omani) allocated to the Sub-Operator Fund.
8. A statement by the actuary stating that the business plan for Family Re-takaful Activities (if any) has been prepared according to principles which appear to be reasonably sound and workable.
9. Evidence of satisfying solvency margin.
10. Determination of surplus/deficit policy.

11. Al-Qardh Al-Hasan Policy (including its repayment and impairment)
12. Mechanism for separation of Participants' Fund and Sub-operator Fund.
13. Method for determination of Contribution rates.
14. Investment policy of the Company.
15. Business plan provided for in Article (14) of the Regulation
16. Evidence of payment of the fees
17. Any other statements or certificates that the CMA may request.

Article (3)

The CMA shall consider the licensing application and the Executive President shall issue licensing decision within sixty (60) days from the date of completed application with all the required documents.

Article (4)

The activity shall be registered in the register and shall be given a new certificate evidencing registration and registration number. The company is obliged to indicate its registration number in all the papers issued by it, and the company must immediately notify the CMA for any modification in the information recorded in the register.

Article (5)

The licensing period shall be five (5) years and may be renewable for similar term based on application by the Company at least two months prior to the expiry date in accordance with the terms and conditions stipulated in the form prepared by the CMA.

Article (6)

The Company shall increase the amount allocate to the capital of the Re-takaful activity mentioned in Article (2) herein annually on proportional basis, based on the total contributions and premiums as shown in the below equation:

$$\begin{array}{lcl}
 \text{Total paid up capital} & \times & \frac{\text{total contributions of Re-takaful activity}}{\text{Total contributions of Re-takaful activity} +} \\
 & & \text{Total written premiums of reinsurance activity}
 \end{array}$$

Article (7)

The Company shall segregate between the Sub-Operator Fund of Re-takaful activities and the capital allocated for reinsurance operations.

Article (8)

The funds of the Sub-Operator Fund shall be used to meet the obligations of Re-takaful operations, which the participants are not obliged to bear including the commission, administrative and general expenses of Re-takaful operations.

Article (9)

Subject to the provision of Article (7) herein, the funds in the Sub-Operator Fund may be used for the following purposes:

1. Al Qard- al Hassan for participants' fund in case of deficit in its solvency.
2. Al Qard- al Hassan for participants' fund in case of cash deficit in the participants' fund.
3. Meeting any of the requirements of the funds deposited with the CMA.
4. Any other transfers approved by the CMA.

Article (10)

The person to be appointed to manage the Re-takaful activity shall be:

1. Full time supervisor and manager of Re-takaful operations
2. Shall have the qualifications and experiences as specified by the CMA.

Article (11)

The Company shall comply with the following:

1. To maintain the funds and accounting records of the general Re-takaful, family Re-takaful and health Re-takaful separately for each activity.
2. Maintain all accounting registers and documents related to Re-takaful operations separately from the operations and financial transactions related to other insurance activities.
3. Ensuing that all documents related to Re-takaful operations clearly indicate the administrative division engaged in Re-takaful under the name of the Company.
4. Maintaining cash, bank accounts, all revenues, and expenses, assets and liabilities related to Re-takaful separately from reinsurance operations.

5. Determining the sound basis for distribution of costs and expenses jointly charged to reinsurance and Re-takaful operations (if any). The basis and justifications for such expenses shall be specified and disclosed in all the financial reports.

Article (12)

For preparation of the financial statements for Re-takaful operations, the Company shall comply with the following:

1. Accounting and Auditing Standards of Islamic Financial Institutions.
2. Calculation of solvency margin of the Company according to the provisions stipulated in the Law and the Regulation
3. Calculation of technical provisions according to the provisions stipulated in the Law and the Regulation
4. Preparing financial statements separately from the reinsurance activity.
5. Including brief information on Re-takaful and reinsurance operations in the consolidated financial statements.
6. On calculation of the solvency margin of the Company, merging the activities of general reinsurance and general Re-takaful, life reinsurance and family –Re-takaful, health reinsurance and health Re-takaful.