

**The Republican Decree of Law No.37 of 1992  
On Supervision and Control of Insurance  
Companies and agents – as amended**

The law contains 80 Articles which are in eleven Chapters.

Article 3 provides that the law applies to all insurance and reinsurance companies and agents operating in the Republic of Yemen.

Types of Insurance according to Article 4 are:-

- Life insurance;
- Fire insurance;
- Marine, land and aviation insurance;
- Capital guarantees;
- Accident insurance; etc.

Insurance and reinsurance companies and agents are subject to this law, the law on commercial companies and other related laws and regulations which are in force.

Insurance and reinsurance companies must be established in the form of joint- stock companies, provided that their capital is not less than YR (15,000,000), and Yemeni shareholders own not less than 75% of the company capital, and the majority of the Board of Directors are of Yemeni nationality.

Foreign insurance companies can do insurance business in Yemen only in the field of reinsurance, whether through their own Branches or through Yemeni agents.

Insurance companies must deposit in the name of the Minister of Industry and Trade, an amount equal to 10% of paid up capital, in a bank named by the Minister himself.

According to Article 17 an insurance company cannot conduct any reinsurance business, unless it has obtained a special license from the Minister.

Article 18 prescribes conditions and requirements for insurance agents as follows:

- to be of Yemeni nationality and residing in the Republic of Yemen;
- to be of good conduct and reputation;
- has not been convicted of crime or offence;
- has full legal competence;

However, no person can conduct any insurance business, unless he has obtained license according to the law and regulations.

Articles 23 through 30 specify procedures for licensing insurance companies and agents. Article 24 states the following requirements for license:-

- Documents evidencing the establishment of the company must be attached to the application for license;
- Certified copies of the memorandum of association and articles of association;
- Authenticated certificate of paid up capital;
- Statement of types of insurance which the company intends to conduct;
- Deposit certificate of 10% of paid up capital according to article 8;

A license must be renewed after five years, 30 days before the end of the license term.

Foreign companies which intend to conduct insurance business in the field of reinsurance must apply for license to the Minister of Trade and Industry.

A company must attach to the application a statement indicating insurance operations of the applicant company for the last three years, and the last balance sheet.

Insurance company has the right to assign its insurance documents, i.e. insurance policy ,etc. along with liabilities accrued from them, provided that the company has applied to the Minister according to the executive regulation.

In case the company decides to stop its business wholly or partially in one or more types, it must apply to the minister. It cannot stop its business before having the minister's approval. Article 34 prescribes the cases when insurance company license can be terminated:-

- In case of violating the provisions of the Law, executive regulation and instructions;
- If the company decided to liquidate its business, or a court decision was passed announcing liquidation or Bankruptcy of the company;

- If the company assigned all its insurance documents to another company;
- If the company merged with another company;
- If the company business activities stopped for any reason stated by law.

The law entitles insurance companies to establish insurance unions for every type of insurance, provided that only one union to be established for one type of insurance.

The purpose of establishing insurance unions is:-

- to study and suggest prices;
- to study conditions and standards of insurance documents;
- to analyze, collect and publish information related to insurance business;
- to establish and maintain relations with similar foreign unions.

Insurance unions must be registered in the Insurance Companies Register.

The law provides for merger of insurance companies.

Penalties are covered in the law by Articles 58 through 66.