



Note on the Bill amending and supplementing Law No. 17-99 portraying the Insurance Code

1. The main amendments to the Insurance Code cover the following:

- The revision of the minimum coverage amounts of mandatory hunting and automobile insurance;
- The expansion of the list of risks for which the Government may extend a waiver to be covered by foreign insurance companies but after consultation by the CCA (Insurance Consultative Committee) in certain cases;
- The approval of the appointment of auditors by the Government as determined by the latter;
- The disagreement of the Government regarding the appointment of persons to manage an Insurance and Reinsurance (EAR) firm;
- The introduction of the principle of risk-based solvency;
- The requirement for EAR to implement the most appropriate governance regarding their activity;
- The possibility to demand that EAR establish specific committees to improve their governance;
- The redesign of the registration system of insurance contracts by the Government;
- The review and introduction of new administrative fines.

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2. The main provisions of the TAKAFUL project cover:

- The introduction of the meaning of the TAKAFUL insurance, the TAKAFUL advance, the participation/premium and the subscriber/participant;
- The introduction of the basic principles of the TAKAFUL insurance: implementation according to the dictates of the Islamic Sharia, participation based on donation (Tabarru), risk coverage by participants, collection of a fee by EAR managing the TAKAFUL insurance, deficit coverage through interest-free advances, distribution of surpluses between participants;
- The compliance with the Islamic Sharia regarding the TAKAFUL insurance implementation is decided by the Sharia Committee for Finance, created within the Supreme Council of Ulema;

The requirement for the internal control system to also foresee the risk of non-compliance with the Islamic Sharia;

- The requirement for the internal audit entity to ensure the writing, at least once a year, of a specific report on the compliance with the precepts of the Sharia, to be transmitted to the Government;
- The authorization to implement the TAKAFUL insurance may not be granted to firms implementing other insurance operations;
- The TAKAFUL insurance will initially deal with life insurance and capitalization.

3. The main provisions of the Bill on the establishment of obligations of certain insurance policies regarding constructions:

Insurance policies that will be affected by this requirement are "construction all risk" (TRC) and the decennial civil liability (RCD) under Article 769 of the Dahir (Law) portraying the Code of Obligations and Contracts.

The provisions regarding the latter, which will be introduced in Act No. 17-99 of the Insurance Code shall include the following:

Provisions regarding the "construction all risk" insurance (TRC)

- The introduction of the requirement for the owner of the construction work or his representative to purchase insurance covering damages affecting the construction during the duration of the work;

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- The introduction of the requirement, covered by insurance, ensuring the liability of the owner of the work or his representative, and that of any person who contracted or was hired for services by the owner throughout the duration of the construction, in order to cover damages caused to third parties during work on the construction site;
- The delimitation of the scope of these two obligations: constructions involved in the TRC compulsory insurance and those excluded;
- The main TRC insurance contract exclusions may provide;
- The minimum amount of the guarantee relating to the TRC insurance;
- The satisfaction monitoring regarding the compulsory insurance;
- The fines for non-implementation of this obligation;
- The introduction of the requirement for EAR to cover any person subject to compulsory insurance established by the insurer.

Provisions regarding the "decennial civil liability" insurance (RCD)

- The introduction of the obligation for any person whose liability may be committed under Article 769 of the Royal Decree of 12 August 1913 portraying the Code of Obligations and Contracts covering this liability by an insurance contracted by an EAR;
- The delimitation of the scope of this obligation: constructions covered by the compulsory insurance RCD and those excluded;
- The main exclusions and disqualifications an RCD insurance contract may provide;
- The amount of the guarantee and the franchise related to the RCD insurance;
- The duration of the warranty and its starting date;
- The satisfaction monitoring regarding the compulsory insurance;
- The fines for non-implementation of this obligation;
- The introduction of the requirement for EAR to cover any person subject to compulsory insurance established by the insurer.