



FRA Issues Comprehensive Governance Rules for Insurance & Reinsurance Companies in Egypt

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Introduction

In light of Egypt's steady expansion in its insurance sector, the Financial Regulatory Authority ("FRA") issued Decree No. 200 of 2025 (the "**Decree**") introducing binding corporate governance regulations for insurance and reinsurance companies under the Unified Insurance Law. The Decree aims to raise accountability within insurance institutions, reinforce oversight and establish stronger governance standards across the insurance sector.

The Decree was issued on 21 October 2025 and enters into force the day following its publication.

We will delve the key features of the Decree as follows:

Mandatory Corporate Governance Framework

The Decree requires that insurance and reinsurance companies prepare and develop an integrated, written Governance Rulebook, which must include a comprehensive set of detailed policies and charters, most notably operation of the board of directors and committees, conflict-of-interest rules, whistleblowing procedures, AML/CFT controls, data security standards, investment strategy, risk management, compliance, underwriting and pricing methodology, claims settlement rules, actuarial oversight, asset-liability management, digital transformation, ESG and sustainability considerations, and policyholder protection.

A copy of such Governance Rulebook must be submitted to the FRA within 30 days following its approval from the board.

Companies are required to review their Governance Rulebook and its attachments regularly, at least once annually, and notify the FRA of any amendments within thirty days of their approval by the board.

A Governance Officer must be appointed to oversee implementation and ensure compliance with the Decree's provisions.

Additionally, companies must prepare an annual governance report executed by the Chairman and CEO, which shall be published on the company's website. This report must include the shareholding structure, board composition, committees formed and their mandates, remuneration disclosures, compliance assessment, conflicts of interest, violations (if any), performance reports, and related party transactions.

Corporate Governance

While the Egyptian Companies Law No. 159 of 1981 establishes the general corporate governance framework applicable to joint-stock companies, the Decree introduces a significantly more stringent and sector-specific governance regime for insurance and reinsurance companies:

General Assembly



The general assembly meetings cannot be held outside Egypt.

The FRA must be notified with the details of the meeting, agenda, prior to the meeting within at least 30 days and attach all documents provided to shareholders regarding the company's activities.

Cumulative voting method must be used for electing board members.

The minutes of meeting must be submitted to FRA within one month with signatures from the chairman, meeting secretary, auditor(s), and vote counters on each page.

the minutes of the general assembly must be published on the company's website after the minutes have been certified by the FRA.

Electronic systems may be used in the general assembly meetings provided that they are approved by FRA and are secure.

Board of Directors

The Board must consist of at least five members, with the majority being non-executive and at least two independent directors. Female representation is required in the board.

The Decree also requires separation between the role of the chairman and CEO/managing director (i.e. no dual role).

Independent directors lose independence if they exceed certain duration of service, hold conflicting roles, or have financial or kinship ties to majority shareholders of the insurance or reinsurance company.

Mandatory Formation of Committees

The Decree requires that the board must form various committees to support its role, improve the efficiency, and independence of decision-making within the board, and enhance the company's governance and oversight in a manner that aligns with the scale of its business, the nature of its activities, and the level of risks it faces. The committees to be formed are as follows:

- Nomination and Remuneration Committee.
- Internal Audit Committee.
- Risk Committee.
- Investment Committee.
- Governance Committee.
- Policyholders' Rights Protection Committee.

Additionally, the board must also establish the following technical committees:

- Information Technology and Digital Transformation Committee.
- Insurance Product Development Committee.
- Asset and Liability Management Committee.



- Environmental, Social, and Governance (ESG) Committee related to sustainability and climate governance.

Each committee must have a clear charter, which outlines its responsibilities, meeting frequency, quorum requirements, and the process for reporting to the Board.

Internal Governance Requirements

Insurance and reinsurance companies are required to establish appropriate internal control and compliance mechanisms to ensure effective decision-making, enhance operational efficiency, and improve governance. The Decree outlines the minimum objectives of the internal control system.

In addition, specific departments have to be established in the company, such as risk management, compliance, internal audit, governance anti- money laundering and terrorism financing. The Decree also outlines the specific powers of these departments.

Transitional Compliance Period

Companies are granted one year from the Decree's effective date to comply with provisions of this Decree and to align their operations and amend their bylaws. This period may be extended by the FRA. Without prejudice to the above, the Decree requirements for formation of the board as well as the requirements for forming the committees established by the board must be enforced by insurance and reinsurance company by the following board election.

In all cases, insurance and reinsurance companies must submit a detailed compliance timeline within one month from the effective date and provide quarterly reports on their progress to the FRA.

Expected Market Impact

The Decree is expected to significantly elevate the governance standards of the insurance sector by enhancing regulatory oversight, strengthening risk management and internal control systems, improving transparency, and reinforcing investor and policyholder confidence.