



FRA Issues New Rules on Insurance Companies' Engagement in Investment Fund Activities

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Introduction

The Financial Regulatory Authority (“FRA”) issued Decree No. 304 of 2025 (the “Decree”), setting out new regulatory conditions governing the ability of insurance companies to carry out investment fund activities, whether independently or in cooperation with third parties.

The Decree comes within the framework of the Unified Insurance Law No. 155 of 2024 (the “Unified Insurance Law”) and the non-banking financial regulatory regime, reflecting the FRA’s continued focus on financial solvency, protection of policyholders, and prudential oversight.

The Decree was approved by the FRA’s Board on 10 December 2025, published in the Official Gazette on 30 December 2025, and entered into force on the day following its publication.

The Decree was issued in light of the Unified Insurance Law, the Capital Market Law, and the FRA’s prudential and solvency regulations governing insurance companies and investment fund activities. It replaces the previous regulatory framework under FRA Decree No. 46 of 2014 and aligns insurance companies’ investment fund engagement with the updated solvency-based regulatory approach adopted under the new insurance regime.

We guide you through the key highlights of the legislation as follows:

Key Conditions Imposed on Insurance Companies

Insurance companies wishing to engage in investment fund activities must satisfy the following cumulative conditions:

Adequate Allocated Funds for Policyholder Obligations

The company must have sufficient allocated funds to meet its obligations towards policyholders, in accordance with Article (175) of the Unified Insurance Law, which requires insurance and reinsurance companies to allocate, within Egypt, protected funds equivalent to the value of their technical provisions, subject to FRA-regulated investment and valuation rules.

Compliance with Solvency Requirements

The company must comply with the applicable financial solvency standards for insurance companies, based on its latest approved financial statements.

Net Equity Threshold

The company’s net equity, after excluding amounts allocated by the insurance company for subscription in investment fund units (including the fund to be established); and amounts invested in the share capital of investment fund companies, must not fall below the statutory minimum issued capital prescribed for insurance companies.

Free Funds Surplus Requirement

The surplus of the company’s free funds, after excluding amounts allocated for subscription in investment fund units (including the fund to be established); and amounts invested in the share capital of investment fund companies, must not fall below 10% of the statutory minimum issued capital required for insurance companies.

Revocation of Previous Framework

The Decree expressly repeals FRA Decree No. 46 of 2014, which previously governed insurance companies’ practice of investment fund activities. This signals a regulatory update aligned with the Unified Insurance Law and the FRA’s modernized solvency regime.



Conclusion

The Decree confirms that insurance companies may only engage in investment fund activities if they meet strict financial and solvency requirements. The Decree aims to ensure that such activities do not affect insurers' ability to meet their obligations toward policyholders. Insurance companies are therefore encouraged to review their financial position and existing investment structures to ensure compliance with the new framework before establishing or participating in investment funds.

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