



FRA Issues New Rules on Government Insurance Funds

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Introduction

On 30 December 2025, the Financial Regulatory Authority (“**FRA**”) issued Decree No.265 for 2025 establishing comprehensive regulatory framework governing government insurance funds (the “**Decree**”). The Decree is issued pursuant to the Unified Insurance Law No.155 for the year 2024.

The Decree was published in the Official Gazette on 30 December 2025 and came into effect the following day. Government insurance funds are granted a 1-year grace period to comply with the said Decree.

We shall delve into the key highlights of the Decree as follows:

Establishment of Government Insurance Funds

Government insurance funds may only be established by a Prime Ministerial Decree upon a proposal from the FRA. Public entities may submit to the FRA a proposal for the establishment of a government insurance fund. The proposal submitted by said public entity shall include, *inter alia*, the national or social objectives of establishing the fund, the insured risk or event, the beneficiaries, the fund’s financial resources, and any additional data or documents required by the FRA. The FRA may also require the submission of an actuarial study prepared by an actuary registered with the same.

Funds may not commence operations until registered with the FRA and the prescribed registration fee is paid. The FRA may conduct on-site inspections to verify administrative, organization, and IT readiness prior to registration and may require any deficiencies to be remedied before approval

Governance and Executive Management

The government insurance fund’s proposal must set out the rules governing the formation, powers, term, accountability, financial treatment, and meeting procedures of the board of directors. The chairman of the board acts as the fund’s legal representative and board minutes must be submitted to the FRA within 30 days for ratification.

Each fund must appoint an executive director, as approved by the FRA, responsible for daily operations, implementation of strategy, internal controls, financial reporting and budgeting, asset protection, regulatory compliance and reporting violations to the board and the FRA.

Internal Controls, Records and Financial Reporting

Each government insurance fund must establish an effective control system approved by its board of directors. The internal control system must ensure compliance with the Unified Insurance Law and its relevant decrees, risk assessment and mitigation, accuracy of records, protection of assets, and internal accountability. Each government insurance fund must also maintain registers relating to, *inter alia*, insurance documents, claims, investments, board minutes, complaints, litigation or arbitration, revenues, and any other registers as required by the FRA. Further, said funds must submit annual financial statements and related disclosures, prepared in accordance with Egyptian Accounting



Standards, within four months from the end of the financial year, and comply with any corrective measures made by the FRA in this regard.

Each government insurance fund must appoint one or more external auditors registered with the FRA and such appointment may not exceed six consecutive financial years. The auditor's report must state whether the financial statements fairly present the fund's financial position and must disclose any violations of the Unified Insurance Law or its implementing decrees. Additionally, the government insurance fund must submit an annual report and an actuarial report at least once every five years or upon the FRA's request.

Investment Oversight

Government insurance funds must adopt an investment policy approved by its board of directors and submit a copy thereof to the FRA. The FRA must also be notified of any amendments to the investment policy or any change in the person or entity responsible for managing the fund's investments, and the fund must submit quarterly reports to the FRA in respect of its investments. The FRA may examine the activities of government insurance funds and require the submission of any data or documents it deems necessary. Where violations are established or financial risk arises, the FRA may issue warnings, require the board of directors to convene, or dismiss one or more executives.

Market Reaction

The Decree comes in line with the FRA's efforts to establish a [regulatory framework](#) for the supervision and governance of government insurance funds.