

REGULATORY INTELLIGENCE

COUNTRY UPDATE-Oman: Insurance

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Mansoor Jamal Malik and Ravinder Singh, Al Busaidy Mansoor Jamal & Co

**Overview**

There are a total of 20 insurance companies in Oman. Ten of these are Omani national insurance companies that all operate as public joint stock companies and others act as branches of foreign insurance companies.

The primary legislation relating to Omani insurance policies is the Insurance Companies Law, Royal Decree (RD) 12/1979. This law has since been further amended by RD 39/2014 and R.D 44/2021. In the most recent amendment to the Insurance Law, the term insurance has been broadened to include reinsurance processes as well.

In accordance with RD 90/2004, the Insurance Companies Registrar at the Financial Services Authority ("FSA") is responsible for regulating insurance business in Oman.

Establishing an insurance company*National insurance company*

The Insurance Companies Law provides for the establishment of insurance companies in Oman. The obtaining of an insurance license is a pre-requisite for establishment of an insurance company, and such license must be obtained through a three-step process, i.e., the obtaining of a FSA approval, following submission of documents and information required by the FSA and the applicant satisfying all technical and legal conditions, as a matter of law. Generally, for an insurance license to be granted:

- the FSA's Executive President will determine whether Oman's national economy needs another insurance company;
- the proposed insurance company be registered as a public joint stock company (SAOG), i.e. a minimum of 40% of its share capital must be offered to the public, in accordance with the Commercial Companies Law of Oman RD 18/2019 (the "CCL") and the Securities Law of Oman RD 46/2022 (the "Securities Law");
- the applicant must demonstrate that the minimum paid capital of the company shall not be less than OMR 10,000,000. Companies existing on the date of the new law coming into force were given a three-year window in which to settle their status in compliance with RD 39/2014.

Once an application for a license has been submitted, the applicant must demonstrate that:

- Arrangements for reinsurance are in place for the type of insurance the application intends to accept.
- The director, controller or chief executive appointed is a "proper person" (as per the executive regulations).
- A sum of either OMR 75,000 (\$195,000) — in the instance that the application is for carrying out general insurance business or life insurance — or OMR 150,000 (\$389,660) — if applying for both general and life insurance — is deposited by the applicant.
- Insurance companies are subject to prescribed solvency limits, specifying that assets must exceed liabilities by a prescribed amount (contingent upon whether the insurance company handles general or life insurance business).

Foreign insurance company

Like national insurance companies, the process for establishing a foreign insurance company may be completed in three phases. These being:

- (i) The first step will entail the submission of an application containing:



- letter requesting FSA approval
- copy of the trade name reservation certificate
- application forms authorised by the FSA
- depository certificate of paid-up capital amounting to OMR 10 million
- receipt proving payment of OMR 2,000 as the application fee.

(ii) Secondly, the applicant must complete all the necessary technical and legal requirements expected of him within a timeframe of six months from the FSA's initial approval.

(iii) Lastly, the requested information and documents must be submitted by the applicant to the FSA. This information is characterised as:

- The general manager's level of experience and qualifications.
- A security deposit from an Omani bank amounting to OMR 500,000 for each insurance activity intended to be undertaken by the company.
- A certificate confirming the company's financial solvency for a period of three years prior to the date of its application submission.
- A bank certificate issued by a bank operating in Oman confirming the retention of a minimum of 45% of net premiums.
- A copy of a business plan and feasibility study.
- Copies of all key personnel's contracts.
- Arabic copies of sample insurance policies and the applicable terms and conditions.

As per RD 39/2014, the Executive President of the FSA is then responsible for issuing its decision in respect of the application within 60 days from the date on which the necessary conditions have been met by the applicant. In the instance that an application for an insurance license is rejected, the applicant may appeal such decision as stipulated in Article six of the Insurance Law, with the Appeal Committee at the FSA. This must be done within 60 days from the date on which notice of the rejection of the application is received, in accordance with the procedure set forth in Securities Law and its executive regulations.

Branches and agencies of foreign insurance companies

Foreign companies may undertake insurance business (marketing and underwriting) in Oman through establishing a branch and applying to the FSA for a license. These foreign entities may also market insurance in Oman through a local agent or affiliate so long as these agents/affiliates have FSA approved licenses. Refer to the section below on independent agents, "regulation of insurance brokers and marketing of insurance business".

In accordance with RD 33/2007, foreign insurance companies are also permitted to provide insurance services without the requirement of a 25% local insurance company participation. Thus, demonstrating Oman's commitment to opening up their insurance sector, a goal they vowed to achieve in 2000 when Oman acceded to the World Trade Organisation (pursuant to RD 112/2000).

Types of insurance business

The Insurance Companies Law applies to the following companies (among others) and entities which perform one or more of the following activities both in and outside of Oman:

(i) General insurance, which includes the following categories:

- Industrial/employment insurance — This covers risks resulting from the Insured's injury at the workplace, occupational diseases, and any other coverage that falls under this category.
- Marine — This covers marine transported goods, body of ships, liabilities, and any other coverage that falls under this category.
- Aviation insurance — This covers the body of airplanes, liability towards passengers and third parties, air transported goods, and any other coverage that falls under this category.
- Land transport insurance — This covers land transport-related risks from the transport starting point up to the destination point, liabilities, and any other coverage that falls under this category.
- Motor vehicle insurance — This covers losses and liabilities relating to vehicles. Transportation risks are excluded from this coverage.
- Indemnity/personal liability insurance — This covers employers' liability, general liability, product liability, professional liability, and any other coverage that falls under this category.
- Property insurance — This covers losses resulting from fire, theft, explosions, natural phenomena, disorders, and any other coverage that falls under this category.
- Power insurance — This covers oil, petrochemicals, and other power infrastructures, and any other coverage that falls under this category.
- Engineering insurance — This covers contractors' risks, risks from installation, construction, electric and electronic devices, machinery damage, and any other coverage that falls under this category.
- E-Risks (Cyber) insurance — This covers protection for systems, networks, programs, and data from cyberattacks, and any other coverage that falls under this category.
- Other insurances — This covers personal accidents which occur within one calendar year, guarantee or breach of trust, robbery and theft, money transfer, glass shattering, travel, and any other coverage that does not fall under the previous categories.



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(ii) Medical insurance, which includes the following categories:

- Insurance against medical expenses, medicines, all medical and treatment services and supplies, and administration of medical programs.
- Employment insurance. This covers risks resulting from the Insured's injury at the workplace, occupational diseases, and any other coverage that falls under this category.
- Personal accident insurance that occurs within one calendar year. This covers incidental deaths, permanent, partial, or temporary disability, and any other coverage that falls under this category.

(iii) Life and savings insurance, which includes the following categories:

- Insurance against death, permanent, partial, or temporary disability.
- Insurance against Insureds' risks due to injuries resulting from accident or a specific type of accident, death resulting from accident or a specific type of accident, or disability resulting from a specific type of disease, as long as the validity term is explicitly stated in the coverage to be for at least 5 years or unlimited period, even if it does not explicitly state that the insured may terminate the coverage before the expiry of (5) five-year term from the execution date, or therein provided that it may be terminated before expiry of the said term, only in certain special circumstances in accordance with the provisions therein.
- Life and savings insurance. This covers insurances whereby the insurance company pays amount(s) of money including savings proceeds in a later date against premiums paid by the insured.
- Other life and savings insurance categories. This covers other life and savings insurance categories which do not fall under the above two categories.

However, the Insurance Companies Law will not be applicable to the following companies:

- any company carrying out indemnity insurance if it is exclusively carried out during the execution of banking business;
- pension funds; or
- reinsurance companies carrying out business outside of Oman while maintaining licensed insurance companies within Oman.

The most active (in descending order) insurance companies within Oman are companies engaged in motor, property, life and marine insurance. By way of Article 42 of RD 44/2021, insurance companies carrying out general or medical insurance in instances provided for Article 40 of CCL shall be dissolved. Further, general insurance now encapsulates "general or medical insurance under RD 44/2021".

Investments of the assets of insurance companies

The regulation of how insurance companies in Oman invest their assets is governed by Decision 11/2007. This maintains that insurance companies in the nation must invest in Oman a minimum of 75% of their total investments. Of this, investment companies shall invest a minimum of 30% of their total investments in deposits with banks and financial institutions that the Central Bank of Oman licenses and in government bonds. Insurers can also invest a maximum of 30% of their total investments in local corporate bonds, subject to various guidelines.

These include that such bonds must have a rating that is above AA and are to be issued by listed companies with a rating above BBB. Investments in these bonds cannot exceed 15% of the total bonds that the company concerned issues and cannot exceed 5% of the total investments of the insurance company. More so, subject to further conditions, insurance companies may invest in the shares of public joint stock companies, mutual funds and unlisted companies; and in real estate if this is not for purposes of speculation. Insurance companies in Oman are unable to grant loans (other than certain loans to employees), give documentary credits or invest in precious metals or other commodities sold on future markets.

Supervision

The Code of Corporate Governance for Insurance Companies (01/01/2006) provides for the supervision and smooth running of insurance companies. Insurance companies are required to specify the respective roles of the board of directors and senior managers in addition to providing for the rules to be made applicable to related party transactions.

Furthermore, the Insurance Companies Law provides that the Executive President of the FSA can determine that a company may not undertake on some or all of its insurance business or that it should not alter its insurance policies. Such discretion is legally permitted to be exercised by the Executive President in the following instances, where:

- the FSA deems it necessary to protect policyholders;
- the insurance company has not acted in accordance with the law;
- the insurance company has misled policyholders through provision of false information;
- there has been inadequate provision for reinsurance;
- with respect to general insurance business, such insurance company is unable to repay their debts;
- with respect to life insurance business, its liabilities exceed its assets.

Additionally, a new article 4 has been added to part IV (Licensed Insurance Companies) under RD 44/2021. This stipulates that the total direct premiums for medical insurance shall be subject to the same fees relating to financing the insurance emergency fund, and supervision and monitoring imposed on the total direct premiums for general insurances. Medical insurance documents shall be subject



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to all requirements of guarantees and financial accounts of general insurances, provided they are submitted separately bearing the name: medical insurance group.

Pursuant to Article 5 of RD 44/2021, the powers of the Executive President have been broadened to include issuance of decisions regulating the activities carried out by medical insurance companies.

Reserves

Insurance companies must maintain the following reserves:

Concerning general insurance business:

- For outstanding risks (unexpired claims), reserves of 45% of the net total of the premiums for each type of insurance business.
- Reserves for outstanding claims equivalent to the total value of all outstanding claims for each type of insurance business.

An emergency reserve of 10% of the net outstanding claims at the end of the year must be retained until this emergency reserve is equal to the paid-up capital for national companies or OMR 5,000,000 for foreign companies. No dividends shall be declared in any year until the deficit in the reserve is covered from retained profits. This reserve may not be used without the prior approval of the FSA.

Concerning life insurance business:

- A general reserve corresponding to, at least, the net liabilities on all policies at the time of their evaluation by an actuary.
- A contingency reserve for life insurance to be entered on its account every year corresponding to one percent of the premium for life insurance until such amount equals the paid-up capital for national companies and OMR 5,000,000 for foreign companies. No dividends shall be declared in any year until the deficit in the reserve is covered from retained profits. The reserve may not be used by the company without the prior approval of the FSA.

Acquiring an insurance company

The Foreign Business Investment Law RD 50/2019 now allows for the foreign ownership of Omani companies of up to 100% unless there exist any sector-specific restrictions on the permitted maximum foreign ownership of sector-specific entity. While there exist no restrictions on the 100% foreign ownership of insurance companies in Oman, any such company must, however, be registered as a SAOG with at least 25% of its share capital offered for public subscription.

Regulation of insurance brokers and marketing of insurance business

To act as an insurance broker in Oman such insurance broker requires a license from the FSA. There are several conditions that must be satisfied when applying for this license: first, the broker must be qualified as per the executive regulations; secondly, an application fee must be paid; and finally, there must be a bank guarantee against third-party claims. Once approved, this license is valid for two years. Under the Insurance Companies Law regulations may be passed concerning the content and form of insurance advertisements (these are invitations or offers to issue insurance policies) or any information intended directly or indirectly to prompt people to buy or offer to buy insurance policies. The regulations applicable to brokers in Oman is set out in Decision no. KH 53/2013. The key provisions laid out here include the licensing process to carry out insurance brokerage, the requirement for documentation, the roles and functions of insurance brokers and the professional code of conduct and cancellation of the license.

Bancassurance

The law concerning the regulation of marketing of insurance products via banks is governed by Decision No. E21/2010. This stipulates that insurance companies are permitted to enter into contracts with one or more licensed banks that operate in the Sultanate to market their insurance products.

Conduct of insurance business

It is an offence for any person to make a promise, forecast or statement which they know (or act recklessly when doing so) to be misleading or deceptive. Equally, concealing dishonestly material facts which prompt another to enter into or offer to enter into an insurance contract is also punishable. This offence applies to advertisements as defined above and the penalty for such offence is a minimum fine of OMR 10,000 and maximum of OMR 50,000, a three-month prison term or both. The Code of Practice for Conduct of Insurance Business lays out guidelines in the content of promotional and advertising information and the vessel through such information is provided.

Regulation of reinsurance business

Article 32 of the implementing regulations stipulates that in instances of facultative reinsurance obtained abroad; the local insurance company must provide the FSA with evidence that the Omani insurance market is unable to provide the necessary arrangements for such insurance. This evidence usually takes the form of offering reinsurance to local companies, refusal of which constitutes sufficient evidence for the purposes of the FSA.

Offences

The FSA Board of Directors can make a reconciliation on offences stipulated in the Insurance Companies Law or in the regulations and decisions issued in implementation thereof. In any case where there is public action or before a judgment is issued on it, against the



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payment of at least twice as much as the minimum limit of the fine prescribed for such offence and not more than twice as much as the maximum limit prescribed for it.

Such reconciliation will lead to the dismissal of the public action in the offence.

Companies in existence at the time of enforcement of this Law will be granted a period of three years to reconcile their situations to conform to the provisions of Articles 2-1-A and 3-2-B of the aforementioned Insurance Companies Law.

Health insurance rules

Decision No. 33/2019, issuing the Unified Health Insurance Policy ("UHIP") governs health insurance coverage, defining the roles and responsibilities of the insurer, insured, and healthcare providers. The UHIP is designed to ensure that workers and their dependents receive the essential health benefits outlined in their insurance plan, with the possibility of adding optional benefits as agreed upon.

The UHIP requires that the insurance premium be determined through mutual agreement, provided it remains within reasonable market rates. The coverage period begins on the date specified in the policy document and continues for one calendar year unless otherwise agreed by both parties. The insured has the right to cancel the policy at any time, provided they give 30 working days' written notice and present proof of a new insurance plan that starts the day after the old one ends. In cases of cancellation, the insurer must refund the remaining portion of the insurance premium within 30 days, calculated based on the unused term of coverage.

The insured is eligible for coverage that includes outpatient and inpatient treatments, emergency care, and other medically necessary services as specified by the policy. The UHIP outlines specific exclusions that are not covered under the policy. These include, but are not limited to, pre-existing conditions and outpatient treatments for chronic diseases, cosmetic surgeries unless medically necessary due to an accident, experimental treatments, injuries resulting from hazardous activities or self-inflicted harm, and treatments related to substance abuse. Other exclusions include dental implants, vision correction procedures not related to accidents, psychological treatments except in emergencies, and treatments for congenital defects or obesity. Additionally, the policy excludes certain medical supplies, alternative treatments, and non-medical procedures such as routine check-ups for employment or travel purposes.

Unified motor vehicle insurance

The Unified Motor Vehicle Insurance Policy ("UMVP"), re-issued by Decision E/19/2016 (repealing E/8/2008) and now supervised by the FSA, provides a standardised framework for motor vehicle insurance in Oman. Comprehensive insurance under the UMVP covers damage to the insured vehicle, third-party liabilities, personal accidents and specified natural perils, providing compensation for collisions, fire, theft or intentional acts.

The policy specifies exclusions, including damage resulting from war, riots, non-specified uses, or where the driver does not hold a valid licence or is driving under the influence. Where stated in the policy, medical expenses for the insured and their family must align with rates stipulated in applicable Omani health regulations. Optional benefits — such as zero depreciation on new parts, unlimited vehicle transport services, or substitute-vehicle cover — may be added for an additional premium.

Takaful

Takaful insurance in Oman is governed by Royal Decree 11/2016 (the "Takaful Insurance Law"), as amended. The Law establishes a Sharia-compliant cooperative model in which participants contribute to a collective fund managed in accordance with Sharia principles, providing compensation for covered losses and fostering mutual assistance and risk-sharing.

The Takaful Insurance Law requires transparency, financial soundness and adherence to Islamic guidelines, and mandates supervision by the FSA, which oversees licensing, compliance and operations of Takaful companies to protect participants and maintain market integrity.

Market branches currently include:

- Family Takaful: life insurance and savings plans providing long-term financial protection consistent with cooperative principles;
- General Takaful: non-life lines, including property, vehicles and liability, in accordance with Sharia standards;
- Health Takaful: medical and health coverage aligned with UHIP and the Health Insurance Rules, ensuring access to Sharia-compliant healthcare support.

This country profile was kindly contributed by Mansoor Jamal Malik and Ravinder Singh, partner at [Al Busaidy Mansoor Jamal & Co.](#)

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