

**Executive Council Resolution No. (28) of 2022**  
**Concerning the Insurance Policy Required for Licensing**  
**Construction Works in the Emirate of Dubai<sup>1</sup>**

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**We, Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai, Chairman of the Executive Council,**

After perusal of:

Federal Law No. (6) of 2007 Regulating Insurance Business and its amendments;

Law No. (3) of 2003 Establishing the Executive Council of the Emirate of Dubai;

Law No. (1) of 2016 Concerning the Financial Regulations of the Government of Dubai and its Implementing Bylaw;

Law No. (5) of 2021 Concerning the Dubai International Financial Centre;

Decree No. (22) of 2009 Concerning Special Development Zones in the Emirate of Dubai;

The Order of 1961 Establishing the Dubai Municipality;

Executive Council Resolution No. (26) of 2020 Approving a Set of Economic Growth Stimulus Initiatives in the Emirate of Dubai;

Local Order No. (3) of 1999 Regulating Construction Works in the Emirate of Dubai and its amendments; and

The Legislation establishing and regulating free zones in the Emirate of Dubai;

**Do hereby issue this Resolution.**

**Definitions**

**Article (1)**

The following words and expressions, wherever mentioned in this Resolution, will have the meaning indicated opposite each of them unless the context implies otherwise:

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<sup>1</sup>*Every effort has been made to produce an accurate and complete English version of this legislation. However, for the purpose of its interpretation and application, reference must be made to the original Arabic text. In case of conflict, the Arabic text will prevail.*

Emirate:	The Emirate of Dubai.
DM:	The Dubai Municipality.
Competent Entity:	An entity legally authorised to license Construction Works in the Emirate. This includes, without limitation, the authorities supervising Special Development Zones and free zones, such as the Dubai International Financial Centre.
Contractor:	A natural or legal person who is licensed, in accordance with the legislation in force, to practise the contracting profession in the Emirate.
Permit:	A document which authorises the implementation of Construction Works in the Emirate, and is issued by the DM or the Competent Entity in accordance with its functions under the legislation in force.
Construction Works:	These include the construction or demolition of buildings; any modification or addition thereto; shoring works; and any other Construction works determined by the DM in coordination with the Competent Entity.
Insurance Policy:	A contract concluded by an Insurance Company and a Contractor whereby the insurance company is obligated, in return for the premium paid by the Contractor, to compensate him for any damage or loss resulting from the risks covered by the Insurance Policy in accordance with the provisions of this Resolution.
Insurance Company:	A company licensed to operate in the United Arab Emirates as an insurance provider.

### **Scope of Application Article (2)**

This Resolution applies to:

1. all areas within the Emirate, including Special Development Zones and free zones, such as the Dubai International Financial Centre;
2. the Construction Works for which a Permit is issued after the effective date of this Resolution; and

3. the Contractors who implement Construction Works in the Emirate.

### **Objectives of this Resolution Article (3)**

This Resolution aims to:

1. alleviate the financial burdens incurred in obtaining Permits by cancelling the security deposit requirement prescribed for their issuance;
2. contribute to promoting the Construction sector in the Emirate by redirecting the amounts of the financial guarantees and security deposits, which are no more required, into the market instead of retaining them;
3. mitigate the risks, losses, or damage that may be caused by Construction Works by providing an Insurance Policy that covers these risks, losses, and damage;
4. provide a comprehensive credit protection for the rights of all stakeholders of the Construction sector, and boost their confidence that Construction Works will be implemented in accordance with the plans and the technical and engineering standards adopted in this respect; and
5. enhance the global competitiveness rank of the Emirate, particularly with respect to the quality.

### **Insurance Policy Article (4)**

- a. To obtain a Permit, a Contractor must submit an Insurance Policy issued by an Insurance Company to indemnify against the damage or loss that may result from the Construction Works to be implemented by the Contractor.
- b. Paragraph (a) of this Article applies only to the Contractors appointed to implement any of the following Construction Works:
  1. construction of buildings;
  2. alteration or addition works that cover an area of three hundred square metres (300 m<sup>2</sup>) or more;
  3. building demolition works;

4. shoring works; and
5. any other works determined by the DM in coordination with the Competent Entity.

### **Insurance Policy Validity Period Article (5)**

- a. An Insurance Policy submitted by a Contractor to obtain a Permit must be valid:
  1. in case of building construction, alteration, or addition works, from the date of issuance of the Permit until the lapse of one (1) year from the issuance of a Certificate of Completion by the Competent Entity; or
  2. in case of building demolition works and shoring works, from the date of issuance of the Permit until the date of issuance of a Certificate of Completion by the Competent Entity.
- b. The DM may, in coordination with the Competent Entity, determine the validity period of the Insurance Policy required for any Construction Works determined in accordance with sub-paragraph (b)(5) of Article (4) of this Resolution.

### **Insurance Coverage Article (6)**

The Insurance Policy submitted by a Contractor for the purpose of obtaining a Permit must provide comprehensive insurance coverage against the risks and liabilities arising from the implementation of Construction Works. In particular, it must provide coverage against the following:

1. the risks, losses, and material damage related to the Construction Works stated in paragraph (b) of Article (4) of this Resolution; and
2. civil liability towards third parties.

### **Standard Template Article (7)**

The DM will, in coordination with the Competent Entity, the Insurance Company, and the competent federal entities, prepare the standard template of the Insurance Policy required for issuing the Permit. This template must include the following:

1. the mandatory scope of insurance coverage;
2. the basic details that must be stated in the Insurance Policy;
3. the types of risks, losses, and material damage that must be covered by the Insurance Policy; and
4. any other details determined by the DM in coordination with the Competent Entity.

### **Cancellation or Modification of Insurance Policies Article (8)**

An Insurance Policy may not be cancelled or modified for any reason whatsoever during its validity period without first obtaining the relevant approval of the DM or the Competent Entity.

### **Rejection of Permit Applications Article (9)**

The DM or the Competent Entity may reject a Permit application if the relevant Insurance Policy does not meet the conditions and requirements prescribed in this Resolution.

### **Supersession and Repeals Article (10)**

- a. The Insurance Policy prescribed under this Resolution will substitute for any security deposits or financial guarantees required to be collected from a Contractor by the Competent Entity for the purpose of issuing a Permit.
- b. Any provision in any other resolution is hereby repealed to the extent that it contradicts the provisions of this Resolution.

### **Issuing Implementing Resolutions Article (11)**

The Director General of the DM will, in coordination with the Competent Entities, issue the resolutions required for the implementation of the provisions of this Resolution.

**Publication and Commencement**  
**Article (12)**

This Resolution will be published in the Official Gazette and will come into force ninety (90) days after the date of its publication.

**Hamdan bin Mohammed bin Rashid Al Maktoum**

**Crown Prince of Dubai**  
**Chairman of the Executive Council**

Issued in Dubai on 23 April 2022  
Corresponding to 22 Ramadan 1443 A.H.