



EDFIS/C/005/2011
13th February 2011

The Compliance Officer
All Insurance Licensees
Manama
Kingdom of Bahrain

Dear Sir,

CBB Rulebook: Volume 3 (Insurance) – January 2011 Update

The January 2011 quarterly update to Volume 3 has now been incorporated in the website version of the Rulebook.¹

This letter highlights changes introduced this quarter. Licensees are required to note any policy changes. In addition, recipients who wish to update their hard copy folders should access the Central Bank of Bahrain ('CBB') website and print off the relevant pages for insertion into their folder.

All changes are highlighted in colour in the PDF versions of the Modules included on the CBB's website. All changes to the text of the previous version of Volume 3, however minor, are highlighted. The searchable version of the Rulebook, in addition, allows users to list changes and compare different versions of the Rulebook.

Part A Modules

Contents Pages and Module History

The contents page for each Module shows the date each section was last changed and provides a good reference tool to keep track of the latest updates along with the Module History.

Changes for January 2011

The changes for January 2011 are listed in the attached table.

¹ Volume 3 can be accessed from www.cbb.gov.bh : from the Home page, select 'CBB Rulebook', Volume 3.

Module HC

Module HC has been totally updated to take into consideration the Code of Corporate Governance issued by the Ministry of Industry and Commerce in March 2010. This updated document should be printed in its entirety and incorporates current Module HC requirements as well as those of the Corporate Governance Code.

All compliance officers must be fully aware of the revised contents of Module HC and must ensure that the insurance licensee's Board of Directors and senior management are fully apprised of the subject amendments. Each insurance licensee will need to undertake a detailed assessment of actions needed to address any shortfalls in compliance. **The detailed assessment should be completed by all insurance licensees by 15th March 2011 at the latest and a copy of which must be submitted to the CBB to Mr. Nader Al Mandeel, Director, Insurance Supervision Directorate.**

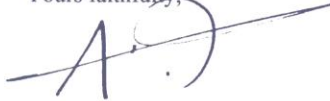
Payment of Annual License Fees

All licensees and registered persons are reminded that they must comply with the requirements of Section AU-6.3. The due date for the 2011 annual license fees is 30th April 2011. When submitting their payment, licensees should complete the updated Form ALF, included under Volume 3 (Insurance)/Part B/Reporting Forms available on the CBB Website which provides detailed instructions on how the payment of fees must be made.

Further Information

Should you have any queries regarding these updates, you may contact the CBB Rulebook team at (rulebook@cbb.gov.bh), or the Director of Insurance Supervision on 17547302.

Yours faithfully,



Abdul Rahman Al Baker

Enclosure: Volume 3 Update Table.

CBB Rulebook (Volume Three) – January 2011 Update

PART A FOLDER		
Module Code	Module Title	Summary of Changes and Printing Instructions
All Modules	N/A	Print off the Table of Contents page for each Module and the Module History Section when changes have been made.
UG	User's Guide	UG-A.1.5: Clarified legal basis; UG-2.1.2: Updated to reflect structure of Volume 5.
ES	Executive Summary	ES-A.1.6: Clarified legal basis.
AU	Authorisation	AU-A.1.13: Clarified legal basis; AU-5.1.5A: Removed the reference to a letter of comfort that may be provided with an application for license.
PB	Principles of Business	PB-A.1.3: Clarified legal basis.
HC	High-Level Controls	Amendment to Module due to introduction of Code of Corporate Governance by the Ministry of Industry and Commerce. Print off Module HC in its entirety.
AA	Auditors and Actuaries	AA-A.1.3: Clarified legal basis.
GR	General Requirements	GR-A.1.2: Clarified legal basis.
CA	Capital Adequacy	CA-A.1.4: Clarified legal basis.
BC	Business Conduct	BC-A.1.5: Clarified legal basis.
RM	Risk Management	RM-A.1.3: Clarified legal basis.
FC	Financial Crime	FC-A.1.4: Clarified legal basis.
BR	CBB Reporting	BR-A.1.2: Clarified legal basis; BR-1.5: Added IIS reporting requirements.
PD	Public Disclosure	PD-A.1.5: Clarified legal basis; PD-2.2: Added a new Section for newly-established insurance firms.

CBB Rulebook (Volume Three) – January 2011 Update (continued)

PART A FOLDER (continued)		
Module Code	Module Title	Summary of Changes and Printing Instructions
EN	Enforcement	EN-A.1.2: Clarified legal basis.
CI	Captive Insurers	CI-A.1.2: Clarified legal basis.
IM	Insurance Intermediaries & Managers	IM-A.1.3: Clarified legal basis.
TA	Takaful/Retakaful	TA-A.1.2: Clarified legal basis.

CBB Rulebook (Volume Three) – January 2011 Update (continued)

PART B FOLDER		
Module Code	Module Title	Summary of Changes and Printing Instructions
Glossary of Defined Terms		
<p>Added definition for Executive director; independent director; remuneration and; senior manager/management.</p> <p>Amended definition for appointed expert(s); Chief Executive Officer; employee; non-executive director; outsourcing [outsource]; qualified by exception; representative office or representative office licensee(s); and shareholder(s).</p>		
Reporting Forms		
ALF	Annual License Fee	Amended to clarify that payment of CBB annual fees is to be made directly for the account of the CBB at National Bank of Bahrain, Head Office.