



EDFIS/C/030/2009
18th October 2009

The Compliance Officer
All Insurance Licensees
Manama
Kingdom of Bahrain

Dear Sir,

CBB Rulebook: Volume 3 (Insurance) – October 2009 Update

The October 2009 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.

¹ Volume 3 can be accessed from www.cbb.gov.bh : from the Home page, select 'Regulatory Functions' and then 'Laws & Regulations'. Alternatively, use the 'Quick Links' facility on the Home page to access the CBB Rulebook facility.

Changes for October 2009

The changes for October 2009 are listed in the attached table.

Incorporation of Requirements under Resolution (11) of 2009 for Appointed Representatives

Significant changes have been made to Chapter GR-9 – Appointed Representatives, reflecting the requirements of Resolution (11) of 2009, issued under Article 74 of the CBB Law. All insurance firms must comply with these requirements effective 1st January 2010.

Consultation Documents on Chapter CA-5 Valuation of Liabilities and Form IFR and on Fees for Registered Appointed Representatives

These updates reflect the results of the consultations that have taken place on Chapter CA-5 Valuation of Liabilities and Form IFR as well as Fees for Registered Appointed Representatives. Feedback on these consultation documents have been posted on the CBB Website.²

Updated Statutory Reporting Forms

The October 2009 update includes revised quarterly statutory reporting forms (Forms IFRQ(C), IFRQ (T)) as well as updated IFR(C) and IFR(T) Forms. For all future reporting, insurance licensees should use the updated forms now available on the CBB Website.

The updates to the IFR reflect the breakdown of motor classes premiums and claims between comprehensive and third party. For the 2009 year end, insurance firms are requested to complete these on a best efforts basis, but must ensure that their 2010 report provides the requested breakdown.

² Finalised consultations can be accessed from www.cbb.gov.bh : from the Home page, select 'Regulatory Functions' and then 'Consultations'.

المدير التنفيذي لرقابة المؤسسات المالية

Executive Director of Financial Institutions Supervision

Filing of 30th September Quarterly Returns (IFRQ)

All insurance firms are reminded that they must comply with the requirements of Section BR-1.4 and must submit Form IFRQ for the period ending 30th September 2009, by 15th November 2009 at the latest.

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) – October 2009 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.
ES	Executive Summary	<p>ES-1.1, ES-1.2, ES-1.11, ES-1.14: Reference added to appointed representatives as per Resolution (11) of 2009. Print off updated Section ES-1.1: Pages 1 and 2 of 5.</p> <p>ES-1.2.3: Amended list of controlled functions to be consistent with Module AU. Print off updated Section ES-1.2.</p> <p>ES-1.5.4: Amended to be consistent with Section AA-4.2. Print off updated Section ES-1.5.</p> <p>ES-2.5.4: Introduced transition rule for new requirements for appointed representatives as per Resolution (11) of 2009. Print off updated Section ES-2.5.</p>
AU	Authorisation	<p>AU-A.1, AU-B.2, AU-1.3A, AU-4, AU-5.3, AU-5.5 and AU-6.3: Added registration requirements for appointed representatives. Print off updated Sections AU-A.1, AU-B.2, AU-1.3A, AU-4.1, AU-4.2, AU-5.3; AU-5.5 and AU-6.3.</p> <p>AU-1.1.13: Reference to Regulations added to Paragraph under Legal Basis.</p> <p>AU-2.1.8 and AU-2.1.11: The legal status option for insurance brokers and insurance consultants to be established as a branch resident in Bahrain of a company incorporated in another jurisdiction has been deleted. Print off updated Section AU-2.1: Page 2 of 3.</p>

CBB Rulebook (Volume Three) – October 2009 Update (continued)

PART A FOLDER		
Module Code	Module Code	Module Code
GR	General Requirements	<p>GR-A.1.2: Added the legal requirements as per Article 74 of the CBB Law. Print off updated Section GR-A.1.</p> <p>GR-5.4.2: Guidance amended to be consistent with wording under Article 53(a) of the CBB Law. Print off updated Section GR-5.4.</p> <p>GR-9: Incorporated the requirements of Resolution 11 as per Article 74 of the CBB Law. Print off updated Chapter GR-9.</p>
CA	Capital Adequacy	<p>CA-1.2.4: Paragraph amended to allow for the zillmer adjustment as outlined in Paragraph CA-5.1.24. Print off updated Section CA-1.2: Page 1 of 9.</p> <p>CA-3.1: Section amended to reemphasize the need for separate accounting funds for different lines of business and different funds. Print off updated Section CA-3.1: Page 1 of 2.</p> <p>CA-5.1: Various amendments in line with consultation document issued in July 2009. Print off updated Section CA-5.1.</p>
EN	Enforcement	<p>EN-1.2.3, EN-2.3.1, EN-2.4, EN-2.5, EN-8.1 and EN-8.3: Amended terminology to be consistent with other Volumes of CBB Rulebook. Print off updated Sections EN-1.2, 2.3, 2.4, 2.5, 8.1 and 8.3.</p> <p>EN-2.2.7: Added reference to ‘actuary’ for investigations. Print off updated EN-2.2: Page 2 of 2.</p> <p>EN-5.3A: Added Section on Financial Penalties for Non-Compliant Registered Appointed Representatives. Print off new Section EN-5.3A.</p> <p>EN-9.1 and 9.2: Reference added to appointed representatives as registered persons. Print off updated Sections EN-9.1 and 9.2.</p>

CBB Rulebook (Volume Three) – July 2009 Update (continued)

PART B FOLDER		
Module Code	Module Title	Summary of Changes and Printing Instructions
Glossary		
New definitions included: investigator and; qualified by exception.		
Authorisation Forms		
Form 5	Application for Registration of Appointed Representative	Newly issued form to reflect new requirements under Resolution 11 issued as per Article 74 of CBB Law.
Reporting Forms		
IFRQ(C)	Insurance Firm Quarterly Return (conventional principles)	IFR 30.20: Clarified lines 14, 17 and 30.
IFR(C)	Insurance Firm Return (conventional principles)	IFR 30.20 line 30 – restricted for IFRQ only IFR 30.30, 30.40, 70.20, 70.30, 70.40 and 100.30: Breakdown of motor between third party liability and comprehensive, now required. IFR 75.10, 75.20 and 75.30: Terminology corrected. IFR 90.10: Credit rating information of reinsurer now requested. New Page IFR 91.10 Analysis of Distribution Channels
IFRQ(T)	Insurance Firm Quarterly Return (Takaful principles)	. IFR 30.20: Clarified lines 14, 17 and 30.
IFR(T)	Insurance Firm Return (Takaful principles)	IFR 30.20 line 30 – restricted for IFRQ only IFR 30.30, 30.40, 70.20, 70.30, 70.40 and 100.30: Breakdown of motor between third party liability and comprehensive, now required. IFR 75.10, 75.20 and 75.30: Terminology corrected. IFR 90.10: Credit rating information of reinsurer now requested. New Page IFR 91.10 Analysis of Distribution Channels

CBB Rulebook (Volume Three) – July 2009 Update (continued)

Supplementary Information		
EN- 1	Investigators' Report	New appendix to support investigators' report as outlined in Section EN-2.4.