



EDFIS/C/035/2016
6th June 2016

The Chief Executive Officer/General Manager
All Insurance firms
External Auditors
Manama
Kingdom of Bahrain

Dear Sir,

Confirmation of Receivables

As you are aware, receivables due from insurance companies arising out of motor subrogation process between insurance firms is vital to enhance the liquidity and regulatory capital of the firms when this process run efficiently.

In order to stimulate the process of receivables reconciliation among insurance firms and ensure all insurance receivables are valued fairly on the insurance firms' books and records, the Central Bank of Bahrain (CBB) hereby requires the following procedures to be followed:

- Insurance firms should reconcile all motor subrogation claims as of **31st December 2015** with their counterparties and report the result to the CBB no later than **30th September 2016**;
- Insurance firms should, on periodical basis, request their counterparties to confirm the balance of all insurance receivables arising out of motor subrogation; and
- The external auditors of each insurance firm should review and verify all of the receivable balances' confirmations during the audit period.

The CBB requests the cooperation of all insurance firms to expedite the reconciliation of motor subrogation claims with their counterparties and adhere to the above requirements.

Failure to comply with these requirements, within the above stipulated time frames, may result in the CBB taking the necessary measures against the licensee as outlined in Module EN (Enforcement) of the CBB Rulebook (Volume 3).

Yours faithfully,

Abdul Rahman Al Baker