



EDFIS/C/037/2021
29th July 2021

The Chief Executive Officer / General Manager
All Insurance Firms
Manama
Kingdom of Bahrain

Re: Digitalizing Motor Insurance Process

Reference is made to the Central Bank of Bahrain's (CBB) Circular EDFIS/C/034/2021 dated 20th June 2021, a copy of which is attached, with respect to Digitalizing Motor Insurance Process.

Considering that the deadline of Phase I (in respect of New & Renewal Insurance Business and Payment Method) is approaching soon i.e. by 31st July 2021, the CBB requires all insurance firms to provide a report of proof of compliance, including but not limited to, the platform or solution used for the implementation of Phase I, along with the policies and procedures that the insurance firm has put in place for the achievement of Phase I.

The above-mentioned report should be submitted to the CBB **no later than Sunday, 8th August 2021.**

Furthermore, the CBB urges all companies to be fully prepared to present a live demonstration of the solution provided in this regard to the CBB.

Failure to comply with the above directions may lead the CBB to take the necessary enforcement measures against the licensed firm as outlined in section EN-5.3B "Financial Penalties for Date Sensitive Requirements" in the Enforcement (EN) Module of the CBB Rulebook (Volume 3).

Yours sincerely

Abdul Rahman Al Baker



EDFIS/C/034/2021
20th June 2021

The Chief Executive Officer / General Manager
All Insurance Firms
Manama
Kingdom of Bahrain

Dear Sir/Madam

Re: Digitalizing Motor Insurance Process

As part of the Central Bank of Bahrain's (CBB) ongoing initiatives towards financial digital transformation and to promote better clients' experience in the Kingdom of Bahrain, the CBB requests all insurance firms to implement digital channels in serving its customers/policyholders in Motor insurance policy, without requiring the customer presence in the company's premises (whenever applicable).

The CBB would like all insurance firms to fully appraise and prepare themselves for such transformation by upgrading its IT system and update its policies and procedures to reflect/implement the digital transformation process in Motor insurance.

Therefore, the CBB requests all insurance firms to adhere to the following phases in implementing this transformation process:

1. New and Renewal Insurance Business:

All insurance firms should consider one or more digital channels (to issue/renew motor insurance policy to its customers **no later than 31st July 2021**).

Furthermore, insurance firms should disclose the motor policy benefits, terms, conditions and exclusion in clear and fair manner. The digital means used or selected to sell the product, should require the customers to read and understand its terms and conditions and to provide electronic version of the policy once the policy is issued.

Moreover, the insurance firms must provide the customer with electronic version of the policy in each renewal and to **highlight** to the customer the main terms and conditions, including but not limited to, applicable excess, depreciation and place of repair before issuing the motor policy.

2. Payment Method:

Insurance firms must facilitate all payments/settlements with their customers by providing secure and approved online payment methods to collect the premiums, deductible, depreciation etc. no later than 31st July 2021.

3. Motor Insurance Endorsements:

Insurance firms must enable its customers to make amendments/endorsements to their motor policy through digital channels **no later than 30th September 2021**.

For clarity the endorsements are including but not limited to transfer ownership, cancel the policy, change the registration number of the vehicle or to change the type of the coverage.

4. Motor Claims:

Insurance firms must digitalize/automate the claims process to enable their customers to initiate/open motor claims and to get the status of their claims digitally, including automated alerts and messages.

Therefore, insurance firms are required to offer digital application to automate the claims process **no later than 31st December 2021**.

5. Complaints

Insurance firms must allow its customers to raise or submit complaint through digital channels, which should show the status of the complaint **no later than 31st December 2021**.

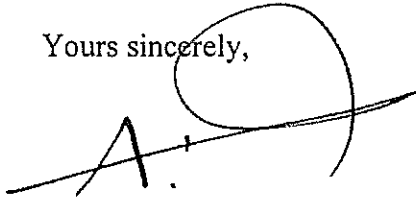
Insurance firms are reminded to comply with Section BC-4 'Customer Complaints Procedures' of Business and Market Conduct Module of the CBB Rulebook (Volume 3) all the time.

6. Fees and Charges:

Insurance firms are required to be transparent in disclosing the applicable and agreed fees and charges to its customer and to make it available in the company's website for the customer easy reference **no later than 31st December 2021**.

Failure to comply with the above directions may lead the CBB to take the necessary enforcement measures against the insurance firm as outlined in Module EN (Enforcement) of the CBB Volume 3 Rulebook.

Yours sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a horizontal line and a small flourish.

Abdul Rahman Al Baker