



CBB REPORTING MODULE

MODULE	BR (CBB Reporting)
Table of Contents	

		Current Issue Date
BR-A	Introduction	
	BR-A.1 Purpose	04/2005
	BR-A.2 Module History	04/2006
BR-B	Scope of Application	
	BR-B.1 Scope	04/2005
BR-1	Financial Reporting	
	BR-1.1 Insurance Firms - Insurance Firm Return	01/2006
	BR-1.2 Insurance Intermediaries and Managers – Insurance Intermediary and Manager Return	01/2006
	BR-1.3 Group Financial Reporting - Group Insurance Firm Return	01/2006
	BR-1.4 Quarterly Financial Reporting	01/2006
BR-2	Notifications and Approvals	
	BR-2.1 Introduction	04/2005
	BR-2.2 Notification Requirements	10/2005
	BR-2.3 Approval Requirements	10/2005
BR-3	Information Gathering by the BMA	
	BR-3.1 Power to Request Information	04/2005
	BR-3.2 Access to Premises	04/2005
	BR-3.3 Accuracy of Information	04/2005
	BR-3.4 Methods of Information Gathering	04/2005

MODULE	BR: BMA Reporting
CHAPTER	BR-A: Introduction

BR-A.1 Purpose

BR-A.1.1 This Module sets out the BMA's financial reporting requirements, as well as notifications and BMA prior approvals required from insurance licensees, except for licensees exempted as per Chapter BR-1. This Module also outlines the methods used by the BMA in gathering information required in the supervision of insurance licensees.

MODULE	BR: BMA Reporting
CHAPTER	BR-A: Introduction

BR-A.2 Module History

BR-A.2.1 This Module was first issued in April 2005, together with the rest of Volume 3 (Insurance). It is numbered as version 01. All subsequent changes to this Module are annotated with a sequential version number: UG-3 provides further details on Rulebook maintenance and version control.

BR-A.2.2 A list of recent changes made to this Module is provided below:

Module Ref.	Change Date	Description of Changes
BR-1.1	01/10/05	Corrected reference to Form IFR; Clarified definition of equity basis; amended requirement to have IFR reviewed (instead of audited) by external auditors; amended signatures required for IFR for overseas insurance firms and; added a paragraph detailing other reporting requirements
BR-1.2	01/10/05	Amended requirement to have IMR reviewed (instead of audited) by external auditors; amended signatures required for IMR for overseas insurance licensees and; added a paragraph detailing other reporting requirements
BR-1.4	01/10/05	Corrected reference to Form IFRQ and amended due date of quarterly return to within 45 days of the relevant quarter year end
BR-2.2	01/10/05	Added notification requirement for appointed representatives and for reinsurance in excess of 25%.
BR-2.3	01/10/05	Clarified that prior approval for changes in controllers is required for all insurance licensees
BR-1.1	01/01/06	Clarified that the Insurance Firm Return (IFR) of every insurance firm must be reviewed in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. Added a transition period for the submission of the first IFR for the period ending December 31, 2006.
BR-1.2	01/01/06	Clarified that the IMR of every insurance intermediary and insurance manager must be reviewed, in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements.
BR-1.3	01/01/06	Added a transition period for the submission of the first GIFR for the period ending December 31, 2006.
BR-1.4	01/01/01	Added a transition period for the submission of the first QIFR for the period ending March 31, 2007.
BR-1.1	01/04/06	Added the requirement for filing a copy of the external auditor's management letter.
BR-1.2	01/04/06	Added the requirement for filing a copy of the external auditor's management letter.
BR-2.3.22 BR-2.3.23 BR-2.3.29(d)	01/04/06	Corrected cross reference to Module CA and clarified prior approval requirements in the case of insurance contracts with related parties; corrected cross reference to Module AU.

MODULE	BR: BMA Reporting
CHAPTER	BR-A: Introduction

BR-A.2 Module History (continued)

BR-A.2.3 This Module does not replace any regulations or circulars in force prior to April 2005.

BR-A.2.4 Further guidance on the implementation and transition to Volume 3 (Insurance) is given in Module ES (Executive Summary).

MODULE	BR: BMA Reporting
CHAPTER	BR-B: Scope of Application

BR-B.1 Scope

BR-B.1.1 The content of this Module – unless otherwise stated – applies to all insurance licensees authorised in the Kingdom, that is insurance firms, insurance intermediaries and insurance managers.

BR-B.1.2 The effect of BR-B.1.1 is that this Module, unless otherwise stated, applies in full to all insurance licensees authorised in Bahrain whether or not the insurance licensee is incorporated in an overseas territory and operating through a branch in the Kingdom. In respect of insurance firms, unless otherwise stated, this Module applies in full whether or not the insurance firm is a direct insurer, a reinsurer, or both.

BR-B.1.3 In this Module, the term “in writing” includes electronic communication capable of being reproduced in paper form.

MODULE	BR: BMA Reporting
CHAPTER	BR-1: Financial Reporting

BR-1.1 Insurance Firms - Insurance Firm Return

BR-1.1.1 Insurance firms must prepare and submit to the BMA an Insurance Return for each financial year, within 3 months of the insurance firm's financial year end.

BR-1.1.2 The financial year of an insurance firm must be a 12-month period ending on 31 December, except where the firm has obtained the written consent from the BMA for either the period or the period end to be other than 12 months and 31 December respectively. In any event, the financial year can never be less than a 6-month period or greater than an 18-month period.

BR-1.1.3 Except in exceptional circumstances and subject to BR-1.1.2, an insurance firm's financial year, for the purposes of preparing the Annual Insurance Return, and the financial year for the purposes of preparing the shareholder accounts, must coincide.

BR-1.1.4 For the purposes of BR-1.1.3, the BMA would usually accept that the financial year end of an overseas insurance firm would be the same as that of the company itself. The only times that the BMA would be likely to consider allowing an insurance firm to adopt a financial period of other than 12 months would be the year in which it is authorised (i.e. a period of less than 12 months) or when the company itself changes its reporting period for the purposes of its shareholder accounts.

Content of the Annual Insurance Return

BR-1.1.5 For every insurance firm who undertakes insurance business, an Insurance Firm Return must be submitted within three months of its financial year end, using the prescribed form IFR from Part B of Volume 3 (Insurance), together with the required directors' certificate, auditor's report and where applicable, actuary's certificate and report.

BR-1.1.6 For purposes of Subparagraph BR-1.1.5, captive insurers are required to submit additional information, as outlined in prescribed form IFR. This information covers:

- (a) Risk Gap – the degree to which the firm's potential liabilities (under the policy limits) exceed available assets and the resources available to meet this gap; and
- (b) Reinsurance – the firm's providers, limits and claims.

MODULE	BR: BMA Reporting
CHAPTER	BR-1: Financial Reporting

BR-1.1 Insurance Firms - Insurance Firm Return (continued)

BR-1.1.7 The content of the Insurance Firm Return required to be submitted by an insurance firm in accordance with BR-1.1.5 must be in the format prescribed by the BMA and completed in accordance with any instructions specified by the BMA.

BR-1.1.8 The Insurance Firm Return must be completed by every insurance firm licensed in Bahrain, in the following manner:

- (a) in the case of an insurance firm incorporated in Bahrain the Insurance Firm Return must be completed on an equity basis, (cost of investment plus share of profits and less share of loss and dividends declared) detailing all investments in subsidiaries; or
- (b) in the case of an overseas insurance firm licensed in Bahrain, the Insurance Firm Return must be completed in respect of the insurance business carried out by the overseas insurance firm in Bahrain.

BR-1.1.9 The format of the Insurance Firm Return is included in Part B of the Rulebook as Form IFR, with forms applicable for conventional business, IFR(C) and for takaful business, IFR (T).

Valuation of Assets and Liabilities

BR-1.1.10 For the purposes of the Insurance Firm Return, the information submitted must include the amounts as per the audited financial statements, the value or amount given for an asset or a liability of the insurance licensee as determined in accordance with Chapter CA-4, Valuation of Assets and Chapter CA-5, Valuation of Liabilities, as well as the admissibility and counterparty limits of the firm's assets for purposes of calculating the firm's capital available.

BR-1.1.11 The valuation of liabilities in respect of long term insurance business must be made on a basis not less stringent than the minimum basis specified in Chapter CA-5. Should this long term business relate to a jurisdiction other than Bahrain, the valuation basis adopted must be the more stringent of:

- (a) the basis specified in Chapter CA-5; and
- (b) the basis required by the law of that other jurisdiction for regulatory purposes.

MODULE	BR: BMA Reporting
CHAPTER	BR-2: Financial Reporting

BR-1.1 Insurance Firms - Insurance Firm Return (continued)

Directors' Certificate

BR-1.1.12 The Board of the insurance firm submitting the Insurance Firm Return must make and annex as part of the document referred to in BR-1.1.1 a Directors' Certificate, in the format prescribed by the BMA.

BR-1.1.13 The certificate referred to in Paragraph BR-1.1.12 will vary in its contents, according to the type of insurance firm (general, long term or composite). The format of the Directors' Certificate is included in Part B of the Rulebook.

Audit and Auditor's Report

BR-1.1.14 The Insurance Firm Return (IFR) of every insurance firm must be reviewed in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The review must certify that the information provided in the IFR is in agreement with the books and records of the company and its audited financial statements.

BR-1.1.15 The Insurance Firm Return must be reviewed by the firm's external auditors, appointed in accordance with Module AA, or by other qualified persons as directed by the BMA.

BR-1.1.16 The insurance firm must annex an auditor's report, stating the auditor's opinion on the matters identified in this Module and in the format prescribed by the BMA.

BR-1.1.17 The format of the Auditor's Report is included as part of the IFR Form in Part B of the Rulebook.

Actuary's Certification

BR-1.1.18 The insurance firm must annex to the Insurance Firm Return, an actuary's certification, in the format prescribed by the BMA, signed by the actuary, stating that, in his opinion, he has satisfied himself as to the accuracy of the valuations made for the purposes of the investigation and as to their adequacy to meet the obligations of the insurance firm and made in accordance with the relevant law. In addition, the actuary will have obtained from the insurance firm's external auditors confirmation as to the accuracy of the data used in the valuations made.

BR-1.1.19 The format of the Actuary's Certification is included in Part B of the Rulebook.

MODULE	BR: BMA Reporting
CHAPTER	BR-1: Financial Reporting

BR-1.1 Insurance Firms - Insurance Firm Return (continued)

BR-1.1.20 The actuary must also disclose and quantify in his certification the effect on his valuations of any material event that occurs after the valuation date.

BR-1.1.21 The Actuary's Certificate must be submitted every year where a Reporting or Signing Actuary's Report must be submitted in accordance with Chapter AA-4.

Reporting Actuary's Report

BR-1.1.22 As required under Paragraph AA-4.2.10, an insurance firm authorised to write long term insurance business must commission each financial year an actuarial evaluation and must submit to the BMA an abstract of the actuary's report as prescribed in Paragraph BR-1.1.23.

BR-1.1.23 An abstract of the actuary's report must be submitted in the prescribed form in compliance with the Valuations of Liabilities rules outlined in Chapter CA-5. The abstract must be signed by the Reporting Actuary, recognised by the BMA in accordance with Chapter AA-4.

BR-1.1.24 The abstract must include:

- (a) a summary and valuation of the policies; and
- (b) a valuation result and the actuary's opinion of the surplus available for distribution, for each of the separate funds maintained by the insurance firm.

Signing Actuary's Report

BR-1.1.25 An insurance firm authorised to write general insurance business must submit to the BMA a Signing Actuary's report prepared pursuant to Paragraphs AA-4.1.4.

Preparation and Deposit of the Insurance Firm Return

BR-1.1.26 Every Insurance Firm Return, including the Directors' Certificate required under Paragraph BR-1.1.12, the Auditor's Report made pursuant to Paragraph BR-1.1.16, the Actuary's Certificate made pursuant to Paragraph BR-1.1.18 and any report made by the Reporting or Signing Actuary pursuant to Paragraph 1.1.22 and 1.1.25 must be deposited with the BMA within 3 months of the financial year end. Three completed copies of the IFR must be submitted to the BMA.

MODULE	BR: BMA Reporting
CHAPTER	BR-1: Financial Reporting

BR-1.1 Insurance Firms - Insurance Firm Return (continued)

BR-1.1.27 If the BMA notifies the insurance firm that a document deposited under Paragraph BR-1.1.26 appears to be inaccurate or incomplete, the insurance firm must consider the matter and within one month of the BMA notification, it must correct any inaccuracies and make good any omissions and submit the amended parts of the Insurance Firm Return.

BR-1.1.28 The external auditor and actuary must consider the impact on their report of any amendment referred to in Paragraph BR-1.1.27, and withdraw and correct their original report based on the revised information.

BR-1.1.29 The audited financial statements submitted to the shareholders and policyholders (or participants, in the case of takaful companies) of the insurance firm must be deposited with every Insurance Firm Return in respect of the financial year to which the Insurance Firm Return relates.

BR-1.1.30 At least one of the copies of the Insurance Firm Return must be signed by at least two of the Bahraini insurance firm's directors on behalf of the Board of Directors. One of those two directors signing the Insurance Firm Return must be the Chairman of the insurance firm and the other must be formally authorised by the Board of Directors to sign on their behalf.

BR-1.1.31 In the case of overseas insurance firms, the General Manager as defined under Section HC-3.1 and an authorised member of the Board of Directors of the company itself must sign the Insurance Firm Return of the overseas insurance firm licensed in the Kingdom.

Public Disclosure

BR-1.1.32 While certain information related to insurance firms is subject to public disclosure as prescribed by Module PD, the Insurance Firm Return is not a public document and as such will not, unless otherwise provided in the BMA's Rulebook, be disclosed to third parties by the BMA without the insurance firm's consent.

BR-1.1.33 Whilst the Insurance Firm Return is not a public document, the BMA may from time to time publish aggregate information derived from the Insurance Firm Return relating to classes of insurance firms and the Bahrain insurance industry as a whole.

MODULE	BR: BMA Reporting
CHAPTER	BR-1: Financial Reporting

BR-1.1 Insurance Firms - Insurance Firm Return (continued)

BR-1.1.34 Whilst the Insurance Firm Return is not a public document, as per Paragraph BR-1.1.32 insurance firms are not prevented from providing complete copies (including all relevant certifications and reports) to third parties.

Other Reporting Requirements

BR-1.1.35 The IFR Form also includes other reporting requirements found throughout the Volume 3 (Insurance), including:
 (a) Directors' High Level Control Certificate (HC-4.1.1); and
 (b) Report on close links (GR-6.2.1).

BR-1.1.36 All insurance firms must submit a copy of the external auditor's management letter no later than four months of the insurance firm's financial year end.

Transition Period

BR-1.1.37 The first Insurance Firm Return (IFR) for both conventional and takaful insurance firms, required under Section BR-1.1, must be submitted to the BMA for the financial year ending December 31, 2006 (refer to ES-2.7.1).

MODULE	BR: BMA Reporting
CHAPTER	BR-1: Financial Reporting

BR-1.2 Insurance Intermediaries and Managers – Insurance Intermediary and Manager Return

BR-1.2.1 Insurance intermediaries and insurance managers must prepare and submit to the BMA an Insurance Intermediary and Manager Return (IMR) for each financial year, within 3 months of the insurance intermediary's and insurance manager's financial year end.

BR-1.2.2 The financial year of an insurance intermediary or an insurance manager must be a 12-month period ending on 31 December except where the firm has obtained the written consent from the BMA for either the period or the period end to be other than 12 months and 31 December respectively. In any event, the financial year can never be less than a 6-month period or greater than an 18-month period.

BR-1.2.3 Except in exceptional circumstances and subject to BR-1.2.2, an insurance intermediary's or insurance manager's financial year, for the purposes of preparing the Intermediary Return, and the financial year for the purposes of preparing the shareholder accounts, must coincide.

BR-1.2.4 For the purposes of BR-1.2.3, the BMA would usually accept that the financial year end of an overseas insurance licensee would be the same as that of the company itself. The only times that the BMA would be likely to consider allowing an insurance intermediary or insurance manager to adopt a financial period of other than 12 months would be the year in which it is authorised (i.e. a period of less than 12 months) or when the company itself changes its reporting period for the purposes of its shareholder accounts.

Content of Annual Intermediary Return

BR-1.2.5 For every insurance intermediary or insurance manager who is licensed in Bahrain, the IMR must be submitted within three months of its financial year-end, using the prescribed form IMR from Part B of Volume 3 (Insurance), together with the required directors' certificate and auditor's report.

BR-1.2.6 The content of the IMR required to be submitted by an insurance intermediary and insurance manager in accordance with BR-1.2.5 must be in the format prescribed by the BMA and completed in accordance with any instructions specified by the BMA.

MODULE	BR: BMA Reporting
CHAPTER	BR-1: Financial Reporting

BR-1.2 Insurance Intermediaries and Managers – Insurance Intermediary and Manager Return (continued)

BR-1.2.7 The IMR must be completed by every insurance intermediary and insurance manager licensed in Bahrain, in the following manner:

- (a) in the case of an insurance intermediary or insurance manager incorporated in Bahrain the IMR must be completed on an equity basis, detailing all investments in subsidiaries; or
- (b) in the case of an overseas insurance licensee, the IMR must be completed in respect of the activities carried out by the overseas insurance licensee in Bahrain.

BR-1.2.8 The format of the IMR is included in Part B of the Rulebook as Form IMR.

Valuation of Assets and Liabilities

BR-1.2.9 For the purposes of the IMR, the value or amount given for an asset or a liability of the insurance licensee must be the value or amount of that asset or a liability as determined in accordance with generally accepted accounting principles applicable in the Kingdom and in compliance with any requirements from the Ministry of Industry and Commerce, and where applicable, with BMA requirements.

Directors' Certificate

BR-1.2.10 The Board of the insurance intermediary and insurance manager submitting the IMR must make and annex as part of the document referred to in BR-1.2.1 a Directors' Certificate, in the format prescribed by the BMA.

BR-1.2.11 Insurance brokers and insurance consultants whose legal status as allowed under Section AU-2.1 is that of a Bahraini single person company or a sole proprietorship registered with the Ministry of Commerce, are exempted from the requirements of Paragraph BR-1.2.10.

BR-1.2.12 The format of the Director's Certificate is included in Part B of the Rulebook.

MODULE	BR: BMA Reporting
CHAPTER	BR-1: Financial Reporting

BR-1.2 Insurance Intermediaries and Managers – Insurance Intermediary and Manager Return (continued)

Audit and Auditor's Report

BR-1.2.13 The IMR of every insurance intermediary and insurance manager must be reviewed, in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The review must certify that the information provided in the IMR is in agreement with the books and records of the licensee and its audited financial statements.

BR-1.2.14 The IMR must be reviewed by the licensee's external auditors, appointed in accordance with Module AA, or by other qualified persons as directed by the BMA.

BR-1.2.15 The insurance licensee must annex an auditor's report, stating the auditor's opinion on the matters identified in this Module and in the format prescribed by the BMA.

BR-1.2.16 The format of the Auditor's Report is included in Part B of the Rulebook.

Preparation and Deposit of the IMR

BR-1.2.17 Every IMR, including the Directors' Certificate required under Paragraph BR-1.2.10, and the report of the auditor made pursuant to Paragraph BR-1.2.15 must be deposited with the BMA within 3 months of the financial year end. Three completed copies of the IMR must be submitted to the BMA.

BR-1.2.18 If the BMA notifies the insurance licensee that a document deposited under Paragraph BR-1.2.17 appears to be inaccurate or incomplete, the insurance licensee must consider the matter and within one month of the BMA notification it must correct any inaccuracies and make good any omissions and submit the amended parts of the Intermediary Return.

BR-1.2.19 The external auditor must consider the impact on his report of any amendment referred to in Paragraph BR-1.2.18, and withdraw and correct his original report based on the revised information.

BR-1.2.20 The audited financial statements submitted to the shareholders of the insurance licensee must be deposited with every IMR in respect of the financial year to which the Intermediary Return relates.

MODULE	BR: BMA Reporting
CHAPTER	BR-1: Financial Reporting

BR-1.2 Insurance Intermediaries and Managers – Insurance Intermediary and Manager Return (continued)

BR-1.2.21 At least one of the copies of the IMR must be signed by at least two of the Bahraini insurance licensee's directors on behalf of the Board of Directors. One of those two directors signing the Intermediary Return must be the Chairman of the insurance licensee and the other must be formally authorised by the Board of Directors to sign on their behalf.

BR-1.2.22 In the case of overseas insurance licensees, the General Manager as defined under Section HC-3.1 and an authorised member of the Board of Directors of the company itself must sign the IMR of the overseas insurance licensee in the Kingdom.

Public Disclosure

BR-1.2.23 While certain information related to insurance licensees is subject to public disclosure as prescribed by Module PD, the IMR is not a public document and as such will not, unless otherwise provided in the BMA's Rulebook, be disclosed to third parties by the BMA without the insurance licensee's consent.

BR-1.2.24 Whilst the IMR is not a public document, the BMA may from time to time publish aggregate information derived from Intermediary Return relating to the classes of licensees and the Bahrain insurance industry as a whole.

BR-1.2.25 Whilst the IMR is not a public document, as per Paragraph BR-1.2.23, insurance intermediaries and insurance managers are not prevented from providing complete copies (including all relevant certifications and reports) to third parties.

Other Reporting Requirements

BR-1.2.26 The IMR Form also includes other reporting requirements found throughout the Volume 3 (Insurance), including:
(a) Directors' High Level Control Certificate (HC-4.1.1); and
(b) Report on close links (GR-6.2.1).

BR-1.2.27 All insurance intermediaries and insurance managers must submit a copy of the external auditor's management letter no later than four months following the insurance licensee's financial year end.

MODULE	BR: BMA Reporting
CHAPTER	BR-1: Financial Reporting

BR-1.3 Group Financial Reporting

Group Insurance Firm Return

BR-1.3.1 Group financial reporting is required for the following insurance firms:

- (a) overseas insurance firms; and
- (b) Bahraini insurance firms that are part of a group.

BR-1.3.2 Captive insurers are exempt from submitting a Group Insurance Firm Return.

BR-1.3.3 Group financial reporting is required in order for the BMA to better assess the financial condition of the group as a whole and the possible impact this may have on the operations of the Bahrain insurance firm.

BR-1.3.4 For those insurance firms referred to in Paragraph BR-1.3.1 that are required to submit an Insurance Firm Return they must prepare and submit to the BMA a Group Insurance Firm Return in respect of the ultimate parent undertaking for each financial year.

BR-1.3.5 The financial year for the purposes of Paragraph BR-1.3.4 must coincide with that of the ultimate parent undertaking. In instances where the financial year end of the parent undertaking is other than 31 December, the insurance licensee must provide written notification to the BMA, within three months of 31 December detailing the financial year end of the parent undertaking

BR-1.3.6 For the purposes of this Chapter, the ultimate parent undertaking means (in relation to an insurance firm) the highest parent insurance undertaking of the insurance firm or the holding company whose predominant investment are shares of the insurance firm(s) (wherever established) that is not itself the subsidiary undertaking of another undertaking.

BR-1.3.7 The Group Insurance Firm Return must be submitted to the BMA within 6 months of the relevant parent undertaking's financial year end, using the prescribed form GIFR from Part B of Volume 3 (Insurance).

BR-1.3.8 For purposes of Paragraph BR-1.3.7, the Group Insurance Firm Return must contain consolidated information extracted from the consolidated financial statements prepared in respect of the relevant parent undertaking and its subsidiary undertakings as a whole, that carry on regulated insurance services as defined in accordance with Section AU-1.4.

MODULE	BR: BMA Reporting
CHAPTER	BR-1: Financial Reporting

BR-1.3 Group Financial Reporting (continued)

BR-1.3.9 Insurance firms may also need to provide to the BMA information for the purposes of monitoring Group Solvency as required in Chapter CA-7, in addition to the requirements of Section BR-1.3.

BR-1.3.10 The first Group Insurance Firm Return (GIFR) for insurance firms, required under Section BR-1.3, must be submitted to the BMA for the financial year ending December 31, 2006 (refer to ES-2.7.2).

MODULE	BR: BMA Reporting
CHAPTER	BR-1: Financial Reporting

BR-1.4 Quarterly Financial Reporting

BR-1.4.1 Except as provided for under Paragraph BR-1.4.2, every insurance firm required to submit an Insurance Firm Return must prepare and submit to the BMA selected sections of the Insurance Firm Return for each quarter ending 3, 6 and 9 months after its financial year end, except where the written consent of the BMA has been obtained to modify the length of these quarters.

BR-1.4.2 This Chapter does not apply to captive insurers in recognition of the structure of these licensees and limited exposure to policyholders.

BR-1.4.3 The format of the information required to be submitted on a quarterly basis is included in Part B of Volume 3(Insurance) of the Rulebook, as Insurance Firm Quarterly Return (IFRQ).

BR-1.4.4 For the purposes of BR-1.4.1 the financial year end will be the year end as determined for the purposes of the preparation and submission of the Insurance Firm Return (Form IFR) required under either Chapters BR-1.1 of this Module.

BR-1.4.5 The circumstances where the BMA will consider requests to modify BR-1.4.1 are equivalent to those set out in BR-1.1.

BR-1.4.6 Quarterly financial reporting consists of such parts of the Insurance Firm Return as may be specified by the BMA and must be completed in accordance with the rules, formats and instructions applicable to those parts that apply to the Insurance Firm Return.

BR-1.4.7 Quarterly financial reporting must be submitted to the BMA within 45 calendar days of the relevant quarter end.

BR-1.4.8 The first quarterly return (IFRQ) for insurance firms must be submitted to the BMA for the quarter ending March 31, 2007 (refer to ES-2.7.3).

MODULE	BR: BMA Reporting
CHAPTER	BR-2: Notifications and Approvals

BR-2.1 Introduction

BR-2.1.1 Insurance licensees are required to provide the BMA with a wide range of information to enable it to meet its responsibilities for monitoring the insurance licensee's compliance with requirements imposed by or under the Insurance Legislation. Some of this information is provided through regular reports, whereas others are in response to the occurrence of a particular event such as a change in name or address. The following sets out several of the commonly occurring reports for which an insurance licensee will be required to notify the BMA or seek its approval.

BR-2.1.2 All notifications and approvals required in this Chapter are to be submitted by insurance licensees in writing.

MODULE	BR: BMA Reporting
CHAPTER	BR-2: Notifications and Approvals

BR-2.2 Notification Requirements

Matters Having a Serious Supervisory Impact

BR-2.2.1

An insurance licensee must provide written notification to the BMA immediately it becomes aware, or has information which reasonably suggests, that any of the following has occurred, may have occurred or may occur in the foreseeable future:

- (a) the insurance licensee failing to satisfy one or more of the Principles of Business referred to in Module PB;
- (b) any matter which could have a significant adverse impact on the insurance licensee's reputation;
- (c) any matter which could affect the insurance licensee's ability to continue to provide adequate services to its customers and which could result in serious detriment to a customer of the insurance licensee; or
- (d) any matter in respect of the insurance licensee that could result in serious financial consequences to the financial system or to other insurance licensees.

BR-2.2.2

The circumstances that may give rise to any of the events in Paragraph BR-2.2.1 are wide-ranging and the probability of any matter resulting in such an outcome, and the severity of the outcome, may be difficult to determine. However, the BMA expects insurance licensees to consider properly all potential consequences of events.

BR-2.2.3

In determining whether an event that may occur in the foreseeable future should be notified to the BMA, an insurance licensee should consider both the probability of the event happening and the severity of the outcome should it happen. Matters having a supervisory impact could also include matters relating to a parent undertaking or controller that may indirectly have an effect on the insurance licensee.

Breaches of Rules and Other Requirements

BR-2.2.4

An insurance licensee must notify the BMA of:

- (a) a significant breach of any provision of the Rulebook (including a Principle);
- (b) a breach of any requirement imposed by the relevant law or by regulations or an order made under any relevant law by the BMA; or
- (c) the bringing of a prosecution for, or conviction of, any offence under any relevant law against the insurance licensee that would prevent the insurance licensee from meeting the Principles or Business (Module PB) or any of its directors, officers, approved persons, or appointed representatives from meeting the fit and proper requirements of Module AU.

MODULE	BR: BMA Reporting
CHAPTER	BR-2: Notifications and Approvals

BR-2.2 Notification Requirements (continued)

BR-2.2.5 An insurance licensee must make the notification in Paragraph BR-2.2.4 immediately it becomes aware, or has information which reasonably suggests, that any of the matters in Paragraph BR-2.2.4 has occurred, may have occurred or may occur in the foreseeable future.

Legal, Professional, Administrative or other Proceedings Against an Insurance Licensee

BR-2.2.6 An insurance licensee must notify the BMA immediately of any legal, professional or administrative or other proceedings instituted against the insurance licensee, controller or a close link including a parent undertaking of the insurance licensee that is known to the insurance licensee and is significant in relation to the insurance licensee's financial resources or its reputation.

BR-2.2.7 The requirement imposed on insurance licensees under Paragraph BR-2.2.6 applies whether the event relates to a matter that has occurred in Bahrain or in any other jurisdiction.

Fraud, Errors and other Irregularities

BR-2.2.8 An insurance licensee must notify the BMA immediately if one of the following events arises and the event is significant:

- (a) it becomes aware that an employee may have committed a fraud against one of its customers;
- (b) it becomes aware that a person, whether or not employed by it, is acting with intent to commit fraud against it;
- (c) it identifies irregularities in its accounting or other records, whether or not there is evidence of fraud; or
- (d) it suspects that one of its employees may be guilty of serious misconduct concerning his honesty or integrity and which is connected with the insurance licensee's regulated or ancillary activities.

MODULE	BR: BMA Reporting
CHAPTER	BR-2: Notifications and Approvals

BR-2.2 Notification Requirements (continued)

Meaning of the term “significant”

BR-2.2.9 For the purposes of this chapter, in determining whether a matter is significant, an insurance licensee should have regard to:

- (a) the size of any monetary loss or potential monetary loss to itself or its customers (either in terms of a single incident or group of similar or related incidents);
- (b) the risk of reputational loss to the insurance licensee; and
- (c) whether the incident or a pattern of incidents reflects weaknesses in the insurance licensee’s internal controls.

BR-2.2.10 In addition, if the insurance licensee may have suffered significant financial losses as a result of the incident, or may suffer reputational loss, the BMA will wish to consider this and whether the incident suggests weaknesses in the insurance licensee’s internal controls.

Insolvency, Bankruptcy and Winding Up

BR-2.2.11 Except in instances where the BMA has initiated the following actions, an insurance licensee must notify the BMA immediately of any of the following events:

- (a) the calling of a meeting to consider a resolution for winding up the insurance licensee, a controller or close link, including a parent undertaking of the insurance licensee;
- (b) an application to dissolve the insurance licensee, a controller or close link, including a parent undertaking of the insurance licensee or to strike the insurance licensee off the Register of Insurance Companies;
- (c) the presentation of a petition for the winding up of the insurance licensee, a controller or close link, including a parent undertaking of the insurance licensee;
- (d) the making of any proposals for the making of, a composition or arrangement with any one or more of the insurance licensee’s creditors;
- (e) an application for the appointment of an administrator or trustee in bankruptcy to the insurance licensee, a controller or close link, including a parent undertaking of the insurance licensee;
- (f) the appointment of a receiver to the insurance licensee, a controller or close link, including a parent undertaking of the insurance licensee (whether an administrative receiver or a receiver appointed over particular property); or

MODULE	BR: BMA Reporting
CHAPTER	BR-2: Notifications and Approvals

BR-2.2 Notification Requirements (continued)

- BR-2.2.11** (g) an application for an interim order against the insurance licensee, a controller or close link, including a parent undertaking of the insurance licensee under the Bankruptcy and Preventative Settlement Act, Decree Law No (11), 1987 or similar legislation in another jurisdiction.

Other Supervisors

- BR-2.2.12** An insurance licensee must notify the BMA immediately if it becomes subject to or ceases to be subject to the supervision of any overseas supervisor (including a home supervisor).

- BR-2.2.13 The supervisory regime and any legislative or foreign provisions to which that insurance licensee, including its branches, is subject, influence the BMA's approach to the supervision of the insurance licensee.

Other Notifications

- BR-2.2.14** An insurance licensee must notify the BMA of the following:
- (a) removal or resignation of auditors (ref. AA-1.2.1);
 - (b) change in audit partner (ref. AA-1.3.2);
 - (c) removal or resignation of the Reporting Actuary (ref. AA-4.2.5);
 - (d) appointment of appointed representatives, variations in terms of appointment and cancellations of appointment (ref. GR-9.1.13); and
 - (e) reinsurance exposure in excess of 25% limit (ref. RM-2.1.7).

MODULE	BR: BMA Reporting
CHAPTER	BR-2: Notifications and Approvals

BR-2.3 Approval Requirements

Change in Name

- BR-2.3.1** In accordance with Paragraph GR-2.1.1, an insurance licensee must seek prior written approval from the BMA and give reasonable advance notice of a change in:
- (a) the insurance licensee's name (which is the registered name if the insurance licensee is a body corporate); or
 - (b) any business name under which the insurance licensee carries on a regulated activity or ancillary activity from an establishment in Bahrain.

- BR-2.3.2** A notification under Paragraph BR-2.3.1 must include the details of the proposed new name and the date on which the insurance licensee intends to implement the change of name.

Change of Address

- BR-2.3.3** An insurance licensee must seek approval from the BMA and give reasonable advance notice of a change in any of the following addresses:
- (a) the insurance licensee's principal place of business in Bahrain; or
 - (b) in the case of a branch of a foreign insurance licensee, its registered office (or head office) address.

- BR-2.3.4** A notification under Paragraph BR-2.3.3 must include the details of the proposed new address and the date on which the insurance licensee intends to implement the change of address.

Change in Legal Status

- BR-2.3.5** An insurance licensee must seek BMA approval and give reasonable advance notice of a change in its legal status that may, in any way, affect its relationship with or limit its liability to its policyholders or customers.

Portfolio Transfer

- BR-2.3.6** In accordance with Chapter GR-4, an insurance firm must seek prior written approval from the BMA before transferring to a third party all or a significant portion of all its rights and obligations under contracts of insurance that it has underwritten.

MODULE	BR: BMA Reporting
CHAPTER	BR-2: Notifications and Approvals

BR-2.3 Approval Requirements (continued)

Controller and Close Links

- BR-2.3.7** In accordance with Section GR-5.1, an insurance licensee must seek BMA approval and give reasonable advance notice of any of the following events concerning the insurance licensee:
- (a) a person acquiring control or ceasing to have control;
 - (b) an existing controller acquiring an additional type of control (such as ownership or significant influence) or ceasing to have a type of control;
 - (c) an existing controller increasing or decreasing a type of control which he already has so that the percentage of shares or voting power concerned becomes or ceases to be equal to or greater than 20 or 50; or
 - (d) an existing controller becoming or ceasing to be a parent undertaking.
- BR-2.3.8 As part of the BMA's function of monitoring an insurance licensee's continuing satisfaction of the Principles of Business, the BMA needs to consider the impact of any significant change in the circumstances of one or more of its controllers, for example: changes in their financial standing; changes in respect of their corporate controllers; and changes in their governing bodies. Consequently, the BMA needs to know if there are any such changes.
- BR-2.3.9 Every insurance licensee authorised in Bahrain is required to submit an annual report on its controllers, as per Paragraph GR-5.1.7, and close links as set out in Paragraph GR-6.1.3.
- BR-2.3.10** An overseas insurance licensee must seek BMA approval and give reasonable advance notice of any of the following events concerning the insurance licensee:
- (a) a person acquiring control or ceasing to have control; and
 - (b) an existing controller becoming or ceasing to be a parent undertaking.
- BR-2.3.11 If there is uncertainty whether a particular relationship constitutes control, it may be appropriate for the insurance licensee or controller or proposed controller to ask the BMA for guidance and to obtain its own legal advice.

MODULE	BR: BMA Reporting
CHAPTER	BR-2: Notifications and Approvals

BR-2.3 Approval Requirements (continued)

BR-2.3.12 In accordance with Paragraph GR-6.1.3, an insurance licensee must submit within 3 months of their financial year end, a report on their close links. This report must identify all undertakings closely linked to the licensee, as defined in Section GR-6.2. In addition, where at any time requested by the BMA, insurance licensees must provide information on undertakings with which they are closely linked.

BR-2.3.13 Insurance licensees must satisfy the requirements of Paragraph GR-6.1.3 by submitting a corporate structure chart, identifying all undertakings closely linked to the licensee.

Carrying out Business in Another Jurisdiction

BR-2.3.14 An insurance licensee must seek BMA approval and give three months notice of its intention to undertake insurance business in a jurisdiction other than Bahrain, or in the case of an overseas company licensed in Bahrain, a jurisdiction other than Bahrain and its country of incorporation or establishment, prior to commencing that business and where the effect of commencing that business may have a significant impact on:

- (a) the insurance licensee's business in Bahrain; or
- (b) the capital resources, required solvency margin or Bahrain required solvency margin (whichever applies) of the insurance licensee.

This requirement applies whether or not the insurance licensee is required to be regulated locally in the jurisdiction where it proposes to undertake insurance business.

BR-2.3.15 In the case of an insurance licensee incorporated in Bahrain, the BMA will use this information to consider whether or not it should object to or impose additional requirements on the licensee. In the case of an overseas company, the BMA would normally expect that were such action deemed necessary that it would be taken by the company's home supervisor and not the BMA.

BR-2.3.16 Insurance licensees are reminded that with limited exceptions (refer Section AU-1.1.10) that an insurance licensee must not carry on any commercial business in the Kingdom of Bahrain or elsewhere other than insurance business and activities directly arising from or incidental to that business. In instances where an insurance licensee carries on a commercial business, at the time where the Insurance Rulebook becomes effective, the insurance licensee must notify the BMA to establish the transitional rules in relation to this prohibited activity.

MODULE	BR: BMA Reporting
CHAPTER	BR-2: Notifications and Approvals

BR-2.3 Approval Requirements (continued)

Mergers, Acquisitions, Disposals and Establishment of New Subsidiaries

- BR-2.3.17** An insurance licensee incorporated in Bahrain must seek BMA approval and give reasonable advance notice of its intention to enter into a:
- (a) merger with another undertaking; or
 - (b) a proposed acquisition, disposal or establishment of a new subsidiary undertaking,

whether or not the proposed merger, acquisition, disposal or establishment of a new subsidiary undertaking is to take place in Bahrain or another jurisdiction.

- BR-2.3.18 Bahraini Insurance licensees will in addition to this approval requirement need to consider the implications of a merger, acquisition, disposal or establishment of a new subsidiary undertaking in the context of the controllers and close links rules set out in Module GR. Where an insurance licensee proposes to enter into a merger, the BMA would ordinarily expect to be notified in the context of the controller notification requirements set out in Module GR and Paragraph BR-2.3.17.

- BR-2.3.19 Overseas insurance licensee, whilst not having to give advance notice of proposed merger with another undertaking, a proposed acquisition, disposal or establishment of a new subsidiary undertaking under Paragraph BR-2.3.17, will still need to consider the implications of such transactions in the context of the controllers and close links rules set out in Module GR. Where an overseas insurance licensee proposes to enter into a merger, the BMA would ordinarily expect to be notified in the context of the controller notification requirements set out in Module GR and Paragraph BR-2.3.16.

New or Additional Premises

- BR-2.3.20** An insurance licensee must seek prior approval from the BMA of its intention to carry on its business from new or additional premises in Bahrain. This requirement applies whether or not the premises are to be used for the purposes of transacting business with policyholders or customers, administration of the business or as the head office in Bahrain of the insurance licensee.

MODULE	BR: BMA Reporting
CHAPTER	BR-2: Notifications and Approvals

BR-2.3 Approval Requirements (continued)

BR-2.3.21 Insurance licensees are not required to notify the BMA of premises where business on behalf of the insurance licensee is carried out by appointed representatives of the insurance licensee. However, the BMA expects the insurance licensee to maintain a record of all such premises and to be able to produce that record should it be requested by the BMA.

Transactions with Related Parties

BR-2.3.22 An insurance firm that is not a captive insurer, must obtain the prior approval of the BMA of any proposed transaction with a related party (a related party transaction) where the fair value of that related party transaction exceeds 10 per cent of the insurance firm's capital available, as defined in Paragraph CA-1.1.21.

BR-2.3.23 In the case of insurance contracts, for purposes of Paragraph BR-2.3.22, prior approval of the BMA is required where the sum insured under the insurance contract exceeds 10 per cent of the insurance firm's capital available.

BR-2.3.24 For the purposes of this section, “fair value” is the market value being the amount that would be paid or received in a transaction between a willing buyer and a willing seller that are themselves not related parties.

BR-2.3.25 The only exceptions to Paragraph BR-2.3.22 are:

- (a) in the case of an overseas insurance firm, Paragraph BR-2.3.22 applies only in relation to transactions initiated or made on behalf of the overseas insurance firm or with an approved person of the overseas insurance firm; or
- (b) where the related party transaction is one involving the effecting or carrying out of a contract of insurance and that transaction is on terms no more favourable than those that would apply were the transacting parties not related parties.

BR-2.3.26 For the purpose of this Section, a related party of an insurance firm includes:

- (a) a controller of the insurance firm as defined in Module GR;
- (b) a close link of the insurance firm as defined in Module GR;
- (c) an associate of a controller as defined in Module GR;
- (d) the extended family of a controller including a father, mother, father-in-law, mother-in-law, brother, sister, brother-in-law, sister-in-law, or grandparent; and

MODULE	BR: BMA Reporting
CHAPTER	BR-2: Notifications and Approvals

BR-2.3 Approval Requirements (continued)

Transactions with Related Parties (continued)

BR-2.3.26 (e) a corporate entity, whether or not licensed or incorporated in Bahrain, where any of the persons identified in Sub-Paragraphs (c) and (d) is a director or would be considered a controller were the definition of controller set out in Paragraph GR-5.2.1 applied to that corporate entity.

BR-2.3.27 For the purposes of this Section, a related party transaction means the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a price is charged.

BR-2.3.28 For purposes of Paragraph GR-2.3.26, insurance firms should note the use of “includes” in the definition of related party. The BMA is of the view that whilst the definition should be sufficient to identify most related parties there may be individual circumstances where a related party exists that is not explicitly within the definition. Accordingly where an insurance firm is in any doubt as to whether or not a party is a related party they should notify and seek the BMA’s advice accordingly.

Other Prior Approvals Required

BR-2.3.29 An insurance licensee must seek prior approval from the BMA for the following:

- (a) outsourcing of the internal audit function (ref. HC-3.3.2) and other material functions (RM-7.1.2);
- (b) appointment or re-appointment of external auditors (ref. AU-2.7.1 and AA-1.1.1);
- (c) appointment or re-appointment of Reporting Actuary (ref. AU-2.7.2 and AA-4.1.1);
- (d) appointment of persons undertaking a controlled function in an insurance licensee (ref. AU-1.2.1);
- (e) appointment or cancellation of appointment of an insurance manager in accordance with AU-2.2.4; and
- (f) any material changes or proposed changes to the information provided to the BMA in support of an authorisation application that occurs after authorisation has been granted. Insurance licensees must, in particular, seek prior BMA approval before undertaking activities in new classes of insurance. (ref. AU-5.4.1).

MODULE	BR: BMA Reporting
CHAPTER	BR-3: Information Gathering by the BMA

BR-3.1 Power to Request Information

BR-3.1.1 Insurance licensees must provide all information that the BMA may reasonably request in order to discharge its regulatory obligations.

Information Requested on Behalf of other Supervisors

BR-3.1.2 The BMA may ask an insurance licensee to provide it with information at the request of or on behalf of other supervisors to enable them to discharge their functions properly. Those supervisors may include overseas supervisors or government agencies in Bahrain. The BMA may also, without notifying an insurance licensee, pass on to those supervisors or agencies information that it already has in its possession.

MODULE	BR: BMA Reporting
CHAPTER	BR-3: Information Gathering by the BMA

BR-3.2 Access to Premises

BR-3.2.1 An insurance licensee must permit representatives of the BMA, or persons appointed for the purpose by the BMA to have access, with or without notice, during reasonable business hours to any of its business premises in relation to the discharge of the BMA's functions under the relevant law.

BR-3.2.2 An insurance licensee must take reasonable steps to ensure that its agents, suppliers under outsourcing arrangements and appointed representatives permit such access to their business premises, to the BMA.

BR-3.2.3 An insurance licensee must take reasonable steps to ensure that each of its suppliers under material outsourcing arrangements deals in an open and cooperative way with the BMA in the discharge of its functions under the Insurance Legislation in relation to the insurance licensee.

BR-3.2.4 The cooperation that an insurance firm is expected to procure from such suppliers is similar to that expected of the insurance firm, in the light of the guidance in Paragraph BR-3.4.3.

MODULE	BR: BMA Reporting
CHAPTER	BR-3: Information Gathering by the BMA

BR-3.3 Accuracy of Information

BR-3.3.1 An insurance licensee must take reasonable steps to ensure that all information it gives the BMA in accordance with any parts of the Insurance Rulebook and Insurance Legislation is:

- (a) factually accurate or, in the case of estimates and judgements, fairly and properly based after appropriate enquiries have been made by the insurance licensee; and
- (b) complete, in that it should include anything of which the BMA would reasonably expect notice.

BR-3.3.2 If an insurance licensee becomes aware, or has information that reasonably suggests that it has or may have provided the BMA with information that was or may have been false, misleading, incomplete or inaccurate, or has or may have changed in a material way, it must notify the BMA immediately. The notification must include:

- (a) details of the information which is or may be false, misleading, incomplete or inaccurate, or has or may have changed;
- (b) an explanation why such information was or may have been provided; and
- (c) the correct information.

BR-3.3.3 If the information in Paragraph BR-3.3.2 cannot be submitted with the notification (because it is not immediately available), it must instead be submitted as soon as possible afterwards.

MODULE	BR: BMA Reporting
CHAPTER	BR-3: Information Gathering by the BMA

BR-3.4 Methods of Information Gathering

BR-3.4.1 The BMA uses various methods of information gathering on its own initiative which require the cooperation of insurance licensees:

- (a) representatives of the BMA may make onsite visits at the premises of the insurance licensee. These visits may be made on a regular basis, on a sample basis, for special purposes such as theme visits (looking at a particular issue across a range of insurance licensees), or when the BMA has a particular reason for visiting an insurance licensee;
- (b) appointees of the BMA may also make onsite visits at the premises of the insurance licensee. Appointees of the BMA may include persons who are not BMA staff, but who have been appointed to undertake particular monitoring activities for the BMA, such as in the case of Appointed Experts (refer to Chapter EN-2).
- (c) the BMA may request the insurance licensee to attend meetings at the BMA's premises or elsewhere;
- (d) the BMA may seek information or request documents by telephone, at meetings or in writing, including electronic communication;
- (e) the BMA may require insurance licensees to submit various documents or notifications, as per Chapter BR-2, in the ordinary course of their business such as financial reports or on the happening of a particular event in relation to the insurance licensee such as a change in control.

BR-3.4.2 When seeking meetings with an insurance licensee or access to the licensee's premises, the BMA or the BMA appointee needs to have access to an insurance licensee's documents and personnel. Such requests will be made during reasonable business hours and with proper notice. There may be instances where the BMA may seek access to the licensee's premises without prior notice. While such visits are not customary, the prospect of unannounced visits is intended to encourage insurance licensees to comply at all times with the requirements and standards imposed by the BMA as per the Insurance Legislation and Insurance Rulebook.

BR-3.4.3 The BMA considers that an insurance licensee should:

- (a) make itself readily available for meetings with representatives or appointees of the BMA;
- (b) give representatives or appointees of the BMA reasonable access to any records, files, tapes or computer systems, which are within the insurance licensee's possession or control, and provide any facilities which the representatives or appointees may reasonably request;
- (c) produce to representatives or appointees of the BMA specified documents, files, tapes, computer data or other material in the insurance licensee's possession or control as reasonably requested;

MODULE	BR: BMA Reporting
CHAPTER	BR-3: Information Gathering by the BMA

BR-3.4 Methods of Information Gathering (continued)

- BR-3.4.3
- (d) print information in the insurance licensee's possession or control which is held on computer or on microfilm or otherwise convert it into a readily legible document or any other record which the BMA may reasonably request;
 - (e) permit representatives or appointees of the BMA to copy documents of other material on the premises of the insurance licensee at the insurance licensee's expense and to remove copies and hold them elsewhere, or provide any copies, as reasonably requested; and
 - (f) answer truthfully, fully and promptly all questions which representatives or appointees of the BMA reasonably put to it.
- BR-3.4.4
- The BMA considers that an insurance licensee should take reasonable steps to ensure that the following persons act in the manner set out in Paragraph BR-3.4.3:
- (a) its employees and appointed representatives; and
 - (b) any other members of its group, and their employees and appointed representatives.
- BR-3.4.5
- In gathering information to fulfill its supervisory duties, the BMA acts in a professional manner and with due regard to maintaining confidential information obtained during the course of its information gathering activities.