



INSURANCE INTERMEDIARIES & MANAGERS MODULE

MODULE	IM (Insurance Intermediaries & Managers)
Table of Contents	

		Current Issue Date
IM-A	Introduction	
	IM-A.1 Purpose	04/2005
	IM-A.2 Module History	10/2005
IM-1	Overview	
	IM-1.1 Insurance Intermediaries and Managers in Bahrain	04/2005
	IM-1.2 Structure of this Guidance	07/2005
IM-2	High Level Standards	
	IM-2.1 Authorisation	10/2005
	IM-2.2 Principles of Business	04/2005
	IM-2.3 High Level Controls	04/2005
	IM-2.4 Auditors	04/2005
	IM-2.5 General Requirements	07/2005
IM-3	Business Standards	
	IM-3.1 Capital Adequacy	04/2005
	IM-3.2 Business Conduct	04/2005
	IM-3.3 Risk Management	04/2005
	IM-3.4 Financial Crime	10/2005
IM-4	Reporting Requirements	
	IM-4.1 BMA Reporting	04/2005
	IM-4.2 Public Disclosure	04/2005
IM-5	Enforcement and Redress	
	IM-5.1 Enforcement	04/2005

MODULE	IM: Insurance Intermediaries & Managers
CHAPTER	IM-A: Introduction

IM-A.1 Purpose

IM-A.1.1 This Module summarises the key aspects of regulations applicable to insurance intermediaries and managers licensed in Bahrain, which are set out in full elsewhere in the different subject Modules of Volume 3 (Insurance). This Module is intended as an introductory guide to these regulations, for potential license applicants, insurance brokers, insurance consultants, insurance managers and other interested parties. This Module only contains guidance material; in the event of discrepancy between this Module and the rules themselves, the latter will prevail.

IM-A.1.2 For the purposes of this Module, the following terms will apply:

Insurance Broker

As per Paragraph AU-1.4.9, the broking of insurance contracts means:

- (a) acting as an agent for another person in relation to the buying of insurance for that other person;
- (b) making arrangements with a view to another person, whether as principal or agent, buying insurance; or
- (c) advising on insurance.

Insurance Consultant

As per Paragraph AU-1.4.15, the offering of insurance advice (insurance consultant) means advising on insurance to third parties, without also acting as agent or making arrangements with a view to another person buying insurance.

Insurance Manager

As per Paragraph AU-1.4.19, the provision of insurance management services means the provision of management services to, or the exercising of managerial functions on behalf of, an insurance firm. An insurance manager is appointed by an insurance firm and is licensed in Bahrain to perform, under a contract of service, any managerial functions that are performed, or authority exercised, by a person who is not a director nor an employee of the insurance firm, acting on the express or implied authority of its Board and/or general manager. “Managerial functions” include, but are not limited to, the effecting of contracts of insurance and the issuing of instructions for the settlement of claims.

Insurance Intermediary

For purposes of this Module, the term insurance intermediary refers to insurance brokers and insurance consultants.

MODULE	IM: Insurance Intermediaries & Managers
CHAPTER	IM-A: Introduction

IM-A.2 Module History

IM-A.2.1 This Sector Guide – Module IM -- 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. Chapter UG-3 provides further details on Rulebook maintenance and version control.

IM-A.2.2 A list of recent changes made to this module are detailed in the table below:

Module Ref.	Change Date	Description of Changes
IM-1.2	01/07/05	Corrected that only insurance consultants and insurance managers are exempt from statutory deposits
IM-2.5	01/07/05	Corrected that insurance brokers are subject to statutory deposits
IM-3.4	01/07/05	Clarified scope of application of Decree Law No. 4.
IM-2.1	01/10/05	Added the option for insurance manager to operate as a branch resident in Bahrain of a company incorporated in another jurisdiction
IM-3.4	01/10/05	Updated cross-references to Module FC

IM-A.2.3 This Module does not replace the requirements of Amiri Decree No. 17, 1987 but provides guidance on the various Modules that supersede the requirements of Implementing Regulation No. 6, 1990 in relation to insurance brokers and insurance consultants. The specific articles in the Ministerial Order that have been cancelled by the rules contained in the Modules of Volume 3 (Insurance) are listed below:

Order No.6 Article Ref.	Module Ref.	Subject
21-27		Licensing of <u>insurance brokers</u>
53-64		Licensing of <u>insurance consultants</u>

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

MODULE	IM: Insurance Intermediaries & Managers
CHAPTER	IM-1: Overview

IM-1.1 Insurance Intermediaries and Managers in Bahrain

- IM-1.1.1 The functions of insurance broker and insurance consultant have been in existence under Bahraini insurance law. The function of insurance manager as a regulated activity is being introduced with Volume 3 of the Rulebook.
- IM-1.1.2 The BMA has introduced a regulatory regime aimed at captive insurers – Module CI. In most cases, captive insurers sub-contract their day-to-day management to a professional management firm. The licensing of insurance managers will simplify the licensing requirements of captive insurers, as the parties with whom the captive insurer may sub contract its management, will have been considered in detail by the BMA’s licensing requirements.
- IM-1.1.3 In accordance with the BMA’s definition, the activities of insurance managers are not limited to acting on behalf of captive insurers but may also relate to non captive insurance firms, both conventional and takaful.

MODULE	IM: Insurance Intermediaries & Managers
CHAPTER	IM-1: Overview

IM-1.2 Structure of this Guidance

IM-1.2.1 The following table lists the Modules of the BMA Insurance Rulebook and indicates those that apply to insurance brokers, insurance consultants and insurance managers. The remaining chapters of this guide will describe in more detail the principal requirements of each module of the regulations that apply to insurance intermediaries and insurance managers.

HIGH LEVEL STANDARDS

AU (Authorisation)	Regulations dealing with the licensing requirements and conditions for providers of regulated insurance services. The sections dealing with the authorisation requirements, licensing conditions, approved persons conditions and information requirements and processes applicable to <u>insurance intermediaries</u> and <u>insurance managers</u> .
PB (Principles of Business)	Principles that are applicable to all <u>insurance licensees</u> regulated in Bahrain; these apply in full to <u>insurance intermediaries</u> and <u>insurance managers</u> .
HC (High-level Controls)	Regulations in respect of governance, systems and controls of licensees. These apply in full to <u>insurance intermediaries</u> and <u>insurance managers</u> .
AA (Auditors and Actuaries)	Regulations on the appointment and functions of external auditors and actuaries of insurance licensees. Only those regulations dealing with auditors apply to <u>insurance intermediaries</u> and <u>insurance managers</u> .
GR (General Requirements)	Regulations dealing with requirements covering other areas not included in other Modules. These include: books and records, corporate and trade names, dividends, <u>portfolio transfers</u> , <u>controllers</u> , <u>close links</u> , statutory deposits, suspension of business and professional indemnity coverage. Regulations dealing with portfolio transfers and suspension of business do not apply to <u>insurance intermediaries</u> and <u>insurance managers</u> . Statutory cash deposits are required for <u>insurance brokers</u> .

MODULE	IM: Insurance Intermediaries and Managers
CHAPTER	IM-1: Overview

IM-1.2 Structure of this Guidance (continued)

BUSINESS STANDARDS

CA (Capital Adequacy)	Regulations governing minimum capital and solvency requirements and the valuation of assets and liabilities. Some of these regulations apply specifically to <u>insurance intermediaries</u> and <u>insurance managers</u> . Considering the nature of their business, the requirements for capital and solvency for <u>insurance firms</u> are far more detailed than for <u>insurance intermediaries</u> and <u>insurance managers</u> .
BC (Business Conduct)	The Code of Business Conduct governs the sale of insurance and applies to all <u>insurance licensees</u> .
RM (Risk Management)	Risk management standards applicable to licensees. Several of the requirements for risk management can be outsourced to <u>insurance managers</u> .
FC (Financial Crime)	Regulations governing the monitoring and reporting of financial crime, including the prevention of money laundering and terrorism financing and insurance fraud.
TC (Training & Competency)	Regulations will be developed in 2005/2006.

REPORTING REQUIREMENTS

BR (BMA Reporting)	Requirements for reporting to the BMA. Annual reporting requirements apply to <u>insurance intermediaries</u> and <u>insurance managers</u> . <u>Insurance intermediaries</u> and <u>insurance managers</u> are exempted from group and quarterly reporting requirements.
PD (Public Disclosure)	Module PD does not apply to <u>insurance brokers</u> , <u>insurance consultants</u> and <u>insurance managers</u> .

ENFORCEMENT AND REDRESS

EN (Enforcement)	This Module outlines enforcement powers and processes that may be applied by the BMA and applies in full to all <u>insurance licensees</u> .
DP (Dispute Resolution)	Regulations will be developed in 2005/2006.
CP (Compensation)	Regulations will be developed in 2005/2006.

MODULE	IM: Insurance Intermediaries and Managers
CHAPTER	IM-2: High Level Standards

IM-2.1 Authorisation

		<u>Rulebook reference</u>
IM-2.1.1	An entity in Bahrain must be authorised if it wishes to conduct <u>regulated insurance services</u> , including effecting insurance contracts, the broking of insurance contracts, the offering of advice to third parties and the provision of insurance management services.	AU-A.1.3
IM-2.1.2	An <u>insurance intermediary</u> may be licensed for several types of business, including general insurance, unit linked long term insurance, long term insurance (other than unit-linked business), reinsurance and takaful products.	AU-1.1.17, AU-1.1.18, AU-1.1.20 and AU-1.1.21
IM-2.1.3	The broking of insurance contracts refers to advising on insurance, acting as agent for another person in relation to the buying of insurance for that other person or making arrangements with a view to another person, whether as principal or agent, buying insurance. A person does not carry on the broking of insurance contracts if he falls under the definition of <u>exempt introducer</u> .	AU-1.4.9 and AU-1.4.12
IM-2.1.4	The offering of insurance advice by <u>insurance consultants</u> refers to providing advice to a person in his capacity as agent for a policyholder or potential policyholder, on the merits of entering into a contract of insurance as principal or agent.	AU-1.4.16
IM-2.1.5	The provision of insurance management services by <u>insurance managers</u> refers to the provision of management services or exercising the managerial functions on behalf of an <u>insurance firm</u> .	AU-1.4.19
IM-2.1.6	Licensees who were carrying out activities that fall within the definition of the regulated activity of <u>insurance broker</u> prior to 1 April 2005 may be unincorporated entities or natural persons and may continue as such until 31 December 2006.	AU-2.1.7
IM-2.1.7	New applicants for licensing as <u>insurance brokers</u> , after 1 April 2005 must be: <ul style="list-style-type: none"> (i) a Bahraini single person company; (ii) a Bahraini joint stock company (BSC); (iii) a Bahraini company with limited liability (“WLL”); or (iv) a branch resident in Bahrain of a company incorporated under the laws of its territory of incorporation and (where local regulation so requires) authorized as an insurance or reinsurance intermediary in that territory. 	AU-2.1.8

MODULE	IM: Insurance Intermediaries and Managers
CHAPTER	IM-2: High Level Standards

IM-2.1 Authorisation (continued)

		<u>Rulebook reference</u>
IM-2.1.8	For <u>insurance consultants</u> , the legal status must be: (i) a sole proprietorship registered with the Ministry of Commerce; (ii) a Bahraini single person company; (iii) a Bahraini joint stock company (BSC); (iv) a Bahraini company with limited liability (“WLL”); or (v) a branch resident in Bahrain of a company incorporated under the laws of its territory of incorporation.	AU-2.1.11
IM-2.1.9	<u>Insurance intermediaries</u> applying for a license must do so in the form prescribed by the BMA and such application must include inter alia, details of proposed professional indemnity coverage.	AU-1.1.6
IM-2.1.10	An <u>insurance broker</u> ’s business activity must be restricted by its Memorandum and Articles of Association to insurance broking	AU-2.1.10
IM-2.1.11	For <u>insurance managers</u> , the legal status must be: (i) a Bahraini joint stock company (BSC); (ii) a Bahraini company with limited liability (“WLL”); or (iii) a branch resident in Bahrain of a company incorporated under the laws of its territory of incorporation and (where local regulation so requires) authorized as an insurance or reinsurance intermediary in that territory.	AU-2.1.12
IM-2.1.12	<u>Insurance intermediaries</u> and <u>insurance managers</u> with their Registered Office in the Kingdom of Bahrain must maintain their Head Office in the Kingdom. <u>Overseas insurance licensees</u> must maintain a local management presence and premises in the Kingdom appropriate to the nature and scale of their activities.	AU-2.2.1
IM-2.1.13	All persons wishing to undertake a <u>controlled function</u> in an <u>insurance intermediary</u> or <u>insurance manager</u> must be approved by the BMA prior to their appointment. (<u>Approved Person</u>)	AU-1.2
IM-2.1.14	<u>Insurance intermediaries</u> and <u>insurance managers</u> seeking an <u>approved person</u> authorisation for an individual, must satisfy the BMA that the individual concerned is fit and proper to undertake the <u>controlled function</u> .	AU-3

MODULE	IM: Insurance Intermediaries and Managers
CHAPTER	IM-2: High Level Standards

IM-2.2 Principles of Business

		<u>Rulebook reference</u>
IM-2.2.1	There are 10 Principles of Business that apply to all insurance licensees including <u>insurance intermediaries</u> and <u>insurance managers</u> .	
IM-2.2.2	Non compliance with the Principles of Business can lead to enforcement action, which can include the calling into question of whether the firm or its management continue to meet the fitness and propriety criteria for approval.	PB-B.2.1
IM-2.2.3	<p>The Principles of Business are:</p> <ol style="list-style-type: none"> 1. Observing high standards of <i>integrity</i> and fair dealing. They should be honest and straightforward in their dealings with customers. 2. Taking all reasonable steps to identify, and prevent or manage, <i>conflicts of interest</i> that could harm the interests of a customer. 3. Acting with due skill, care and diligence. 4. Observing in full any obligations of <i>confidentiality</i>, including with respect to client information. This requirement does not over-ride lawful disclosures. 5. Observing proper standards of <i>market conduct</i>, and avoiding action that would generally be viewed as improper. 6. Taking reasonable care to safeguard the <i>assets of customers</i>. 7. Paying due regard to the legitimate <i>interests of customers</i> and communicating with them in a fair and transparent manner and, when dealing with customers who are entitled to rely on advice or discretionary decisions, taking reasonable care to ensure the suitability of such advice or decisions. 8. Maintaining an open and co-operative <i>relationship with the BMA and other competent regulatory bodies</i> and taking reasonable care to ensure that activities comply with all applicable laws and regulations. 	PB-1

MODULE	IM: Insurance Intermediaries and Managers
CHAPTER	IM-2: High Level Standards

IM-2.2 Principles of Business (continued)

		<u>Rulebook reference</u>
IM-2.2.3	<p>9. Maintaining <i>adequate resources</i>, whether human, financial or otherwise, sufficient to run the business in an orderly manner.</p> <p>10. Taking reasonable care to ensure that affairs are managed effectively and responsibly, with appropriate <i>management, and systems and controls</i> in relation to the size and complexity of operations.</p>	

MODULE	IM: Insurance Intermediaries and Managers
CHAPTER	IM-2: High Level Standards

IM-2.3 High Level Controls

		<u>Rulebook reference</u>
IM-2.3.1	In accordance with Principle of Business 10, <u>insurance intermediaries</u> and <u>insurance managers</u> must put in place effective management, systems and controls for their business. The High-Level Controls Module sets out the regulations that put this principle into practice.	PB-1.10
IM-2.3.2	<u>Insurance brokers</u> and <u>insurance consultants</u> operating as a Bahraini single person company or unincorporated entity are exempt from the requirements of Module HC.	HC-B.1.1
IM-2.3.3	Some of these rules govern the establishment, composition, functions and responsibilities of Boards of Directors. Except for Bahraini single person companies, all incorporated <u>insurance intermediaries</u> and <u>insurance managers</u> must have a Board, composed of a minimum of five directors, which is ultimately accountable and responsible for the management and performance of the firm.	HC-1 HC-1.2.3
IM-2.3.4	Responsibility for the day-to-day management of an <u>insurance intermediary</u> and <u>insurance manager</u> is vested in the <u>chief executive officer</u> , which is a <u>controlled function</u> . <u>Insurance intermediaries</u> and <u>insurance managers</u> , unlike other <u>insurance licensees</u> , are not required to consider the need to operate an Executive Management Committee.	HC-2.2.2
IM-2.3.4	The BMA expects, for <u>Bahraini insurance licensees</u> , for Bahrain to be the principal place of business and for Bahrain to be the centre of its governance and management.	HC-1.3.5 AU-2.2.1 and GR-1
IM-2.3.5	The BMA requires all <u>Bahraini insurance licensees</u> to establish an internal audit function to monitor the adequacy of their systems and controls.	HC-3.3

MODULE	IM: Insurance Intermediaries and Managers
CHAPTER	IM-2: High Level Standards

IM-2.3 High-level Controls (continued)

		<u>Rulebook reference</u>
IM-2.3.6	<u>Insurance intermediaries</u> and <u>insurance managers</u> must nominate a Compliance Officer. In the case of <u>insurance managers</u> , they must also be designated as the Compliance Officer of the managed firms.	HC-3.4
IM-2.3.7	Chapters HC-3 and 4 contain additional rules and guidance applicable to all <u>insurance licensees</u> in respect of Board remuneration, corporate ethics, transparency and disclosure and an annual Board review of corporate governance.	HC- 3 and HC-4

MODULE	IM: Insurance Intermediaries and Managers
CHAPTER	IM-2: High Level Standards

IM-2.4 Auditors

		<u>Rulebook reference</u>
IM-2.4.1	<u>Insurance intermediaries</u> and <u>insurance managers</u> must have an annual external audit. Firms must obtain prior written approval from the BMA before appointing or re-appointing their auditors.	AA-1.1.1
IM-2.4.2	There are specific rules and guidance governing the duties and restrictions of external auditors.	AA-1

MODULE	IM: Insurance Intermediaries and Managers
CHAPTER	IM-2: High Level Standards

IM-2.5 General Requirements

		<u>Rulebook reference</u>
IM-2.5.1	<u>Insurance intermediaries</u> and <u>insurance managers</u> are expected to maintain books and records sufficient to produce financial statements and show a record of the business undertaken.	GR-1.1
IM-2.5.2	Where an <u>insurance manager</u> maintains the books and records of a <u>captive insurer</u> or another <u>insurance firm</u> , these records must be sufficient to allow an audit or an on-site examination by the BMA of the <u>captive insurer</u> or <u>insurance firm</u> .	GR-1.1.4
IM-2.5.3	An <u>insurance broker</u> must maintain separate <u>client</u> accounts separate from those used for its own funds.	GR-1.2.7 to GR-1.2.14
IM-2.5.4	<u>Insurance intermediaries</u> and <u>insurance managers</u> require prior approval from the BMA for their corporate name and any trade names.	GR-2.1
IM-2.5.5	<u>Bahraini Insurance intermediaries</u> and <u>Bahraini insurance managers</u> require BMA pre-approval for the distribution of dividends to shareholders.	GR-3.1
IM-2.5.6	All requirements dealing with <u>controllers</u> apply in full to <u>insurance intermediaries</u> and <u>insurance managers</u> .	GR-5
IM-2.5.7	All requirements dealing with <u>close links</u> apply in full to <u>insurance intermediaries</u> and <u>insurance managers</u> .	GR-6
IM-2.5.8	<u>Insurance brokers</u> are required to maintain a statutory cash deposit with a commercial bank licensed to do business in Bahrain.	GR-7
IM-2.5.8	<u>Insurance brokers</u> and <u>insurance consultants</u> must maintain professional indemnity coverage in line with the requirements outlined in Chapter GR-10	GR-10

MODULE	IM: Insurance Intermediaries and Managers
CHAPTER	IM-3: Business Standards

IM-3.1 Capital Adequacy

		<u>Rulebook reference</u>
IM-3.1.1	Principle 9 requires <u>insurance licensees</u> to hold adequate financial resources for the needs of the business. The Capital Adequacy Module sets out in detail the minimum financial resources requirements for <u>insurance licensees</u> . In addition, it is the responsibility of Boards of <u>insurance licensees</u> to make their own assessment of the financial resources needed to meet their liabilities.	PB-1.9
IM-3.1.2	<p><u>Bahraini insurance brokers</u> must maintain in their insurance brokerage business at all times the greater of:</p> <ul style="list-style-type: none"> (a) a minimum net assets value of BD 50,000; (b) 4% of client money balances held in Bahrain; or (c) 4% of annual income from global insurance broking activities <p>There are no minimum capital and net asset requirements for <u>overseas insurance brokers</u>. However, for <u>overseas insurance brokers</u>, financial statements of the parent company must be submitted to the BMA for review, in order to assess the financial stability of the group on a global basis.</p>	CA-1.3
IM-3.1.3	<u>Insurance consultants</u> and <u>insurance managers</u> must possess financial resources commensurate with the scale and nature of its insurance consultancy or management activities. There are no minimum capital and net assets requirements applicable to <u>insurance consultants</u> and <u>insurance managers</u> . However, Principle 9 does apply and the BMA may suspend or revoke the licence of any <u>insurance consultants</u> or <u>insurance managers</u> whom it reasonably considers does not possess financial resources commensurate with the scale and nature of its insurance consultancy or management activities.	CA-1.4

MODULE	IM: Insurance Intermediaries and Managers
CHAPTER	IM-3: Business Standards

IM-3.2 Business Conduct

		<u>Rulebook reference</u>
IM-3.2.1	The Business Conduct Module comprises general rules (BC-1) and a Code of Practice (BC-2). These rules apply in full to <u>insurance intermediaries</u> . However, it should be noted that BC is principles-based.	BC-A.1
IM-3.2.2	The BMA expects the <u>insurance manager</u> to consider the requirements of the Code in relation to the service provided, on behalf of the captive or <u>insurance firm</u> , to its “clients”, namely insured members of the group.	BC-B.1.4
IM-3.2.3	Other than a client who is an unincorporated entity with a turnover exceeding BD 1 million per year, an <u>insurance intermediary</u> must draw the client’s attention to the status of the <u>insurance firm</u> – whether or not the <u>insurance firm</u> is locally licensed (as a Bahraini <u>insurance firm</u> or <u>overseas insurance firm</u>) and, if not, the reasons for recommending or choosing that <u>insurance firm</u> . In respect of these clients, this advice must be delivered in writing.	BC-2.6.4
IM-3.2.4	<u>Insurance intermediaries</u> acting on behalf of customers in arranging their insurance must, on request, disclose the amount of commission payable to them from the insurance premium, and any other remuneration received for arranging the insurance contract.	BC-2.6.6
IM-3.2.5	<u>Licensees</u> must avoid conflicts of interest, or if conflicts are unavoidable, must explain the position fully and manage the situation so as to avoid prejudice to any party.	BC-2.13

MODULE	IM: Insurance Intermediaries and Managers
CHAPTER	IM-3: Business Standards

IM-3.3 Risk Management

		<u>Rulebook reference</u>
IM-3.3.1	Principle 10 (IM-2.2.3) requires firms to have systems and controls that are adequate for their business. Consequently, the Risk Management Module of the BMA Rulebook contains rules and guidance on how, specifically, <u>insurance licensees</u> should monitor and manage risk. This module applies in full to <u>insurance brokers</u> , except for the Sections dealing with market risk (RM-4.1) and insurance technical risk (RM-5.1). This Module does not apply to <u>insurance consultants</u> and <u>insurance managers</u> .	PB-1.10 and RM-B.1.1 RM-B.1.6
IM-3.3.2	<p>The Module contains both:</p> <ul style="list-style-type: none"> • general requirements (on the overall management of risk); and • specific requirements on the management of specific risk classes. 	RM-1 RM-2 to RM-8
IM-3.3.3	While the business of <u>insurance managers</u> is not subject to this Module, clients of <u>insurance managers</u> that are <u>insurance firms</u> , such as captive insurers, are subject to the requirements of this Module. The <u>insurance manager</u> , in fulfilling its obligations to its clients, therefore needs to manage the affairs of its clients in accordance with the requirements of the Rulebook, including this Module.	RM-B.1.7

MODULE	IM: Insurance Intermediaries and Managers
CHAPTER	IM-3: Business Standards

IM-3.4 Financial Crime

		<u>Rulebook reference</u>
IM-3.4.1	The general law of Bahrain imposes obligations on individuals and firms in relation to the prevention and prohibition of the laundering of money. All <u>insurance licensees</u> are subject to the statutory requirements of this Law.	Decree Law No. 4
IM-3.4.2	Chapters FC-1 to FC-9 applies to <u>insurance firms</u> and <u>insurance brokers</u> . Where captive insurers are managed by an <u>insurance manager</u> , these chapters are also to be applied to the <u>insurance manager</u> . This Module must be applied when dealing with new clients and when renewing policies or other insurance arrangements.	FC-B.1.1
IM-3.4.3	Chapter FC-10 dealing with insurance fraud, applied to all <u>insurance licensees</u> .	FC-B.1.4
IM-3.4.4	FC-1 outlines the requirements for customer due diligence. In the case of captive insurance firms it is expected that this identity will be apparent both from the ownership of the captive and the origin of insurance premiums from traceable bank accounts. In this case, no further verification will be needed as a matter of routine, although this does not exempt firms and individuals from reporting any transaction that they consider suspicious in nature.	FC-1
IM-3.4.5	The reporting of suspicious transactions is the responsibility of the firm's Money Laundering Reporting Officer ("MLRO"). Captive <u>insurance firms</u> that are managed by an <u>insurance manager</u> are specifically exempted from appointing a MLRO, as the <u>insurance manager</u> must appoint one to perform these responsibilities for all firms under their management.	FC-3.1.1 and FC-3.1.2
IM-3.4.6	The MLRO will prepare an annual report on compliance with the anti-money laundering and combating terrorism financing controls and procedures. The Boards of captive firms will need to include the consideration of this report as a standing item for Board meetings each year.	FC-3.3
IM-3.4.7	Appendix FC-(iv) provides guidance material and examples of transactions that would be considered suspicious for the purposes of these regulations.	Appendix FC- (iv)

MODULE	IM: Insurance Intermediaries and Managers
CHAPTER	IM-4: Reporting Requirements

IM-4.1 BMA Reporting

		<u>Rulebook reference</u>
IM-4.1.1	<u>Insurance intermediaries</u> and <u>insurance managers</u> must prepare and submit to the BMA an Intermediary Return for each financial year. They are exempted from quarterly reporting and from group financial reporting to the BMA.	BR-1.2
IM-4.1.2	Details of the content of the Annual Intermediary and Insurance Manager Return (Annual IIM) can be found in BR-1.2.5. The Return must be: <ul style="list-style-type: none"> (a) deposited with the BMA within 3 months of the year end; (b) audited; and (c) be accompanied by a Directors' Certificate. 	BR-1.2.5 BR-1.2.1 BR-1.2.13 BR-1.2.10
IM-4.1.3	<u>Insurance intermediaries</u> and <u>insurance managers</u> must disclose to the BMA material information about changes in their situation including (but not limited to): <ul style="list-style-type: none"> (a) significant breaches in regulations; (b) civil, criminal, and disciplinary procedures, fraud, errors and other irregularities; (c) financial difficulties, breach of minimum solvency requirements, insolvency, bankruptcy, winding-up; (d) changes in auditors and actuaries; (e) changes in address, legal status etc.; and (f) changes in <u>controllers</u> and close links. 	BR-2.2.4 BR-2.2.6 to 2.2.8 BR-2.2.11 BR-2.3.29 BR-2.3.3 BR-2.3.7
IM-4.1.4	<u>Insurance intermediaries</u> and <u>insurance managers</u> are required to maintain an open relationship with the supervisor and that the BMA does have powers to visit the premises of <u>insurance intermediaries</u> or <u>insurance managers</u> (other than in exceptional circumstances, with reasonable notice), request information and commission a report on the firm's business.	BR-3.1 BR-3.2

MODULE	IM: Insurance Intermediaries and Managers
CHAPTER	IM-4: Reporting Requirements

IM-4.2 Public Disclosure

IM-4.2.1	<p>The Public Disclosure Module of the BMA Rulebook does not apply to <u>insurance brokers</u>, <u>insurance consultants</u> and <u>insurance managers</u>.</p>	<u>Rulebook reference</u> PD-B.1.4
----------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------

MODULE	IM: Insurance Intermediaries and Managers
CHAPTER	IM-5 Enforcement and Redress

IM-5.1 Enforcement

IM-5.1	The Enforcement Module of the BMA Rulebook applies in full to all <u>insurance licensees</u> .	<u>Rulebook reference</u> EN
--------	------------------------------------------------------------------------------------------------	-------------------------------------