



EDBS/KH/248/2012
16th September, 2012

Chief Executive Officer
All Banks and Financing Companies
Manama
Kingdom of Bahrain

Dear Sir,

Sale of Insurance Products

The Central Bank of Bahrain (CBB) wishes to bring to the attention of all banks and financing companies, specific rules that are in place in the CBB Rulebook dealing with the sale of insurance products by banks. These Rules are contained in Volume 3 (Insurance) of the CBB Rulebook and must be complied with when banks and financing companies are selling or intend to sell, insurance products.

Chapter GR-9 of Volume 3 allows an insurance firm to appoint as its representative for its Bahrain business a person who is not licensed by the CBB, known as an 'appointed representative'. An appointed representative may be a natural or corporate person. An appointed representative may be a CBB licensee (e.g. a bank) that does not hold any of the permissions of insurance firm, insurance broker, or insurance consultant. Where the appointed representative is a corporate entity, its memorandum and articles of association must include the activities of the appointed representative of the CBB licensed insurance firm, as required under Resolution 11 issued as per Article 74 of the CBB Law.

Banks and financing companies are only permitted to sell insurance products if they are registered with the CBB as appointed representatives. They must fully comply with the requirements contained in Chapter GR-9 as well as the requirements contained in Module CL (Client Money) included in Volume 3 (Insurance). A list of registered appointed representatives can be found on

the CBB website under the CBB register. Applications for appointed representatives must be submitted to the Director, Insurance Supervision of the CBB, using Authorisation Form 5 (Application for Appointed Representative) found under Part B, Authorisation Forms of Volume 3 (Insurance) CBB Rulebook.

Appointed representatives must comply with all the requirements of Module CL, including the following Rule:

CL-2.3.5 For brokerage activities, insurance brokers and appointed representatives are prohibited from collecting additional charges (other than the quoted premiums/contributions) from clients.

Banks or financing companies who are not fully in compliance with the above Rules must take the necessary measures required to meet compliance and must inform the CBB accordingly.

Yours faithfully,


Khalid Hamad