



مملكة البحرين  
Kingdom of Bahrain

مؤسسة نقد البحرين  
BAHRAIN MONETARY AGENCY

إدارة مراقبة التأمين  
Insurance Supervision Directorate

ISD/001/2006  
3<sup>rd</sup> January 2006

**The Compliance Officer**  
All Insurance Licensees  
Manama  
Kingdom of Bahrain

Dear Sir,

**BMA Rulebook: Volume 3 (Insurance) - Third Quarterly Update**

This is the third quarterly update of Volume 3 of the Rulebook.

Updates to Volume 3 have now been incorporated in the website version of the Rulebook. **Recipients who wish to update their hard copy folders should access the BMA website and print off the relevant pages for insertion into their folder.** Volume 3 can be accessed, as usual, from [www.bma.gov.bh](http://www.bma.gov.bh) (Home > Regulation & Supervision > Rulebook > Volume 3: Insurance).

**The contents pages for each Module contained in Part A of Volume 3 have been updated;** this is done every quarter. These contents pages now show their current version number and date (i.e. Version 04/January 2006). The contents pages also show the current version number for each section in the Module in question. Only modified sections change their version number; other sections stay as "Version 01" until they are altered. Hard-copy users should print off these contents pages, since they facilitate version control for their Part A folder. In addition, for those Modules where there are changes, the Module History should also be printed.

**Additions and corrections to various Modules have been made, as detailed in the attached table.**

### **BMA Reporting**

Over the course of the last few months, we have initiated the consultation process on the reporting forms for all insurance licensees.

For insurance firms, the consultation process for both the Insurance Firm Return (Form IFR) and Group Insurance Firm Return (Form GIFR), has been extended to May 30, 2006. Consequently, a transition period has been added for the completion of these returns ( as well as the quarterly return) for insurance firms, as reflected in the January 2006 update.

All insurance firms will continue to be required to file with the BMA, their audited financial statements for the year ending December 31, 2005 by March 31, 2006 along with the Annual Insurance Report that has been used in prior years.

For insurance brokers, insurance consultants and insurance managers, the consultation process has been completed and the BMA will be issuing an updated Insurance Intermediary and Manager Return (IMR Form) during the month of January for all those insurance licensees affected. The updated IMR Form will be sent to all insurance brokers, insurance consultants and insurance managers and will be required to be filed by March 31, 2006 for the year ending December 31, 2005.

We expect all insurance licensees to provide us with a copy of the management letter for the year ending December 31, 2005, from their external auditors, as soon as available, but no later than April 30, 2006.

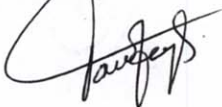
### Localisation of Assets

For insurance firms, the BMA is in the process of reviewing Chapter CA-6, dealing with Currency Matching and Localisation Requirements, following comments raised by industry participants. The BMA will keep you informed of future changes, if any, to this Chapter and plans to issue these as part of the April 2006 update.

The attached table lists the individual sections of the affected Modules that should be printed, for inclusion in users' hard copy folders.

Should you have any queries regarding these updates, you may e-mail the BMA (at [Rulebook@bma.gov.bh](mailto:Rulebook@bma.gov.bh)); alternatively, please speak to your normal supervisory contact.

Yours faithfully,



**Tawfiq Shehab**  
Director Insurance Supervision Directorate

Enc.

**BMA Rulebook: Volume Three - Third Quarterly Update**

<b>PART A FOLDER</b>		
<b>Module Code</b>	<b>Module Title</b>	<b>Summary of Changes and Printing Instructions</b>
ES	Executive Summary	ES-1.1.5: Transition rules for insurance firms updated. <b>Print off updated Section ES-1.1</b> ES-2.7: A section on transition rules for insurance firms has been added. <b>Print off new Section ES-2.7.</b>
AU	Authorisation	AU-2.1.8 and 2.1.11: Clarified legal status for EC companies that are insurance brokers and insurance consultants. <b>Print off updated Section AU-2.1.</b>
GR	General Requirements	GR-7.1.7: Clarified that insurance licensees originally licensed as exempt companies can opt to have their cash deposit maintained with the BMA. <b>Print off updated Section GR-7.1.</b>
CA	Capital Adequacy	CA-3.1.6: Clarified that rule applies to related parties, as defined in Glossary. <b>Print off updated Section CA-3.1.</b>
RM	Risk Management	RM-1.1.3 and 1.1.4: Clarified BMA's requirements for insurance firms to carry out their own assessment of their capital needs. <b>Print off updated Section RM-1.1.</b> RM-2.1.8 and 2.1.9: Corrected cross-references. <b>Print off updated Section RM-2.1.</b>
FC	Financial Crime	FC-1.2.11: Clarified that the verification for item (a) applies to the identity of the ultimate provider of funds. <b>Print off updated Section FC-1.2.</b>

**BMA Rulebook: Volume Three - Third Quarterly Update (continued)**

<b>PART A FOLDER</b>		
<b>Module Code</b>	<b>Module Title</b>	<b>Summary of Changes and Printing Instructions</b>
BR	BMA reporting	<p>BR-1.1.14: 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.</p> <p>BR-1.1.36: Added a transition period for the submission of the first IFR for the period ending December 31, 2006. <b>Print off updated Section BR-1.1.</b></p> <p>BR-1.2.13: 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. <b>Print off updated Section BR-1.2.</b></p> <p>BR-1.3.10: Added a transition period for the submission of the first GIFR for the period ending December 31, 2006. <b>Print off updated Section BR-1.3.</b></p> <p>BR-1.4.8: Added a transition period for the submission of the first QIFR for the period ending March 31, 2007. <b>Print off updated Section BR-1.4.</b></p>

**BMA Rulebook: Volume Three - Third Quarterly Update (continued)**

<b>PART B FOLDER</b>		
<b>Module Code</b>	<b>Module Title</b>	<b>Summary of Changes and Printing Instructions</b>
<b>Authorisation Forms</b>		
Form 2	Application for Authorisation of Controller	Minor corrections and clarifications to contact information, Sections I, II and IV. <b>Print off updated Contact Information, Sections I, III and IV.</b>
Form 3	Application for Approved Person Status	Minor corrections and clarifications to Sections III and IV. <b>Print off updated Sections III and IV.</b>
<b>Supplementary Information</b>		
FC- (v)	Guidance Notes	Clarified language in paragraph 3. <b>Print off updated Guidance Notes History and Guidance Notes.</b>