



مملكة البحرين
Kingdom of Bahrain

مؤسسة النقد البحرين
BAHRAIN MONETARY AGENCY

المدير التنفيذي لرقابة المؤسسات المالية
Executive Director of Financial Institutions Supervision

EDFIS/C/010/2006

4th July 2006

The Compliance Officer
All Insurance Licensees
Manama
Kingdom of Bahrain

Dear Sir,

BMA Rulebook:
Volume 3 (Insurance) – July 2006 Quarterly Update

The latest quarterly update to Volume 3 has now been incorporated in the website version of the Rulebook.¹

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. This cover letter highlights the main changes introduced this quarter. The table attached to this letter lists which pages to print off.

Module Contents Pages

As usual, the contents pages for each Module contained in Part A of Volume 3 have been updated. They now show their current issue date at the bottom right hand corner of the page: i.e. July 2006.

These contents pages also show the current issue date for every Section of a Module. Where a Section has been modified as part of this update, then its current issue date will also have been changed to July 2006. These contents pages therefore act as a summary checklist for Rulebook users.

¹ Volume 3 can be accessed, as usual, from www.bma.gov.bh (Home > Regulation & Supervision > Rulebook > Volume 3: Insurance).

Other changes

The remaining changes this quarter are few and minor in nature, aimed at providing clarification on existing rules, in response to user queries. These are listed in the attached table.

BMA Reporting

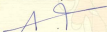
The consultation period for the Insurance Firm Returns (Form IFR) and Group Insurance Firm Return (Form GIFR) ended 30 May 2006. Over the next few months, the BMA will review all comments received and is aiming to have an updated version available by September 2006. Information sessions for the insurance industry will take place for the launch of the revised forms. The BMA will inform all insurance firms of the dates and venues for these sessions at a later time.

For the time being the May 22, 2006 draft versions of Forms IFR and GIFR will be maintained on the BMA Website as part of the consultation documents on the BMA website.²

Further information

Should you have any queries regarding these updates, you may contact the BMA Rulebook team at (rulebook@bma.gov.bh), or the Director of Insurance Supervision on 17547302.

Yours faithfully,



A. Rahman Al Baker
Executive Director – Financial Institutions Supervision

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² See www.bma.gov.bh: Home > Regulation & Supervision > Policy Development > Consultations.

BMA Rulebook (Volume Three) – July 2006 Quarterly Update

PART A FOLDER		
Module Code	Module Title	Summary of Changes and Printing Instructions
All Modules	N/A	Print off the contents page for each Module.
ES	Executive Summary	ES-1.1.5 and ES-2.8: Added a transition rule for the requirements for comparative information for semi-annual disclosure. Print off updated Section ES-1.1: Pages 3, 4 and 5 of 5 and; new Sections ES-2.6A and ES-2.8: Page 1 of 1.
AU	Authorisation	AU-1.2.2: Added Signing Actuary (where the Signing Actuary is an employee of the insurance firm) to the list of controlled functions for which an application for approved person must be submitted. Print off updated Section AU-1.2: Page 1 of 2.
AA	Auditors and Actuaries	AA-4.3.2: Added a requirement that the Signing Actuary is subject to the approval of the BMA. Print off updated Section AA-4.3: Page 1 of 2.
CA	Capital Adequacy	CA-1.2.8 and 1.2.21: Added minority interest as part of the components of Tier 1 and clarified excess tier 2 capital. Print off updated Section CA-1.2: Pages 2, 7 and 9 of 9. CA-2.1.14: Clarified calculation of required solvency margin on the Claims basis. Print off updated Section CA-2.1: Page 5 of 5. CA-4.3.2 (a) and (c): Clarified category limits for assets linked to long term liabilities. Print off updated Section CA-4.3: Page 1 of 2. CA-8.4.3: Clarified definition of capital available for a takaful fund. Print off updated Section CA-8.4: Page 1 of 4.
RM	Risk Management	RM-6.1.13 to 6.1.18: Added requirements for physical security measures and third party insurance to be put in place by insurance firms. Print off updated Section RM-6.1: Pages 2 and 3.
FC	Financial Crime	FC-4.3.1: Updated contact information for Compliance Directorate. Print off updated Section FC-4.3: Page 1 of 1.
PD	Public Disclosure	PD-2.1.5: Added a transition period for semi-annual disclosure requirements. Print off updated Section PD-2.1: Page 1 of 1.

**BMA Rulebook: Volume Three – July 2006 Quarterly Update
(continued)**

PART B FOLDER		
Module Code	Module Title	Summary of Changes and Printing Instructions
Authorisation Forms		
Form 3	Application for Approved Person Status	Table of Contents updated with Current Issue Date. Print off updated Table of Contents. Added Signing Actuary (where an employee of the insurance firm) to the list of controlled functions for which application is sought. Print off updated Section II Page 1 of 1.
Reporting Forms		
IMR Form	Insurance Intermediary and Manager Return	Table of Contents updated with Current Issue Date. Print off updated Table of Contents. Replaced Auditor's Report with Agreed Upon Procedures. Print off updated IMR 3.0, 3.1 and 3.2 Clarified that IMR 50.1 only applies to brokers and consultants. Print off updated IMR 50.1
STR Form	Suspicious Transaction Report	Updated contact information of the Compliance Directorate. Print off updated Instructions Page 1 of 1.