



EDFIS/C/026/2008  
29<sup>th</sup> October 2008

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

Dear Sir,

**CBB Rulebook: Volume 3 (Insurance) – October 2008 Update**

The October 2008 quarterly update to Volume 3 has now been incorporated in the website version of the Rulebook.<sup>1</sup>

This letter highlights changes introduced this quarter. Licensees are required to note any policy changes. In addition, recipients who wish to update their hard copy folders should access the Central Bank of Bahrain ('CBB') website and print off the relevant pages for insertion into their folder.

All changes are highlighted in colour in the PDF versions of the Modules included on the CBB's website. All changes to the text of the previous version of Volume 3, however minor, are highlighted. The searchable version of the Rulebook, in addition, allows users to list changes and compare different versions of the Rulebook.

**Part A Modules**

***Contents Pages and Module History***

The contents page for each Module shows the date each section was last changed and provides a good reference tool to keep track of the latest updates along with the Module History.

<sup>1</sup> Volume 3 can be accessed from [www.cbb.gov.bh](http://www.cbb.gov.bh) : from the Home page, select 'Regulatory Functions' and then 'Laws & Regulations'. Alternatively, use the 'Quick Links' facility on the Home page to access the CBB Rulebook facility.

## **Changes for October 2008**

The changes for October 2008 are listed in the attached table.

## **Result of Consultation Documents**

### ***Consultation on Authorisation to Conduct Business as a Composite Insurance Firm***

As a result of the consultation undertaken on the authorisation to conduct business as a composite insurance firm, the CBB has opted not to pursue this proposed amendment and maintains its Rule in Paragraph AU-1.1.14 that with the exception of captive insurers and pure reinsurers, an insurance firm cannot undertake both general and long-term insurance business.

### ***Consultation on Solvency Margin Requirements for Retakaful Funds***

Comments received under the consultation document for transition rules for newly established takaful funds were supported by the industry and Section CA-8.4 has been amended accordingly.

## **Updated Statutory Reporting Forms**

The October 2008 update includes revised statutory reporting forms (Forms IFR(C), IFR (T), IFRQ (C), IFRQ (T), GIFR and IMR) as well as updated Instructions for the Insurance Firm Return. For all future reporting, insurance licensees should use the updated forms now available on the CBB Website.

## **Requirement for Detailed Actuarial Report**

All insurance firm licensees are reminded that they must comply with the requirements of Chapter AA-4.1. The CBB expects all general insurance licensees that were issued licenses prior to April 2005 to provide a detailed actuarial report for the year ended 31<sup>st</sup> December 2008. A list of registered actuaries is available for consultation on the CBB website under CBB Register/Registered persons.

## **Insurance Rulebook Information Session**

The CBB is prepared to offer an Insurance Rulebook Information Session scheduled to take place on **Sunday 30<sup>th</sup> November 2008** at the BIBF. This session is designed to provide an overview of the changes being introduced this quarter, as well as provide an opportunity for licensees to seek further clarification on the Rulebook and the completion of reporting forms. If you or one of your company's representatives is interested in taking part in this session, please complete the attached registration form by 20<sup>th</sup> November 2008. To assist us in providing relevant content for this session, we ask that you indicate which areas you would like this information session to address.

This session will only take place if registration is received for **at least 15 participants**. Should the CBB not received registration forms from a minimum number of participants, the information session will not take place and those that have expressed an interest will be invited to contact the CBB for an individual meeting to address their queries.

## **Further Information**

Should you have any queries regarding these updates, you may contact the CBB Rulebook team at ([rulebook@cbb.gov.bh](mailto:rulebook@cbb.gov.bh)), or the Director of Insurance Supervision on 17547302.

Yours faithfully,



**Abdul Rahman Al Baker**

Executive Director – Financial Institutions Supervision

*Enclosure: Volume 3 Update Table.  
Registration for CBB Insurance Rulebook Information Session*

**CBB Rulebook (Volume Three) – October 2008 Update**

<b>PART A FOLDER</b>		
<b>Module Code</b>	<b>Module Title</b>	<b>Summary of Changes and Printing Instructions</b>
All Modules	N/A	<b>Print off the Table of Contents page for each Module and the Module History Section when changes have been made.</b>
AU	Authorisation	AU-6.3: Introduced a minimum licensing fee for new applicants whose annual licensing fees may be prorated. <b>Print off updated AU-6.3: Page 2 of 2.</b>
CA	Capital Adequacy	CA-4.2.25A: Added a Paragraph to deal with the valuation of unearned reinsurance premiums. <b>Print off updated CA-4.2: Page 6 of 8.</b> CA-8.4.6A: Clarified treatment of income generated from the assets forming part of the free loan to the Takaful fund. <b>Print off updated AU-8.4: Page 2 of 4.</b> CA-8.4-13: Introduced Rules for transition period for newly established Takaful funds. <b>Print off updated AU-8.4: Pages 3 and 4 of 4.</b>

**CBB Rulebook (Volume Three) – October 2008 Update (continued)**

<b>PART B FOLDER</b>		
<b>Module Code</b>	<b>Module Title</b>	<b>Summary of Changes and Printing Instructions</b>
IFR (C)	Insurance Firm Return (conventional)	Corrected key formulas in return.
IFR (T)	Insurance Firm return (Takaful)	Added new pages to clarify reporting requirements for shareholder fund, general Takaful fund and Family Takaful fund, in particular the need for income statements for all 3 funds and analysis of Valuation and Admissibility of Assets for all 3 funds as well. In addition, clarified forms for reporting of Qard Hassan.
IFRQ(C)	Insurance Firm Quarterly Return (conventional)	Corrected key formulas in return.
IFRQ(T)	Insurance Firm Quarterly Return (Takaful)	Added new pages to clarify reporting requirements for shareholder fund, general Takaful fund and Family Takaful fund, in particular the need for income statements for all 3 funds and analysis of Valuation and Admissibility of Assets for all 3 funds as well. In addition, clarified forms for reporting of Qard Hassan.
	Instruction for Insurance Firm Return	Updated to reflect clarifications made to reporting forms for insurance firms.

**CBB Insurance Rulebook Information Session**  
**Registration Form**  
**30th November 2008**  
**BIBF Large Boardroom**  
**8:30am – 11:00am**

**REGISTRATION FORMS ARE TO BE SENT TO THE CBB BY 20 Nov. 2008**

Name of the participant:			
1. (Mr./Mrs./Ms.)	First Name:	Middle Name:	Last Name:
Position:		Department:	
Tel No:		Email:	
Contact Person:			
(Mr./Mrs./Ms.)	First Name:	Middle Name:	Last Name:
Position:		Department:	
Name of Organisation:			
Address:			
Tel No:	Fax No:	Email:	

**SPECIFIC TOPIC(S) SEEKING CLARIFICATION:** \_\_\_\_\_

**Please forward the Registration Form:**

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