



EDFIS/C/015/2011
28th April 2011

The Compliance Officer
All Insurance Licensees
Manama
Kingdom of Bahrain

Dear Sir,

CBB Rulebook: Volume 3 (Insurance) – April 2011 Update

The April 2011 quarterly update to Volume 3 has now been incorporated in the website version of the Rulebook.¹

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.

Changes for April 2011

The changes for April 2011 are listed in the attached table.

Module EN

Module EN includes a new Section EN-5.3B on financial penalties for date sensitive requirements. The financial penalties in relation to date sensitive compliance issues have

¹ Volume 3 can be accessed from www.cbb.gov.bh : from the Home page, select 'CBB Rulebook', Volume 3.

been standardised to a daily amount for each requirement that is late. These penalties will be enforced for any past due requirements after 1st July 2011, without prior notice being issued to the licensees. All insurance licensees should therefore be fully familiar with all date sensitive requirements included in Volume 3 and should ensure that they meet these requirements at all times. The compliance officer is required to ensure that all senior managers are fully aware of such enforcement actions.

Payment of Annual License Fees

All licensees and registered persons are reminded that they must comply with the requirements of Section AU-6.3. The due date for the 2011 annual license fees is 30th April 2011. When submitting their payment, licensees should complete the updated Form ALF, included under Volume 3 (Insurance)/Part B/Reporting Forms available on the CBB Website which provides detailed instructions on how the payment of fees must be made.

Further Information

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

Yours faithfully,



Abdul Rahman Al Baker

Enclosure: Volume 3 Update Table.

CBB Rulebook (Volume Three) – April 2011 Update

PART A FOLDER		
Module Code	Module Title	Summary of Changes and Printing Instructions
All Modules	N/A	Print off the Table of Contents page for each Module and the Module History Section when changes have been made.
ES	Executive Summary	ES-1.1.9, ES-1.4, ES-1.17.3 and ES-2.3: Amended to reflect changes to Module HC.
AU	Authorisation	AU-1.2.9A: Clarified the position of Chairman and that of managing director. This Rule was moved from the former version of Module HC. AU-1.2.11A: Added a definition Paragraph for the compliance officer.
HC	High-Level Controls	HC-1.3.7: Clarified the rules regarding the limitation on Directorships held by board members. HC-1.4: Amendment made to reflect new Rules on attendance of Directors at Board of Directors meetings. HC-6.6.3: Guidance added dealing with the compliance function. Appendix A: Clarified membership of audit committee to be in line with Rule HC-3.2.1.
BR	CBB Reporting	BR-1.5.2: Corrected cross reference.
EN	Enforcement	EN-5.3B: Added new Section on financial penalties for date sensitive requirements.
CI	Captive Insurers	CI-1.2.1 and CI-2.3: Amended to reflect changes to Module HC.
IM	Insurance Intermediaries and Managers	IM-1.2.1 and IM-2.3: Amended to reflect changes to Module HC.
TA	Takaful/Retakaful	TA-1.2.1 and TA-2.3: Amended to reflect changes to Module HC.

CBB Rulebook (Volume Three) – April 2011 Update (continued)

PART B FOLDER		
Module Code	Module Code	Module Code
Glossary of Defined Terms		
Amended definition of executive director. Corrected cross reference for definition of managing director.		
CBB Authorisation Forms		
Form 1	Application for a License	Section V clarified that Form 2 must be attached.
Reporting Forms		
IFR(C)	Insurance Firm Return (conventional principles)	Corrected cross reference in IFR 10.20.
IFR(T)	Insurance Firm Return (Takaful principles)	Corrected cross reference in IFR 10.20.
ALF	Annual License Fee	Amended to reflect financial penalties for late payment of annual license fees.