



EDFIS/C/023/2014
16th October 2014

Chief Executive Officer
All Insurance Licensees
Manama
Kingdom of Bahrain

Dear Sir,

Consultation on Requirements for Related Party Transactions

As part of the consistent application of rules to all insurance licensees, the Central Bank of Bahrain ('CBB') has been reviewing the prior approval requirements dealing with transactions with related parties. To ensure the consistent application of these rules, the CBB is proposing to expand the scope of the current rules to apply to all insurance licensees.

The proposed amendment is as follows:

Transactions with Related Parties

BR-2.3.22

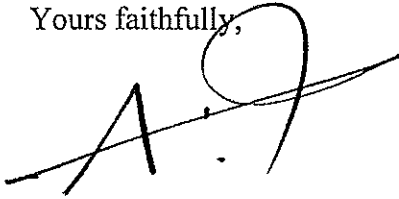
Except for captive insurers, An insurance firms that is not a captive insurer, insurance brokers or other insurance licensees must obtain the prior written approval of the CBB of any proposed transaction with a related party (a related party transaction) where the fair value of that related party transaction equals or exceeds 10 per cent, or where several smaller transactions that appear to be linked equal or fall above the threshold of:

- (a) The insurance firm's capital available, as defined in Paragraph CA-1.2.21;**
- (b) The insurance broker's minimum net assets value, as defined in Paragraph CA-1.3.5;**
- (c) For all other insurance licensees, the total shareholder's equity.**

The proposed consultation shall be available on the CBB website (www.cbb.gov.bh) in the consultations section following the issuance of this circular.

The CBB requests all insurance licensees provide their comments, including 'nil comments' on this proposed amendment by 13th November 2014. Please send your comments electronically to "consultation@cbb.gov.bh".

Yours faithfully,



Abdul Rahman Al Baker