



# **AUTHORISATION MODULE**



MODULE	AU: Authorisation
CHAPTER	AU-1: Authorisation Requirements

## AU-1.2 Approved Persons

### *General Requirement*

#### AU-1.2.1

Insurance licensees must obtain the CBB's prior written approval for any person wishing to undertake a controlled function in an insurance licensee. The approval from the CBB must be obtained prior to their appointment, subject to the variations contained in Paragraph AU-1.2.3.

#### AU-1.2.2

Controlled functions are those functions occupied by board members and persons in executive positions and include:

- (a) **Board member/Director** (for Bahraini insurance licensee only);
- (b) **Chief Executive or General Manager and their Deputies;**
- (c) **Heads of other functions (including IT and HR functions);**
- (d) **Chief of Risk Officer/** Head of risk management;
- (e) Compliance officer;
- (f) Money Laundering Reporting Officer;
- ~~(g) Member of Shari'a Supervisory Board (where applicable);~~
- (h) Internal Shari'a reviewer (where applicable);
- (i) **Unit-linked investment adviser** (where applicable); **and**
- (j) **Signing Actuary** (where the function is undertaken by a Director or an employee of the insurance firm);
- (k) **Chief Financial Officer and/ or Head of Finance;**
- (l) **Head of Internal Audit;**
- (m) **Head of Underwriting;**
- (n) **Head of Claims; and**
- (o) **Head of Sales and Marketing/ Head of Business Development.**

#### AU-1.2.3

Controlled functions may be combined with any other functions, subject to the CBB's prior written approval and such combination must not result in any possible conflict of interest.

#### AU-1.2.4

[This Paragraph was deleted in April 2014.]

#### AU-1.2.5

[This Paragraph was deleted in April 2014.]



MODULE	AU: Authorisation
CHAPTER	AU-1: Authorisation Requirements

## AU-1.2 Approved Persons (continued)

### *Basis for Approval*

AU-1.2.6 Approval under Paragraph AU-1.2.1 is only granted by the CBB, if it is satisfied that the person is fit and proper to hold the particular position in the licensee concerned. 'Fit and proper' is determined by the CBB on a case-by-case basis. The definition of 'fit and proper' and associated guidance is provided in Sections AU-3.1 and AU-3.2 respectively.

### *Definitions*

#### ***Board Member/ Director***

AU-1.2.7 Director is any person who occupies the position of a Director, as defined in Article 173 of the Commercial Companies Law (Legislative Decree No. 21 of 2001).

AU-1.2.8 The fact that a person may have 'Director' in their job title does not of itself make them a Director within the meaning of the definition noted in Paragraph AU-1.2.7. For example, a 'Director of Marketing', is not necessarily a member of the Board of Directors and therefore may not fall under the definition of Paragraph AU-1.2.7.

#### ***Chief Executive Officer or General Manager and their Deputies***

AU-1.2.9 The Chief Executive or General Manager means a person who is responsible for the conduct of the licensee (regardless of actual title). The Chief Executive or General Manager must be resident in Bahrain. This person is responsible, alone or jointly, for the conduct of the whole of the firm, or, in the case of an overseas insurance licensee, for all of the activities of the branch.

AU-1.2.9A The Chairman of the Board may not act as the Chief Executive or General Manager. However, in the case of appointing a Director on the Board as the Managing Director of the insurance licensee, such person:

- Should be fully responsible for the executive management and performance of the insurance licensee, within the framework of delegated authorities set by the Board;
- Must devote full-time working hours to the insurance licensee; and
- Must not be employed at any other firm.



MODULE	AU: Authorisation
CHAPTER	AU-1: Authorisation Requirements

## AU-1.2 Approved Persons (continued)

### *Heads of other functions*

AU-1.2.10 Head of other functions means a person who exercises major managerial responsibilities, is responsible for a significant business or operating unit, or has senior managerial responsibility for maintaining accounts or other records of the licensee.

### *Chief Risk Officer/ Head of Risk Management*

AU-1.2.10A Chief risk officer/ Head of risk management is responsible for the management of all risk exposures arising from the activities of the insurance firm.

AU-1.2.11 Whether a person is a head of function will depend on the facts in each case and is not determined by the presence or absence of the word in their job title. Examples of head of function might include, depending on the scale, nature and complexity of the business, a deputy Chief Executive; heads of departments such as Underwriting, Claims, Risk Management, Compliance or Internal Audit; the Chief Financial Officer; or a Signing Actuary (where that person is a Director or employee of the insurance firm concerned).

### *Compliance Officer*

AU-1.2.11A All insurance licensees must designate an employee, of appropriate standing and resident in Bahrain, as Compliance Officer. The duties of the Compliance Officer include:

- Having responsibility for oversight of the licensee's compliance with the requirements of the CBB; and
- Reporting to the licensee's Board in respect of that responsibility.

### *Money Laundering Reporting Officer (MLRO)*

AU-1.2.11BB The attributes and responsibilities of the MLRO are described more fully in Paragraphs FC-3.1.9 and FC-3.2.1.

### *Internal Shari'a Reviewer*

AU-1.2.11B The internal Shari'a reviewer in a Takaful firm is responsible for the examination and evaluation of the adequacy and effectiveness of the Takaful firm's system of internal Shari'a control. The internal Shari'a review function must comply with AAOIFI Governance standard for Islamic Financial Institutions No. 3.



MODULE	AU:	Authorisation
CHAPTER	AU-1:	Authorisation Requirements

## AU-1.2 Approved Persons (continued)

### *Unit-Linked Investment Adviser*

**AU-1.2.11C** A Unit-Linked Investment Adviser refers to the function of advising clients on contracts that are, by their nature, investment products, including, but not limited to pension and retirement products.

### *Signing Actuary*

**AU-1.2.11D** A Signing Actuary is appointed to provide professional opinion and report on an insurance firm's actuarial evaluation; level of reserves that should be held in order to meet potential insurance liabilities. The signing actuary may be a Director or employee of the licensee and are accredited by an internationally recognised organisation.

### *Chief Financial Officer/ Head of Finance*

**AU-1.2.11E** The Chief Financial Officer/Head of Finance is responsible for directing the insurance licensee's financial function, including ensuring that the relevant accounting treatment is applied to all of the activities of the insurance licensee in a timely manner. The scope of authority of the CFO/ Head of Finance is outlined in more detail in Subparagraph HC-6.3.2 (b).

### *Head of Internal Audit*

**AU-1.2.11F** The Head of Internal Audit is responsible for providing independent and objective review on the adequacy and effectiveness of the holistic internal control environment within the insurance licensee. The duties of the head of internal audit are outlined in more detail in Subparagraph HC-6.3.2 (d).

### *Head of Underwriting*

**AU-1.2.11G** The Head of Underwriting function is involved in portfolio analysis and to manage the underwriting process such as risk assessment, pricing and negotiation with the broker or clients. The Head of Underwriting should ensure effective oversight and guidance of underwriting risk in line with the insurance licensee's risk appetite and policies and procedures.



MODULE	AU: Authorisation
CHAPTER	AU-1: Authorisation Requirements

## AU-1.2 Approved Persons (continued)

### *Head of Claims*

**AU-1.2.11H** The Head of Claims function is responsible for directing and overseeing the operations of an insurance claims function to meet operational, financial and service requirements. The Head of Claims should ensure effective oversight and control of settlements in line with the insurance licensee's risk appetite and policies and procedures. Moreover, the Head of Claims are involved in strategic processing and payment of claims and are often involved in sets policies on insurance claims.

### *Head of Sales and Marketing/Head of Business Development*

**AU-1.2.11I** The Head of Sales and Marketing/Head of Business Development is responsible for implementing the corporate strategy; marketing, sales and public relations. He/ she is responsible for developing and overseeing the marketing campaigns, social media accounts, digital marketing channels and other marketing plans. He/ she ensures innovation in product design and developments and conduct behavioural and trend analysis. He/ she engages directly with customers and ensures services provided to customers are in line with insurance licensee's policies and procedures and with industry best practices.

**AU-1.2.12** Where a firm is in doubt as to whether a function should be considered a controlled function it must discuss the case with the CBB.

**AU-1.2.13** ~~A unit-linked investment adviser refers to the function of advising clients on contracts that are, by their nature, investment products, including, but not limited to pension and retirement products. The unit-linked investment adviser function is a controlled function. [This Paragraph is moved to AU-1.2.11C]~~