

Consultation: Draft Training and Competency Module – Volume 3
Industry Comments and Feedback
March 2020

General Comments:		
Comments	REF	CBB Response
<p>A Licensee stated that introduction of this module is a good initiative. It will certainly enhance the quality and standard of Insurance Industry’s workforce and Senior Management.</p>	GR1	Noted
<p>A Licensee understands that the SSB is no longer controlled function, and that under HC-9.4.4 there are list of fit and proper requirement for Sharia members in which the current members might not meet the list of requirements in such case will CBB give a grace period for licenses to comply.</p> <p>The Licensee stated that the CBB might consider to include the required minimum qualification for Deputy MLRO (course from BIBF in AML).</p>	GR2	<p>Grandfathering will be allowed for existing SSB members. Newly appointed SSB members must be subject to the requirements in Module HC.</p> <p>The minimum qualification of MLRO applies to Deputy MLRO.</p> <p>The position of DMLRO will be added across the Volumes as a controlled function.</p>
<p>A Licensee stated that we have recently applied for two individuals to be authorised as Unit Linked Investment Advisers. The response we received was a positive one, and in line with the new guidelines, we have been informed that the individuals should gain the CII Diploma in Financial Planning within a 12-month period.</p> <p>Whilst it is vital that we look to improve the overall quality of financial advice in Bahrain, and I am delighted that the CBB are looking to raise the bar in terms of qualifications, I am a little concerned that moving directly to the Diploma in Financial Planning from the current qualification level, may be too big a step in one go. If there is room for discussion around an interim</p>	GR3	<p>In the TC module we have recommended an Advanced Diploma in Financial Planning, Chartered Insurance Institute (CII). However, we have <u>reconsidered</u> such requirements as we believe it is too high and accordingly will amend it to Diploma in Regulated Financial Planning, Chartered Insurance Institute (CII).</p> <p>Grandfathering will be allowed for existing approved Unit Linked Investment Advisers.</p>

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qualification, whilst we build towards the Diploma in the future, I would be delighted to be involved.

However, should the Diploma in Financial Planning be the final decision, I would like to propose that the suggested 12-month period be extended to a minimum of 24 months. I believe this would negate the need to request extensions, except in highly unusual circumstances, making the whole process cleaner and simpler for all.

As both the CII and LOMA exams are based around taxation and product concepts that we do not have in the Gulf region, this will potentially make the exams more complex for the majority of individuals that we look to recruit. I feel that an extended time period would also give these recruits a cushion whilst they embed themselves in their new organisations.

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Reference to the draft Directive:	Comments	REF	CBB Response
<p>TC-1.1.1</p> <p>Individuals occupying <u>controlled functions</u> (refer to Section AU-1.2) in an <u>insurance licensee</u> must be qualified and suitably experienced for their specific roles and responsibilities. The <u>approved persons</u> are those of:</p> <p>(a) Board Member/ <u>Director</u>;</p> <p>(b) Chief Executive Officer or General Manager and their Deputies;</p> <p>(c) Chief Financial Officer and/or Head of Finance;</p> <p>(d) Compliance Officer;</p> <p>(e) Chief Risk Officer/ Head of Risk Management;</p> <p>(f) Head of Internal Audit;</p> <p>(g) Internal Shari’a Reviewer (where applicable);</p> <p>(h) Head of Underwriting;</p> <p>(i) Head of Claims;</p> <p>(j) Head of Sales and Marketing/Head of Business Development</p>	<p>An Institute suggested for the controlled functions, to add:</p> <ol style="list-style-type: none"> 1. Reinsurance Manager/Director in a Direct Insurance Company 2. Chief Investment Officer (CIO) / Head of Investment 3. Head of Customer Service 	SP1	<p>The requirements for Head of Sales and Marketing can apply to Head of Customer Service, therefore, no need for such.</p> <p>As for Reinsurance Manager and Chief Investment Officer, these functions would fall under Heads of Other Functions.</p>

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<p>(k) Heads of other Functions (including IT and HR functions);</p> <p>(l) Money Laundering Reporting Officer;</p> <p>(m) Unit-linked investment adviser (where applicable); and</p> <p>(n) Signing Actuary (where the function is undertaken by a Director or an employee of the insurance firm).</p>			
<p><i>Internal Shari’a Reviewer</i></p> <p>TC-1.1.10</p> <p>The Internal Shari’a reviewer in an <u>insurance licensee</u>, dealing with Islamic products and services, is responsible for the examination of the extent of an insurance licensee’s compliance, in all its activities, with the</p>	<p>A Licensee stated that the scope of duties defined here exceed the AU module as well as AAOIFI Governance Standard 3 dealing with the Internal Sharia Reviewer. Point for consideration, as per the SSB if the Shareholders of the retakaful company are not muslim, then sharia compliance is limited to the activities of the Participants funds only.</p>	SP 2	<p>A cross reference in AU Module that details of duties of the internal shari’a reviewer are outlined in Module TC Paragraph TC-1.1.10 will be made.</p> <p>Any Takaful or Retakaful firms licensed by CBB should apply Shari’a compliance requirements on Shareholders Fund as well as Participants’ Funds.</p>

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Shari'a. This examination includes contracts, agreements, policies, products, transactions memorandum and articles of association, financial statements, reports (especially internal audit and central bank inspection), circulars etc. The objective of the internal Shari'a review is to ensure that the activities carried out by an insurance licensee do not contravene the Shari'a. This role is outlined in more detail in Subparagraph AU-1.2.11B.			
TC-1.1.15 For purposes of Paragraph TC-1.1.15, insurance licensees should contact the CBB should they require further clarification on whether a specific position falls under the definition of "Heads of other Functions".	A Licensee: Noted that the reference no in rule TC-1.1.15 must be amended to TC-1.1.14.	SP3	Noted

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<p>TC-1.2.1 All individuals holding <u>controlled functions</u> in an <u>insurance licensee</u> must undergo a minimum of 15 hours of <u>CPD</u> per annum.</p>	<p>A Licensee (TC-1.2.1) noted that all individuals undergo a minimum of 15 hours of CPD per annum, except Board members/Directors.</p> <p>Board members/Directors must undergo a minimum of 5 hours of CPD per annum.</p>	SP4	Disagree. Completing the CPD hours can even be by attending 2 or 3 day conferences which is not difficult at all. Banks can also prepare presentations for Board members. The requirement is consistent with other CBB Rulebook Volumes.
	<p>A Licensee stated that considering the seniority of the approved persons (including directors) and their experience, we propose to reduce CPD requirement to 8 hours which should also allow Leadership & Management training, to be considered as this is critical for approved persons.</p>	SP5	See SP4.
	<p>A Licensee stated that the Continuous Professional Development (CPD) requirement for individuals holding controlled functions will ensure the competence on an ongoing basis. However, the requirement of professional qualification(s) for Senior Positions like CEO/GM may be relaxed considering their experience in Insurance Industry. Individuals having at least 25 years of experience in Insurance Industry may not have or may not require such professional qualifications to assume such higher responsibilities. In view of this, we would like to put forth our suggestion to relax the requirement of such professional qualifications for CEO/GM, may be on case to case basis.</p>	SP6	See SP4.

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	A Licensee stated “for the Continuous Professional Development Training (CPD): Can CBB consider to differentiate the CPD hours for functions as it might be difficult for Board to obtain 15 hours every year, as such we proposed to have less required CPD for Board members.”	SP7	See SP4.
TC-2.1.4 An <u>insurance licensee</u> proposing to recruit or appoint an individual has to satisfy itself, of his/her relevant qualifications and experience. The <u>insurance licensee</u> should: (a) Take into account the knowledge and skills required for the role, in addition to the nature and the level of complexity of the <u>controlled function</u> ; and (b) Take reasonable steps to obtain sufficient information about the individual’s background, experience, training and qualification.	A Licensee stated that multinational groups make appointments at senior level within the Group who may come from countries where there no recognized institutes like CII. So we suggest to consider the experience of the candidate equivalent to the qualifications required. Eg: Ten years of experience at senior level in insurance industry along with bachelor degree to be considered for CEO/GM position.	SP8	Disagree. Both experience and qualifications are required.
TC-2.2.4 Approved persons may choose to fulfil their CPD requirements by attending courses, workshops, conferences	A Licensee stated that apart from attending work related technical courses, we propose to consider leadership & management training as part of CPD requirement.	SP9	Agree.

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and seminars at local or foreign training institutions.			
Appendix TC-1	<p>A Licensee stated that:</p> <ul style="list-style-type: none"> For the Role-Chief Executive Officer or General Manager and their deputies: we request to add to the list: Associate (A.I.I.), Insurance Institute of India (I.I.I.) For the Role of Chief Financial Officer/Head of Finance: we request to add to the list: Associate Chartered Accountant (ACA); and Fellow Chartered Accountant (FCA), Institute of Chartered Accountants of India (ICAI) For the Role of Head of Internal Audit, we request to add to the list: Associate Chartered Accountant (ACA); and Fellow Chartered Accountant (FCA), Institute of Chartered Accountants of India (ICAI) 	SP10	<p>The qualifications in Appendix TC-1 include those listed but are not limited to them.</p> <p>Such qualifications will not be mentioned in TC Module. However, they might be considered.</p>
	<p>A Licensee propose, for the role of Chief Financial Officer/Head of Finance, to include Chartered Accountancy qualification from India, Pakistan, Philippines etc.</p>	SP11	See SP10.

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	<p>For the role of Chief Risk Officer/ Head of Risk Management we propose to consider Actuarial qualification as well.</p> <p>For the role of Head of Internal Audit we propose to include Chartered Accountancy qualification from India, Pakistan, Philippines etc.</p> <p>For the role of Signing Actuary we suggest to consider Actuarial qualifications from other countries as well.</p>		
Appendix TC-1	<p>An Institute had the following comments:</p> <p>Appendix TC-1</p> <ol style="list-style-type: none"> 1. Compliance Officer à on competence: (ii) the ICA Diploma alone will not cover the insurance knowledge part. So would recommend to add Professional Award for Certified Insurance Practitioner (BPACIP) OR BIBF Professional Award for Specialist Insurance Practitioner (BPASIP) 2. Head of Underwriting & Head of Claims à on Competence (b) – Does it mean that a candidate will need to finish three BIBF certificates with a total of 15 exams? 	SP12	<ol style="list-style-type: none"> 1. ICA Diploma is sufficient although may not cover insurance part, however BPACIP and BPASIP are for sure recommended. 2. Yes, and as per BIBF’s requirements, however other relevant certification(s) specific to this role were already mentioned and can be considered. 3. We believe that the existing qualifications are sufficient.

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	<p>3. An extra requirement to be added to complete the BIBF Certified Islamic Insurance Practitioner (CIIP) qualification for the following positions for (takaful companies):</p> <ul style="list-style-type: none"> a. Head of Underwriting b. Head of Claims <p>4. For the following positions in a Takaful Company, suggest to add BIBF Certificate in Takaful (which is made of two units of the CIIP: 1. Introduction to Insurance and 2. Takaful: Technical and Sharia Aspects):</p> <ul style="list-style-type: none"> a. Chief Financial Officer b. Head of Sales and Marketing 		<p>4. We believe that the existing qualifications are sufficient. However, the CBB would always encourage other relevant certificates.</p>
Appendix TC-1	<p>An Institute stated that for Internal Shari’ah Reviewer we would like to propose that besides the AAOIFI professional qualifications, BIBF’s Advanced Diploma in Islamic Commercial Jurisprudence (ADICJ) and Advanced Diploma in Islamic Finance (ADIF) should also be included as a strongly recommended professional qualification to take, especially for Internal Shari’ah Reviewers of Islamic insurance and re-insurance companies.</p> <p>Below are some key pointers on the rationale of why ADICJ/ADIF should be included and statements that highlight the strength of the both of them:</p>	SP13	<p>Agree to add ADIF and ADICJ to the list of qualifications for Internal Shari’a Reviewer given the reasons provided and to be consistent with other modules.</p>

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	<ol style="list-style-type: none"> 1) In the CBB Volume 2 Rulebook for Islamic Banks Appendix (TC1), the ADICJ is clearly mentioned as one of the recommended qualifications for the Head of Internal Shari’ah Compliance, Head of Internal Shari’ah Audit and all officers in the Shari’ah department under them. 2) For control positions in Islamic banks e.g. the Chief Executive Officer or the Heads of other functions, the ADICJ and ADIF are recommended courses. 3) Due to their robustness and level, both the ADIF and the ADICJ are professional qualifications that are listed in Tamkeen, hence Bahraini citizens will be further encouraged to do the qualification. 4) The ADIF has been listed as a level 9 professional qualification in the Bahrain National Qualifications Framework (NQF). This means it is equivalent to a postgraduate level qualification. BIBF are in the process in applying the same for the ADICJ. ADIF graduates are also exempted from 2 CIPA modules, evidencing that is a higher-level qualification. 		

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	<p>5) Both the ADIF and the ADICJ contain a pathway to an academic Master’s level degree: the MSc in Islamic Finance with Coventry University and the MBA in Islamic Finance with the University of Bolton. This progression route is the first of its kind in the world for any Islamic finance qualification.</p> <p>6) The ADICJ and ADIF are qualifications that are continuously updated in terms of material, in accordance to the latest versions of the CBB rulebooks, and hence remains very relevant to the Islamic financial services industry, which include Islamic insurance and re-insurance companies. As an example, in the Shari’ah Auditing module of the ADICJ and the Islamic Commercial Jurisprudence module of the ADIF, an intensive discussion on the latest Shari’ah governance module issued by the CBB is discussed. Another example would be in the principles of fatwa course where the latest methodologies of fatwa issuance are thoroughly covered throughout the module. ADICJ can either be taken in Arabic or English.</p> <p>We have attached the detailed module outlines of both the ADIF and ADICJ for the CBB’s kind perusal.</p>		
Appendix TC-2	A Licensee stated that:	SP14	See SP10.

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	For the Role of Relevant Professional bodies: we request to add Institute of Chartered Accountants of India (ICAI).		
	<p>A Licensee</p> <ol style="list-style-type: none"> 1. Appendix TC-1 related to Head of Claims and Head of Underwriting, the certifications ACII or ALMI can be added to the list of possible relevant certifications. 2. Appendix TC-1 related to Unit Linked Investment advisor: <p>Competence could be demonstrated by:</p> <ol style="list-style-type: none"> (a) A minimum experience of 3 years in a relevant role; and (b) A minimum of a diploma level qualification from a university or above in investment/finance/ insurance or equivalent è specifying the field of education not relevant as some people choose to pursue an Insurance Sales career through obtaining post-university professional qualifications with the following minimum standard certification è should be changed to “may include but are not limited to”: 	SP15	See SP10 and GR3

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	<p>(i) Advanced Diploma in Financial Planning, Chartered Insurance Institute (CII); and è should be changed to “or”</p> <p>(ii) Associate (ALMI), Life Management Institute (LOMA).</p> <p>We propose to amend the requirements to comprise of either ACII or ALMI (not both) noting that ALMI is more relevant to the “unit linked investment adviser” role since it is focused on Life Insurance while most topics in the ACII degree relate to General Insurance (and takes years to complete and might lead to the handicap insurers in terms of the availability of approved UL financial advisers). If a second qualification is required, we suggest to have ALMI + AWF (Award in Financial Planning from CII) which is more relevant and tackles the actual role.</p>		