



# Insurance Aggregator Module Summary

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A summary of insurance aggregator regulations issued by the Central Bank of Bahrain

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## INTRODUCTION

On the 22nd of April 2019, the Central Bank of Bahrain (CBB) issued the draft regulation on “insurance aggregators” targeting intermediaries with an insurance broker’s license that operate on an online platform and provide the following services:

- Price comparisons of insurance policies
- Facilitate the purchase of insurance policies on behalf of insurance companies

Insurance aggregators allow customers to search and choose insurance quotes from a variety of insurance companies through a single online platform, such as a mobile application or website. This feature replaces the alternative method of customers obtaining individual quotes and purchasing a single insurance online from a sole insurance provider. The draft rules on insurance aggregators is listed under Volume 3 (Insurance) of the CBB Rulebook. Currently, the CBB will be accepting feedback from licensees, audit firms, and interested parties until 22nd May 2019.

## DEFINITIONS

**Aggregator:** A company that displays information collected from third-parties through a single online platform.

**Insurance aggregators:** Insurance intermediaries with an insurance broker license operating on an online platform, either hosted on a website or a smart device application (mobile application).

**Personal Data Protection Law (PDPL):** A law in Bahrain that applies to entities that collects and processes personal data of customers. Entities will be required to seek the approval of the owner prior to collecting, processing, storing, and managing the data.

## Key themes

### Authorization Requirement

If an insurance aggregator wishes to extend its services to additional regulated insurance broker services, the CBB should provide an approval to do so. An example of insurance broker services include the handling of customers’ claims. The CBB permits insurance intermediaries, who have been granted an insurance aggregator license, to provide insurance aggregation and additional insurance services exclusively through an online platform. Therefore, the insurance aggregator will not be authorized to provide traditional broker services.

### Customer Data Protection

The use of tools that utilizes cloud technology to process customers’ data would require insurance aggregators to apply applicable laws that promotes confidentiality and data privacy. Insurance aggregators must document measures to protect the confidentiality of customers’ data in compliance with the PDPL that was issued on the 22nd July 2018.

## Technology Governance

The technological solutions used by insurance aggregators should operate in conjunction to software and systems used by insurance licensees and various applications used by customers. Internal controls for technology governance should cover:

- Development and/or acquisition of the technology
- Testing of the technology
- Standard of communication and access
- Authentication of the users
- Tools for the prevention of fraud and errors

## Display of Product Comparisons

Insurance aggregators must only disclose authentic and unbiased information on the insurance product. Therefore, the displayed information should be free of any rankings, ratings, endorsements, and labelled bestsellers to prevent influencing customers. Insurance aggregators must provide basic information about the insurance products including:

- Eligibility criteria
- Policy term
- Premium
- Inbuilt benefits/riders
- Premium for various age groups
- Benefits

Additionally, insurance aggregators must highlight and differentiate on whether an insurance policy is a Sharia-compliant Takaful policy or a conventional policy.

## Professional Indemnity Insurance

An arrangement between an insurance aggregator and insurance company should not be established in the cases where it is against the interests of the policyholders. An insurance aggregators and insurance companies that have entered into an agreement must be ready to accommodate the CBB's on-site supervision team choice to investigate the nature of the arrangement. At any point where the CBB finds the agreement to be unfit, the CBB can authorize the termination of the distribution arrangement of the insurance aggregator and the insurance company.

## CONCLUSION

The CBB's draft rules on insurance aggregators is a positive step toward promoting InsurTech solutions in Bahrain's ecosystem. Furthermore, it is anticipated that the development will further encourage existing insurance companies to pursue and develop digitalization efforts to accommodate the new entry of solutions into the market.