

21 January 2001

CIRCULAR BM 908

**To: All Licensed Banks
Operating in the Sultanate of Oman**

After Compliments,

Re: Banking and Insurance Business

1. In response to certain requests received from some banks, it has been decided to permit licensed banks to provide space in their office premises to insurance companies, insurance brokers and insurance agents, licensed by and registered with the Ministry of Commerce and Industry, for their sale of insurance products, as authorized by the Ministry.
2. The Central Bank wishes the banks to note the following in availing this extended business opportunity :
 - i) Licensed banks shall be prudent in selecting the insurance companies with whom they will have such association. They will conclude formal agreements, maintain arms' length in the arrangements and assume no liability or responsibility for any action of commission or omission on the part of the above insurance-related establishments.

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- ii) All terms of arrangements with the above mentioned insurance-related establishments will be fair and transparent and extra care will be taken in arrangements, if any, with related parties. Banks shall adequately profess and practise due diligence, and distance with particular reference to related parties.
 - iii) Insurance being a sensitive subject, banks shall give no room to have their principal focus and scope of business affected adversely in any way.
 - iv) Banks shall ensure to convey to the public in a clear and transparent way that they are not involved in the sale of insurance products. They shall, however, assume all possible due diligence.
 - v) Banks shall not engage their staff for extending the facility.
 - vi) Banks, availing of this facility, will apprise the Central Bank post facto with any arrangement concluded.
3. The Central Bank expects that the above decision, taken in line with the positive but cautious approach of the Regulators to opening up new vistas for banks in the financial sector, shall be fruitful and beneficial to them.

Best regards,

Hamood Sangour Al Zadjali
The Executive President