

Draft
Subject to Legal Review for Accuracy, Clarity, and Consistency
June 18, 2004

FINANCIAL SERVICES
Side-letter on Cross-Border Insurance Suppliers

H.E. Abdulla Hassan Saif
Minister of Finance and National Economy

Dear Minister Saif:

I have the honor to refer to the following understandings reached by the delegations of the United States of America and the Kingdom of Bahrain with respect to cross-border trade in insurance as provided under Annex 11.5.1.1(a) of the United States-Bahrain Free Trade Agreement signed on this date:

- (1) A Party may require the registration or authorization of the relevant financial institutions and/or intermediaries for prudential purposes, such as the requirement to be licensed and in good standing in the territory of the other Party. The Parties understand that such registration requirements shall not include the requirement to maintain a local presence.
- (2) Article 11.10.4 of the Agreement recognizes that a Party may require the relevant financial institutions and/or intermediaries to comply with laws or regulations, including rules and regulations prescribed by the relevant regulator.
- (3) Non-Bahraini insurance companies supplying cross-border insurance services provided for in Annex 11.5.1.1(a) may be required to have a classification by an internationally recognized classified institution such as Moody's, AM Best, or Standard & Poors. For greater certainty, this understanding shall not apply to the existing business activities of enterprises already present in the territory of Bahrain.

Sincerely,

Cathy Novelli
AUSTR for Europe and the Mediterranean