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PCC INDUSTRY BRIEFING

# Insurance AML and Outsourcing Reform; Cyber-Resilience Coordination

CLIENT BRIEFINGS | 17 SEPTEMBER 2026

Review period: 11–17 September 2026

*By L. Ryan Pinder K.C. | Pinder Commercial Chambers*

### Executive position

The Insurance Commission of The Bahamas has placed two substantial draft frameworks into consultation: revised AML/CFT/CPF Guidelines for the insurance industry and new outsourcing and third-party risk guidance.

Separately, the Financial Stability Council has signalled work toward a harmonised, sector-wide cyber-incident framework. None of these developments is a new enacted rule at this stage, but each points to materially higher expectations for board accountability, operational resilience, data governance and demonstrable control effectiveness.

## Key developments

- Insurance AML/CFT/CPF — a 91-page ICB consultation draft would consolidate risk assessment, CDD, beneficial ownership, sanctions, monitoring, independent testing and remediation expectations across the sector.
- Insurance outsourcing — a separate ICB draft would require board-approved lifecycle controls, provider due diligence, contract protections, registers, resilience testing, exit plans and incident reporting.
- Cross-sector cyber resilience — the Financial Stability Council agreed to develop preparedness plans, streamlined incident reporting and harmonised regulatory guidance.
- Immediate SCB dates — fee and CFD consultations close 25 September; potentially unlicensed lenders should engage SCB by 30 September.
- Digital assets — the first Travel Rule filing deadline passed on 11 September; the Q3 return remains due 28 October.

## 1. ICB proposes comprehensive insurance AML/CFT/CPF guidance

| STATUS | Consultation proposal — not identified as final or effective |
|---|---|

The ICB's consultative-documents register now lists revised Guidelines on anti-money laundering, countering terrorist financing and proliferation financing. The draft says it applies to all persons and companies registered to carry on insurance business in and from within The Bahamas. It also expects general insurers—despite statutory exemptions from some requirements—to adopt risk-appropriate CDD/KYC, risk-assessment and risk-management controls.

### Principal proposals

- A documented business-wide ML/TF/PF risk assessment, approved by the board or properly delegated senior management, reviewed annually and upon material change.
- Pre-launch ML/TF/PF assessment of material new products, practices, delivery mechanisms and technologies.
- Board approval and ultimate oversight of the framework, adequate resourcing, periodic reporting and remediation oversight.
- Customer, beneficial-owner and PEP controls, targeted-financial-sanctions screening, monitoring, record retention and suspicious-transaction escalation.
- Group-wide controls, appropriately independent testing, role-specific training and examination-facing evidence of effectiveness.
- Formal findings and remediation plans, with potential further supervisory action where deficiencies are not corrected.

### Why it matters

The draft consolidates legal requirements and supervisory expectations into a detailed examination-facing framework. Its express treatment of general insurance, proliferation financing, new technology and operating effectiveness would broaden the evidence boards and compliance functions may need to produce.

### Legal-status verification

The draft says that “shall” and “must” denote mandatory minimum supervisory requirements. However, it appears on ICB’s consultation register and its file is labelled “DRAFT”. Confirm intended legal status, response deadline, commencement and any transition period directly with ICB before treating it as operative.

### Who is affected

Domestic and external insurers, reinsurers, insurance managers and intermediaries; their boards, senior management, compliance officers, MLROs/DROs, internal auditors, distributors and material service providers.

### Practical next steps

1. Benchmark the enterprise risk assessment, customer-risk model, sanctions controls and independent testing programme against the draft.
2. Identify reliance on general-insurance exemptions and document the controls retained despite those exemptions.
3. Confirm board approval, reporting and training arrangements, including proliferation-financing coverage.
4. Prepare evidence that controls operate in practice: sample testing, alert disposition, STR decisions, remediation closure and management challenge.
5. Confirm with ICB the consultation deadline and intended implementation approach.

## 2. ICB proposes an outsourcing and third-party risk regime

| STATUS | Consultation/internal draft — proposed 12-month transition after a future effective date |
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The proposed Guidelines apply to all ICB registrants and licensees under the Insurance Act and External Insurance Act, including insurers, reinsurers, external insurers, managers and intermediaries. Outsourcing would not transfer responsibility from the regulated entity, its board or senior management.

### Material features

- Classification of arrangements as critical, material or non-material before commitment and at least annually.
- Board approval and annual review of policy, risk appetite and methodology; quarterly reporting on material arrangements; and annual board attestation.
- Pre-contract risk assessment and due diligence covering financial condition, security, data, sanctions, subcontracting, concentration and exit risk.
- Prescriptive contract terms on Commission access, audit, data, incident notification, sub-outsourcing, transition assistance and exit.
- A 72-hour outer limit for notifying ICB of a material cyber incident affecting an outsourced service, and ordinarily two business days for other material events.
- Ten business days’ advance notice before entry into or material variation of a critical or material arrangement, subject to any separate approval requirement.
- A central register, seven-year post-termination record retention and proposed annual summary and attestation.
- Inventory and classification of existing arrangements within three months after effectiveness, with substantial compliance within 12 months.

The draft creates a rebuttable materiality presumption where annual payments exceed the lesser of B$1 million, 5% of regulatory capital or 1% of total assets, or where specified operational, data or regulatory triggers apply.

### Why it matters

The proposal would convert many vendor-management practices into board-attested, regulator-accessible obligations. Cloud, claims administration, compliance, internal audit, actuarial services, cybersecurity monitoring, customer-data processing and intra-group services are particularly exposed. Existing contracts may need amendments to governing law, access and audit rights, notification timing, data location, sub-outsourcing and exit provisions.

### Practical next steps

- Build a complete inventory of external and intra-group services, including cloud and sub-outsourcing chains.
- Conduct a preliminary criticality and materiality classification using quantitative and qualitative criteria.
- Review contracts for access, audit, cyber-notification, data portability, business continuity and exit gaps.
- Test whether providers can notify the firm early enough to meet a 72-hour regulatory deadline.
- Confirm the consultation deadline and resolve drafting points before relying on proposed thresholds, forms or reporting dates.

## 3. Financial Stability Council signals a harmonised cyber framework

| STATUS | Policy and supervisory direction — no binding rule or implementation date yet |
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At its 16 September meeting, the Bahamas Financial Stability Council agreed to develop sector-wide preparedness plans for cyber risks, working with the national Computer Incident Response Team of The Bahamas. It identified a streamlined incident-reporting and management framework and harmonised regulatory guidance as central interventions, and highlighted cyber risks amplified by artificial intelligence.

### Why it matters

This is not yet a reporting rule. It is a credible signal that regulated firms may face more consistent cross-regulator incident definitions, reporting channels, data requests and preparedness expectations. The ICB's proposed 72-hour outsourcing incident requirement shows the same direction of travel.

### Practical next steps

- Map existing cyber, operational, privacy and outsourcing notification duties across regulators and contracts.
- Establish a single incident classification and escalation protocol capable of supporting multiple reporting clocks.
- Test regulatory communications, board escalation, CIRT-BS coordination and evidence preservation in a tabletop exercise.
- Add AI-enabled fraud, deepfakes, model misuse and third-party concentration to board cyber-risk reporting.

## 4. SCB deadlines: fees, CFDs, lending and the DARE Travel Rule

| STATUS | Active consultations and existing deadlines — no new final rule identified |
|---|---|

SCB's consultations on proposed DARE, FCSP, investment-fund and securities fees, and proposed CFD amendments, close on 25 September 2026. Potentially unlicensed money lenders and businesses providing in-house customer financing were directed to engage SCB by 30 September 2026, ahead of stated enforcement from 1 October 2026.

For digital-asset businesses, the initial Q2 Travel Rule return and historical baseline were due on 11 September 2026. No official extension was identified. The Q3 return remains due on 28 October 2026.

### Practical next steps

- Submit evidence-based comments on fee and CFD proposals by 25 September.
- Complete the FCSP lending-perimeter analysis and engage SCB before 30 September where potentially in scope.
- Preserve Travel Rule filing receipts and board-ready evidence; escalate any missed or defective filing promptly to counsel and SCB.

## No-change confirmations

- Digital assets: No new final DARE rule or wallet-information policy was identified; the August AML/CFT/CPF draft remains consultative.
- FCSP compliance: No final FCSP AML/CFT/CPF amendment rules or new enforcement outcome was identified.
- External insurance: The replacement External Insurance Act remains a draft. The Compliance Function Guidelines consultation closed on 11 September, but no final instrument was identified.
- Sanctions: The Central Bank rejected a false social-media claim about impending US sanctions against a domestic bank. Its statement was a public clarification, not a designation or list change.
- Commercial law: No consequential commercial-law enactment, Gazette measure or financial-services judgment was identified.
- International standards: No new Bahamas-specific FATF or CFATF action was identified.

## What regulated firms should consider now

- **Insurance boards.** Commission a combined gap analysis across the AML/CFT/CPF, outsourcing, compliance-function and proposed External Insurance Act workstreams.
- **Vendor governance.** Inventory all material external and intra-group services before renewal cycles lock in weak contract terms.
- **Cyber preparedness.** Harmonise incident definitions, escalation and notification clocks; run a cross-functional tabletop exercise.
- **Digital assets.** Evidence Travel Rule filings and prepare complete Q3 data rather than relying on historical estimates.
- **Lending perimeter.** Resolve FCSP licensing exposure before 30 September and document any decision to continue, pause or restructure activity.
- **Legal verification.** Obtain Bahamian advice before treating draft ICB provisions, proposed SCB fees or unpublished transition arrangements as operative.

## Priority dates

| Date | Action |
|---|---|
| 25 September 2026 | SCB comments due on proposed fee rules and CFD amendments. |
| 30 September 2026 | Potentially unlicensed lenders and in-house finance providers should have engaged SCB. |

| Date | Action |
|---|---|
| 1 October 2026 | SCB's stated intended start of enforcement against unlicensed lending activity. |
| 28 October 2026 | DARE Q3 Travel Rule Compliance Return due. |
| Not stated | ICB deadlines for the draft insurance AML/CFT/CPF and outsourcing consultations—confirm directly with ICB. |

## Primary sources and further reading

1. ICB — Consultative Documents
2. ICB — Draft Insurance AML/CFT/CPF Guidelines
3. ICB — Draft Outsourcing and Third-Party Risk Management Guidelines
4. Bahamas Financial Stability Council — third-quarter 2026 meeting
5. SCB — Consultation Documents
6. SCB — Unlicensed Money Lending and In-house Financing
7. SCB — Travel Rule Guidance and Return Notice

## Discuss this briefing with PCC

### Contact Pinder Commercial Chambers

Discuss insurance-regulatory change, AML/CFT/CPF governance, outsourcing, operational resilience, digital-asset compliance or the FCSP licensing perimeter. For enquiries, visit pinderchambers.com.

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