



INSURANCE COMMISSION
OF THE BAHAMAS

THE COMMON REPORTING STANDARD FOR THE AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION IN TAX MATTERS

GUIDELINES FOR SPECIFIED INSURANCE COMPANIES

Issued pursuant to sections 8 (1)(f) and 234 of the Insurance Act, Ch. 347
and, section 46(3) of the External Insurance Act, Ch. 348

Date of Issue: 6/24/2025



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TABLE OF ABBREVIATIONS AND DEFINITIONS

Act	Automatic Exchange of Financial Account Information Act, 2016
AEOI	Automatic Exchange of Information
Annuity Contract	A policy under which an insurer assumes the obligation to make, after the expiration of a certain period or during a specified period, a payment or series of periodic payments to a particular person, in exchange for a premium or series of premiums paid to the insurer.
Competent Authority (“CA”)	Bahamian Competent Authority
Cash Value	<p>The greater of (i) the amount that the policyholder is entitled to receive upon surrender or termination of the contract (determined without reduction for any surrender charge or policy loan), and (ii) the amount the policyholder can borrow under or regarding the contract, but does not include –</p> <ul style="list-style-type: none"> (a) Solely by reason of the death of an individual insured under a life insurance contract; (b) As a personal injury or sickness benefit or other benefit providing indemnification of an economic loss incurred upon the occurrence of the event insured against; (c) As a refund of a previously paid premium (less cost of insurance charges whether or not actually imposed) under an insurance contract (other than an investment-linked life insurance contract or an annuity contract) due to cancellation or termination of the contract, decrease in risk exposure during the effective period of the contract, or arising from the correction of a posting or similar error with regard to the premium for the contract; (d) As a policyholder dividend (other than a termination dividend) provided that the dividend relates to an insurance contract under which the only benefits payable is those listed in subparagraph (b); or <p>As a return of an advance premium or premium deposit for an insurance contract for which the premium is</p>

	payable at least annually if the amount of the advance premium or premium deposit does not exceed the next annual premium that will be payable under the contract.
Cash Value Insurance Contract	An insurance contract (other than an indemnity reinsurance contract between two insurance companies) that has a cash value.
Common Reporting Standards (“CRS”)	The standard for the automatic exchange of financial account information is approved by the Council of the Organization for Economic Co-operation and Development.
Convention	Convention on Mutual Administrative Assistance in Tax Matters
Controlling Person	The natural persons who exercise control over an Entity.
Financial Institution (“FI”)	Bahamian Financial Institution.
Group Annuity Contract	An Annuity Contract under which the obligees are individuals who are affiliated through an employer, trade association, labor union, or other association or group.
Group Cash Value Insurance Contract	A cash value insurance contract that – (a) provides coverage on individuals who are affiliated through an employer, trade association, labor union, or other association or group; and charges a premium for each member of the group (or member of a class within the group) that is determined without regard to the individual health characteristics other than age, gender, and smoking habits of the member (or class of members) of the group.
Multilateral Competent Authority Agreement	A multilateral framework agreement that provides a standardized and efficient mechanism to facilitate the automatic exchange of information.
Reportable Account	An account held by one or more reportable persons or by a Passive NFE with one or more Controlling Persons, that is a Reportable Person.
Specified Insurance Company	A specified insurance company.
Reportable Person	A natural person or entity that is resident in a Reportable Jurisdiction under the tax laws of such jurisdiction. For this Guideline, an Entity that has no residence for tax purposes shall be treated as resident in the jurisdiction in which its place of effective management is situated.
Reportable Jurisdiction	A jurisdiction –

	(a) with which an agreement is in place pursuant to which there is an obligation in place to provide the CRS information; and (b) which is identified in a published list.
Regulations	Automatic Exchange of Financial Account Information Regulations, 2017.
Specified Insurance Company	An insurance company (or the holding company of an insurance company) that issues, or is obligated to make payments with respect to, a Cash Value Insurance Contract, or an Annuity Contract.
TIEA	Tax Information Exchange Agreements
Undocumented account	Accounts for which a Specified Insurance Company is unable to obtain sufficient self-certification or other required documentation to determine the account holder's CRS status (i.e. whether they are a reportable person or entity).

1. BACKGROUND

The Organization for Economic Co-operation and Development (“OECD”) developed the CRS to promote cross-border tax transparency and address offshore tax evasion through the AEOI. The AEOI framework has been adopted by The Bahamas through the execution of the Multilateral Competent Authority Agreement and the enactment of the Act and Regulations.

The Insurance Commission of The Bahamas (“Commission”) recognizes the inherent complexities of CRS compliance and the necessity for a nuanced understanding of the CRS regulatory framework in The Bahamas. To support this, these Guidelines, while supplementary to the Act and Regulations, provide clear and comprehensive guidance on the obligations of registrants and licensees, the applicable CRS framework, and the Commission’s supervisory approach.

While these Guidelines do not supersede the authoritative source materials of the OECD or the CA, they are enforceable and constitute a key component of the regulatory framework enforced by the Commission.

2. LEGISLATIVE FRAMEWORK

A. Domestic Law

The following pieces of legislation govern the AEOI framework in The Bahamas:

- [Automatic Exchange of Financial Account Information Act, 2016](#)
- [Automatic Exchange of Financial Account Information \(Amendment\) Act, 2017](#)
- [Automatic Exchange of Financial Account Information \(Amendment\) Act, 2019](#)
- [Automatic Exchange of Financial Account Information \(Amendment\) Act, 2022](#)
- [Automatic Exchange of Financial Account Information Regulations, 2017](#)
- [Automatic Exchange of Financial Account Information \(Amendment\) Regulations, 2018](#)
- [Automatic Exchange of Financial Account Information \(Amendment\) Regulations, 2019](#)
- [Automatic Exchange of Financial Account Information \(Amendment\) Regulations, 2020](#)
- [Automatic Exchange of Financial Account Information \(Competent Authority\) \(Delegation of Functions\) ORDER, 2024](#)

Disclaimer: It shall be the sole responsibility of the registrant/licensee to read and understand the provisions of the linked legislation.

B. The Competent Authority

Pursuant to section 2 of the Automatic Exchange of Financial Account Information (Amendment) Act, 2017, the CA for The Bahamas is the Minister of Finance or any representative duly authorized by the Minister in writing. The CA is responsible for administering and enforcing the Act and its Regulations, as well as obtaining and exchanging information with Participating Jurisdictions in accordance with the established framework. Under section 12A of the Automatic Exchange of Financial Account Information (Amendment) Act, 2022 the CA is empowered to

delegate certain of its powers to designated supervisory authorities (“DSA”), which includes the Commission.

C. Exchange of Tax Information

i. **Processing Request from Reportable Jurisdiction**

When a Reportable Jurisdiction formally requests the exchange of tax information relevant to the administration or enforcement of its tax laws, the CA will review and process such requests, ensuring compliance with the Act, Regulations, and applicable [Tax Information Exchange Agreements \(“TIEA”\)](#).

ii. **Automatic Exchange of Information**

In addition to responding to specific requests, the governing TIEA and the Act requires the CA to engage in an annual exchange of tax information with Participating Jurisdictions. The CA can only exchange the filed information return received from the **Specified Insurance Company** and this exchange will occur within nine months after the end of the calendar year to which the information relates.

iii. **Scope of Exchanged Information**

Where the provisions of the applicable executed TIEA provides, the following types of information may be exchanged with a Participating Jurisdiction:

- a) legal and beneficial ownership details.
- b) accounting records and related financial statements.
- c) any relevant fact, statement, or record necessary for tax enforcement.

iv. **Authority to Obtain Information**

To facilitate those requests outlined at clause 2C(i), the Commission, as a DSA, is empowered under section 3(2)(c) and (d) of the *Automatic Exchange of Financial Account Information (Competent Authority) (Delegation of Functions) Order, 2024*, to require any entity, its directors, officers, agents, connected persons, or any person reasonably believed to possess relevant information, to provide such information. The information must be submitted in the form and within the timeframe specified by the Commission.

v. **Mode of Request and Exchange**

All requests for information from the Commission will be made in writing under a formal and documented process to ensure alignment with the established legislative framework. AEOI will occur annually based on the information reported in compliance with the CRS framework.

vi. **Confidentiality of Information**

Pursuant to section 14(2) and (3) of the Act, all information provided to or received by the CA shall be kept confidential. The CA is bound by this duty of confidentiality in its exchange of information with Reportable Jurisdictions.

D. Entity Classification and Applicability

Entities classified as **Specified Insurance Companies** must comply with the Act, Regulations and these Guidelines. An entity will be classified by the Commission as a **Specified Insurance Company** where that entity:

- i. is licensed under Part II of the External Insurance Act, 2009 or registered under Part III of the Insurance Act, *Ch. 347*¹; and
- ii. engaged in long-term insurance, such as whole life, universal life, variable insurance, or the issuance of annuities, all of which has cash value.

N.B. The following classes of entities will be exempt from the provisions of the Act, Regulations, and these Guidelines:

- i. external insurers providing only indemnity reinsurance;
- ii. entities who are registered only to provide general insurance business;
- iii. entities who do not maintain any Reportable Accounts; or
- iv. entities that earn less than 50% of their gross income from passive sources and hold less than 50% of its assets for passive income production (Active NFE).

3. OBLIGATIONS OF SPECIFIED INSURANCE COMPANIES

A. Registration

A **Specified Insurance Company** shall register with the CA where it maintains one or more Reportable Accounts. Where a **Specified Insurance Company** no longer maintains Reportable Accounts, it shall submit an application for de-registration to the CA within 90 days following the end of the calendar year.

N.B. Where a **Specified Insurance Company** is de-registered by the CA, it shall submit a copy of the de-registration certificate to the Commission within fourteen (14) days of receipt of the Certificate.

B. Reporting

No later than the 30th September of each year, **Specified Insurance Companies** shall file with the CA an information return setting out the following information in relation to maintained Reportable Accounts:

- i. In the case where the Reportable Account is held by a Natural Person –
 - a) Name;
 - b) Address;
 - c) Jurisdiction(s) of residence;
 - d) TIN(s) where applicable;

¹ as may be amended, repealed or replaced

- e) Date and place of birth; and
- f) Whether the account holder has provided a valid self-certification.
- ii. Where the Reportable Account is held by an entity identified as a Passive NFE (an entity which derives more than 50% of its gross income from the contracts listed at clause 2D (ii) in the preceding calendar year or reporting period) –
 - a) Name;
 - b) Country/jurisdiction of incorporation;
 - c) Jurisdiction(s) of residence; and
 - d) TIN(s) where applicable.
- iii. Where an identified Passive NFE has one or more Controlling Persons, the following information on the Controlling Persons shall be obtained –
 - a) Name;
 - b) Address;
 - c) Jurisdiction(s) of residence;
 - d) TIN(s) where applicable;
 - e) Date and place of birth;
 - f) The role(s) of the Controlling Persons in the Passive NFE and whether a valid self-certification has been provided by each Controlling Person; and
 - g) Whether the account is a joint account, including the number of joint Account Holders.

For each maintained Reportable Account, the **Specified Insurance Company** shall report the account number (or its functional equivalent, if no account number exists) and the account balance or value, including the cash or surrender value, as at the end of the relevant calendar year or other applicable reporting period; and if the account was closed during that period, the reporting of the account's closure.

N.B. Where a **Specified Insurance Company** files an information return with the CA, a copy of that information return shall also be submitted to the Commission within fourteen (14) days of filing.

Record Retention

Specified Insurance Companies shall maintain detailed records for all Reportable Accounts. These records must include all information outlined in clause 3(B) and must be maintained in English for at least six (6) years.

C. Prohibition on Alteration or Destruction of Records

Specified Insurance Companies are prohibited from destroying, concealing, or modifying any books, records, or other documents related to their operations.

D. Policies and Procedures

All **Specified Insurance Companies** shall establish, document, and enforce written policies and procedures addressing the:

- i. Assessment and identification of Reportable Account(s) and the holder(s) of those account(s) with the relevant information outlined at clause 3 (B), which also includes obtaining one or more telephone numbers in a Reportable Jurisdiction and any standing instructions to transfer funds to an account maintained in a Reportable Jurisdiction.
- ii. Maintenance of self-certifications and Reportable Account/Account Holder's records for a minimum period of six (6) years.
- iii. Documentation of all information required to be in the information return.
- iv. Creation and filing of an Information Return by 30th September of the year following the calendar year to which the return relates.

E. General Due Diligence Measures of Specified Insurance Companies

1. Verification of self-certifications

- Self-certifications from each account holder must be secured during onboarding to confirm the account holder's tax residence(s).
- Self-certifications must be verified against account opening records, information and documentation (including AML/KYC documentation) provided by the entity during onboarding.
- If the self-certification reveals that the entity has a tax residence in a Reportable Jurisdiction the account shall be deemed a Reportable Account unless, based on internal records or publicly available information, it can reasonably be concluded that the entity does not meet the criteria of a Reportable Person.
- Where there is doubt concerning the accuracy of self-certification, the **Specified Insurance Company** must obtain an updated, valid certification from the account holder.
- Where the Specified Insurance Company is unable to receive a valid self-certification or unable to receive relevant information from a Pre-existing account holder that is a natural person the account is to be categorized as an undocumented account.

2. Classification of New Entity Accounts

- At the time of account opening, a determination shall be made whether an entity is an Active or Passive NFE.
- Where the entity is classified as a Passive NFE, the **Specified Insurance Company** shall secure self-certification from the entity to determine its tax resident status.
- The self-certification process under "1" shall apply.

- Where the entity certifies that it has no tax residence, the **Specified Insurance Company** may use the address of the entity's principal office to establish its tax residence.
- If the entity is classified as a Passive NFE Reportable Person, the **Specified Insurance Company** must also evaluate whether any of its Controlling Persons qualify as Reportable Persons. Where a Controlling Person(s) is determined to be a Reportable Person, the **Specified Insurance Company** is required to secure a self-certification from those persons, including all information specified in clause 3 (B).

3. Ongoing Review of Pre-existing Accounts

For pre-existing accounts, the **Specified Insurance Company** shall ensure on an ongoing basis that the following information is current and accurate:

- a) **Residential/Mailing Address:** The latest mailing or residential address.
- b) **Proof of Residence:** Valid documentary evidence of residence issued by an authorized governmental body.
- c) **Individual Identification:** Government-issued identification clearly stating the individual's name, date of birth, and nationality.
- d) **Corporate Identification (for entities):** Corporate documents that specify the entity's name, country of incorporation, and the address of its principal office.
- e) **Authorization Documentation:** Any power of attorney or signature authority forms on file.

N.B. Pre-existing entity accounts with a balance or value not exceeding \$250,000.00 as of 30 June 2017 shall remain exempt from review, identification, or reporting until the account balance exceeds \$250,000.00 as of 31st December of a subsequent year. Where the Specified Insurance Company is unable to obtain a valid self-certification or relevant information from a Pre-existing individual account holder, the Specified Insurance Company shall report the account as undocumented to the CA.

4. Assessment of Cash Value Insurance Contracts or Annuity Contracts for tax purposes

Where a death benefit payable under any cash value insurance contract or annuity contract might be taxable depending on the beneficiary's jurisdiction, the **Specified Insurance Company** shall review the Contracts to assess whether such a beneficiary should be classified as a Reportable Person. This determination shall be made in accordance with the relevant factors set forth in these Guidelines.

N.B. This assessment applies to both existing and new Contracts.

5. Assessment of Group Value Insurance Contracts and Group Annuity Contracts

The **Specified Insurance Company** shall assess whether these types of contracts are properly non-reportable by ensuring that all of the following conditions are met:

- a) The contract is issued to an employer and covers at least 25 employees or certificate holders.
- b) The employees or certificate holders are entitled to receive any contract value associated with their interest and have the right to designate beneficiaries in the event of death.
- c) The aggregate amount payable to any individual employee, certificate holder, or beneficiary does not exceed \$1,000,000.

F. AEOI Portal

The CA has created the [AEOI portal](#) which serves as the portal through which **Specified Insurance Companies** must register and submit any required reports in fulfilment of their obligations under the Act, Regulations, and these Guidelines.

N.B. For detailed technical guidance on using the portal, please consult [AEOI Portal User Guide](#). The OECD also developed a comprehensive [Automatic Exchange Portal](#) which is its principal source for CRS materials and resources. **Specified Insurance Companies** should consult the [CRS Implementation Handbook \(CRS Handbook\)](#), [CRS related FAQs](#), [The Bahamas' International Tax Information Exchange Website](#), and the [Ministry of Finance's Guidance Notes on CRS](#).

4. Engagement of Third-Party Service Providers

A **Specified Insurance Company** may engage a third-party service provider to carry out any of its functions under the Act. Where a **Specified Insurance Company** engages third-party providers, it shall –

- A. Create and implement written policies and procedures which describe:
 - i. what functions have been delegated;
 - ii. the management/oversight of the delegation; and
 - iii. the performance of any obligation that has not been delegated.
- B. Provide the Commission with a copy of all service contract made between the third-party service providers and the Specified Insurance Company.
- C. Be liable for an engaged third-party service provider's failure to carry out its obligations under the contract.

N.B. Where a third-party service provider is engaged, the service agreement made between the third-party service provider and **Specified Insurance Company** shall specify that the Specified Insurance Company shall have unrestricted access to all records and documentary evidence held by the third-party service provider used for the identification and reporting of Reportable Accounts, to ensure that the Specified Insurance Company can comply with its obligations to provide records and evidence upon request by the CA.

SUPERVISION EXPECTATIONS

During onsite inspections, the Commission will conduct a thorough review of the books and records of **Specified Insurance Companies**. This process is designed to verify that all records are maintained in strict compliance with the Act, Regulations, and these Guidelines. The inspection will include:

- i. **Comprehensive Record Review:** Evaluating the institution's books and records to confirm ongoing adherence to regulatory requirements, to include evidence of CRS filings for all reportable accounts, during the stipulated period.
- ii. **Senior Management Interviews:** Engaging with senior management to determine whether the institution:
 - a) Actively maintains Reportable Accounts; and
 - b) Is duly registered with the CA.
- iii. **Policy and Procedure Assessment:** Reviewing the institution's policies and procedures to ensure they are properly maintained, fully documented, and rigorously enforced, particularly in relation to the AEOI framework.

In addition to onsite inspections, the Commission will also carry out desk-based supervision. This involves the ongoing review and analysis of documentation submitted by **Specified Insurance Companies**, including compliance reports, registration confirmations, filing confirmations, and self-certifications. Desk-based supervision enables the Commission to monitor compliance trends, identify potential risks, and engage with **Specified Insurance Companies** proactively, reducing the need for more intensive onsite interventions where appropriate.

These measures are intended to ensure that **Specified Insurance Companies** comply with the Act, Regulations and these Guidelines and uphold the highest standards of compliance and operational integrity.

5. CONCLUSION

Registrants and Licensees are encouraged to submit questions or comments concerning these Guidelines to legal@icb.gov.bs or contact the Legal Unit at 603-4183.

If there are any general queries, kindly submit an email to information@taxreporting.finance.gov.bs.

The CA also encourages all **Specified Insurance Companies** to continue to check the information website at <https://taxreporting.finance.gov.bs/contact-fatca/competent-authority/> for updates.



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FOR MORE INFORMATION



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