

Luxembourg, 23 November 2018

## **Information note**

### **Subject : FATF risk-based approach guidance for the Life Insurance Sector**

The Commissariat aux Assurances would like to inform all entities and persons under its Anti-Money Laundering and Countering the Financing of Terrorism (« AML/CFT ») supervision that the Financial Action Task Force (« FATF ») has published its revised risk-based approach guidance for the Life Insurance Sector (« The FATF guidance ») on 25 October 2018.

The risk-based approach (« RBA ») is central to the effective implementation of the 2012 FATF Recommendations, which is equally reflected in the 4<sup>th</sup> European AML Directive implemented through the Law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended.

The FATF guidance aims to support the design and implementation of the RBA for the life insurance sector and provides specific guidance both for life insurers and intermediaries, and for life insurance supervisors.

The FATF guidance highlights the nature and level of money laundering and terrorist financing (« ML/TF ») risks of the life insurance sector and provides examples of ML/TF risks for a range of life insurance products. It also looks at the involvement of intermediaries in the distribution of life insurance and how it affects the split of AML/CFT responsibilities. The FATF guidance illustrates how the intensity and depth of customer due diligence will depend on ML/TF risks and provides examples of higher and lower risks, together with examples of enhanced or simplified mitigation measures.

The FATF guidance complements the existing AML/CFT framework, i.a. the CAA Regulation N° 13/1, CAA Circulars 18/4 and 18/9, and has thus to be read in conjunction with the latter.

Please find the link to the FATF guidance below :

<http://www.fatf-gafi.org/publications/fatfrecommendations/documents/rba-life-insurance.html>

For the Directorate,

Claude WIRION