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**Circular letter 19/4 amending the amended Circular letter 09/2 of the
Commissariat aux Assurances relating to the separate report to be
provided by the approved auditor of reinsurance undertakings**

Following the legislative and regulatory amendments regarding the combat against money laundering and terrorist financing, it seemed appropriate to complete point 13 of the separate report dealing with the compliance of reinsurance undertakings in this matter.

Moreover, this is an opportunity to update the legal basis of the Circular letter and taking into account the new method of transmitting reporting files.

Accordingly, Circular letter 09/2 of the Commissariat aux Assurances on the separate report to be provided by the approved auditor of reinsurance undertaking is amended as follows:

1. The first two paragraphs are amended as follows:

«In accordance with Article 94 of the amended law of 7 December 2015 on the insurance sector, every Luxembourg reinsurance undertaking is required to submit to an external audit of its accounts to be performed on annual basis, at the undertaking's expense, by an approved auditor of companies ("Réviseur d'entreprise agréé").

Article 95 of the same law involves the approved auditor in the prudential supervision to be exercised by the Commissariat aux Assurances».

2. In the first indent of paragraph 4, the last sentence is deleted.

3. The following paragraph is inserted after paragraph 4:

«The modalities for transmitting the two sections are communicated on an annual basis to the reinsurance undertakings at the time when the annual reporting files are transmitted »

4. Point 13 is amended as follows:

«13. Obligations relating to the fight against money laundering and terrorist financing

The answers to the questions under point 13 are not intended to replace the activities to be carried out by the approved auditor pursuant to CAA Regulation n° 13/01 of 23 December 2013 on the fight against money laundering and terrorist financing.

Reinsurance undertakings which do not accept risks from the “credit” or “suretyships” branches should only provide answers to questions 13.1 and 13.8.

Reference should be made:

- with regard to questions from 13.1 to 13.7, to the law of 12 November 2004, as amended, on the fight against money laundering and terrorist financing;

and

- with regard to question 13.8, to the law of 27 October 2010 on the implementation of United Nations Security Council resolutions and acts adopted by the European Union containing prohibitions and restrictive measures in financial matters against certain persons, entities and groups within the framework of the combat against terrorism. »

5. The questionnaire annexed to the Circular letter is replaced by the questionnaire annexed hereto.

The provisions of this Circular letter apply for the first time for the separate report for the 2018 financial year.

For the Directorate

Claude WIRION

Director

Separate Report – Section I
relating to the reinsurance undertaking's 2018 financial year

REINSURANCE

- 0.1 Approved auditor's name:**
0.2 Personal professional email address of the approved auditor:

1. Assignment of the approved auditor

- 1.1 Number of hours worked for the statutory audit of the annual accounts as defined in the IRE's opinion of 15 February 2007
- by approved auditors
- by other professionals
- 1.2 Does the above-mentioned legal assignment include
- Intra-year revisions
- the audit of the consolidation package
- other activities within the framework of group consolidation instructions
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2. Audit report

- 2.1 Has the audit report been completed and signed at the date of completion of the separate report?
- 2.2 If yes, does the audit report contain any reservation (qualifications or matters of emphasis)?
- 2.3 If not, does the approved auditor intend to express any reservation (qualifications or matters of emphasis)?
- 2.4 What is the date of the shareholders' meeting called to approve the audited financial statements? (please insert the date under the following format: yyyy-mm-dd)
- 2.4 Does the management report include all the information referred to in Article 85 of the amended law of 8 December 1994 on the annual and consolidated accounts of insurance undertakings?
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3. Publication of the accounts related to the previous financial year

- 3.1 At the date of signature of this separate report, has the undertaking fulfilled all its obligations to publish its accounts related to the previous financial year?
- 3.2 Have the legal deadlines been met?
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4. Valuation of the assets of items C II, III and IV

- 4.1 Are there depreciations on assets other than fixed-income securities that are not recognized given that said depreciations are not considered to be long-lasting?
- 4.2 If so, what is the total amount of the corresponding unrecognized capital losses? (please indicate the amount in 0)

- 4.3 Are there depreciations on fixed-income securities that are not recognized given that said depreciations are not considered to be long-lasting for reasons relating to the quality of the issuers?
- 4.4 If so, what is the total amount of the corresponding unrecognized capital losses? (please indicate the amount in 0)
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6. Breach of the principle of specialization

- 6.1 Does the insurance undertaking carry on activities which are not directly related to the insurance business itself?
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7. Verification of technical provisions

- 7.1 Do you confirm the amounts reported by the undertaking in the table "E" of the report related to the verification of the technical provisions?
- 7.2 Do you confirm the materiality of the facts which gave rise to the constitution of the reserves for claims incurred and reported; it being understood that this verification is supposed to be positive in the event of the existence of claims declarations made by the ceding companies?
- 7.3 Has the provision for claims fluctuation been constituted in accordance with the provisions of the articles from 11 to 15 of the Grand-Ducal Regulation of 5 December 2007 laying down the initial authorization and operating conditions applicable to reinsurance undertakings?
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8 Change in technical provisions

- 8.1 For each of the items and sub-items of technical provisions shown in items C and D on the liabilities side of the balance sheet, the change in the profit and loss account is equal to the difference between the closing provisions of the previous year and the closing provisions of the year under review?
- 8.2 In the event of a deviation, there are causes other than exchange rate differences?
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9 Investment policies including the policy on derivative financial instruments

- 9.1 With regard to the breakdown of all the investments held by the undertaking at the end of the financial year under review as indicated by the undertaking in the relevant table of the report, is said breakdown correct?
- 9.2 Has an investment policy, dealing also with derivative financial instruments, been approved by the Board of Directors?
- 9.3 Is a policy on derivative financial instruments documented in a set of written procedures?
- 9.4 If there are specific procedures relating to derivative instruments, do said procedures provide for a definition of the derivative instruments?
- 9.5 with regard to the investment policy, dealing also with derivative financial instruments, how often checks to ensure compliance with said policy are made?
- 9.6 Does the undertaking directly hold derivative instruments at the end of the financial year?
- 9.7 Has the undertaking issued any derivative financial instruments?
- 9.8 how much is (please insert amounts in 0):
- the total of purchases in the financial year

- the total of sales in the financial year
- the market value of the instruments held at the end of the financial year
- the market value of the instruments issued at the end of the financial year
- the notional exposure for the instruments issued at the end of the financial year
- the maximum notional exposure for the instruments issued during the financial year

9.9 Is a potential expense resulting from the issuance of derivative instruments disclosed in the closing balance sheet?

9.10 Is a potential expense resulting from the issuance of derivative instruments disclosed in off-balance sheet?

10. Off-balance sheet commitments

10.1 Are there any off-balance sheet commitments stated in the notes to the balance sheet other than those resulting from the rental of real estate, the leasing of equipment and software used for own use, rental guarantees granted to the undertaking's employees and derivative instruments?

11. Intra-group transactions

11.1 Does the undertaking have written internal procedures enabling it to list all the transactions that the undertaking carries out with the undertakings referred to in Article 89 of the Regulation of the Commissariat aux Assurances N° 15/03 of 7 December 2015 relating to insurance and reinsurance undertakings, as amended?

11.2 If the answer to question 11.1 is yes, are these procedures considered adequate by the approved auditor?

11.3 If the answer to question 11.2 is yes, are these procedures applied in practice?

12. On-the-spot inspection

The mailing date of the last on-the-spot audit report carried out by the Commissariat aux Assurances is: 0.

12.1 In the event that Section 1 refers to an on-the-spot audit report sent within 24 months prior to the end of the financial year, all the recommendations and injunctions of the Commissariat aux Assurances have been followed up in practice?

13. Obligations relating to the fight against money laundering and terrorist financing

13.1 Does the undertaking accept risks related to “credit/suretyship” classes?

13.2 Does the undertaking have written internal procedures in place for

- a) customer due diligence
- b) cooperation with the authorities, including the Commissariat aux Assurances
- c) keeping of documents and records
- d) internal control
- e) risk assessment and management
- f) customer acceptance
- g) staff training and awareness

13.3 If the answer to question 13.2 is in whole or in part is in the affirmative, are the existing procedures deemed

adequate by the approved auditor in relation to the applicable legal and regulatory provisions?

- 13.4 If the answer to question 13.3 is in the affirmative, are these procedures applied in practice?
- 13.5 If the undertaking is part of a group, are there policies and procedures in place that are coordinated at the group level?
- 13.6 Has the undertaking carried out an assessment regarding money laundering and terrorist financing risks to which said undertaking is exposed to?
- 13.7 If the answer to question 13.6 is in the affirmative, does the approved auditor consider the risk assessment to be adequate with regard to the following risk factors: customers, countries or geographical areas, products, services, transactions and distribution channels (including intermediaries)?
- 13.8 Has the undertaking put in place adequate arrangements to implement United Nations Security Council Resolutions and acts adopted by the European Union containing prohibitions and restrictive measures in financial matters against certain persons, entities or groups in connection with the fight against terrorism?
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