

Circular Letter 20/12 of the Commissariat aux Assurances on the application of prohibitions and restrictive measures in financial matters (International Financial Sanctions)

In accordance with Article 1 paragraph 3 of the *Law of 27 October 2010 relating to the implementation of United Nations Security Council resolutions as well as acts adopted by the European Union concerning prohibitions and restrictive measures in financial matters in respect of certain persons, entities and groups in the context of the combat against terrorist financing* ("Law of 27 October 2010"), prohibitions and restrictive measures referred to in paragraph 2 of said Article 1 apply to all operators that fall under the prudential supervision of the Commissariat aux Assurances ("Operators").

All Operators are also required to apply prohibitions and restrictive measures in financial matters introduced in Luxembourg through European Union regulations directly applicable in national law. All these regulations are published on the website of the Ministry of Finance.¹

The Luxembourg Insurance and Reinsurance Association (ACA) has just published on its website a note outlining the minimum lines of conduct to be followed by non-life insurance and reinsurance undertakings - other than insurance or reinsurance undertakings performing credit/surety operations - in the context of international financial sanctions.

The Commissariat aux Assurances welcomes this initiative launched by the professionals of the insurance sector and strongly recommends that all the concerned non-life insurance and reinsurance undertakings follow said minimum lines of conduct.

The Commissariat aux Assurances takes advantage of this initiative to remind, if need be, that all Operators under its supervision are required to take the necessary measures to implement the financial sanctions.

As rightly pointed out in the note published by the ACA, life insurance undertakings and non-life insurance and reinsurance undertakings performing credit and surety operations are already required, under the legislation relating to the fight against money laundering and terrorist financing ("AML/CFT"), to apply due diligence measures and to have in place a control system that goes beyond the minimum recommendations mentioned therein. It is clear that the measures and systems required under AML/CFT legislation must effectively include, as part of their purpose, the implementation of international financial sanctions.

¹ <https://mfin.gouvernement.lu/fr/dossiers/2018/sanctions-financieres-internationales.html>

For Operators other than the above-mentioned insurance and reinsurance undertakings, and without prejudice to any applicable AML/CFT obligations, the ACA recommendations, even if not directly applicable to them, may validly serve as a source of inspiration in their efforts to ensure compliance with the legislation relating to international financial sanctions.

Furthermore, the Commissariat aux Assurances would like to draw the attention of the Operators to the draft law 7395 relating to the implementation of restrictive measures in financial matters and repealing the Law of 27 October 2010, which was tabled in the Chamber of Deputies on 15 January 2019. The main objective of said law is to adapt the national legislative and regulatory framework currently in force, which deals only with the combat against terrorist financing, in order to meet the requirements of a holistic implementation of financial sanctions in accordance with the country's international obligations.²

Finally, the Commissariat aux Assurances recommends once again³ all Operators to subscribe directly to the Ministry of Finance's Newsletter in order to keep abreast of the latest news in this field and to be able to fulfil their obligations in this respect.

For the Executive Committee,

Claude WIRION
Director

² Please refer to the explanatory statement of the draft law 7395.

³ Please refer to Circular Letter 11/9 of the Commissariat aux Assurances on the application of international financial sanctions and restrictive measures to professionals in the insurance sector.