

The following text has been elaborated by the CAA for information purposes. The French version of this Circular letter is the only authentic version.

## **Circular letter 11/2 of the Commissariat aux Assurances on the assessment of risks of exposure to money laundering and terrorist financing and on prevention measures**

(Coordinated version of 30 January 2013)

Ladies and Gentlemen,

The Law of 12 November 2004 on the fight against money laundering and terrorist financing (hereinafter the "BC/FT Law") as last amended by the Law of 27 October 2010 introduces a risk-based approach.

It provides in Article 3, paragraph 3, 2nd subparagraph, that BC/FT "*professionals are required to conduct a risk analysis of their activities. They must record the results of this analysis in writing.*"

Article 4(1) of the BC/FT Act also states that "*professionals are required to put in place adequate and appropriate measures and procedures relating to(...) internal control, evaluation and management of systems, (...) in order to prevent and deter money laundering or terrorist financing operations.* ».

This means that each insurance undertaking subject to the BC/FT Law must assess and manage its own risk of being used for money laundering and terrorist financing purposes ("BC/FT").

The scope of this circular letter is initially limited to life insurance undertakings and will be extended to non-life insurance undertakings and reinsurance undertakings when they carry out "credit/guarantee" operations and which, in application of the new law of 27 October 2010 on the subject, are also subject to the requirements of the fight against money laundering and terrorist financing.

The CAA has also decided to set up a system of supervision and control based on the risks of the various players placed under its prudential supervision. In accordance with the guidelines developed by the FATF in this area<sup>1</sup>, the implementation of such a system also requires a national assessment of the risks, threats and vulnerabilities of the insurance sector.

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<sup>1</sup> FATF-GAFI :Risk based approach – Guidance for the life insurance sector

In order to avoid inconsistencies between the risk assessment at the level of individual operators and that carried out at national level, on the one hand, and to avoid resource-intensive duplication of effort, on the other, it is imperative that both types of assessment can be carried out, as far as possible, on the basis of harmonised statistics.

To this end, the Commissariat aux Assurances has decided to make progress in three areas:

- the definition of harmonised BC/FT risk assessment forms to be used by insurance companies for each new contract;
- the development of a qualitative questionnaire related to the BC/FT prevention measures;
- the collection of quantitative data at national level.

In view of the fact that "credit/guarantee" insurance and reinsurance contracts differ from life insurance contracts in terms of the risk covered, the purpose of the contract, the type of clientele, their marketing and management methods, and the specific features inherent in non-life insurance, such as the principle of compensation for damage suffered as opposed to lump-sum coverage in life insurance, the duration of contracts, the absence of surrender or other exit opportunities prior to maturity, and the amounts involved, the Office decided to take a slightly different approach to the production of harmonized BC/FT risk assessment forms to be used by non-life insurance companies compared to life insurance companies.

While life insurance undertakings must complete such a questionnaire for each new contract, non-life insurance and reinsurance undertakings engaged in "credit/guarantee" operations must produce a relevant analysis of the BC/FT risks of their activities for their portfolio as a whole.

These tools are presented in detail below:

## **1. The BC/FT harmonized risk assessment forms**

- **For life insurance :**

Annexes Ia), Ib), Ic), Id) and Ie) must be completed by life insurance companies for each new contract.

- a) Content and purpose of the forms

The forms are designed to assess BC/FT risks against certain criteria set by CAA, such as client, product type or geographic elements. The aim is to determine the level of risk represented by each contract, on an individual (contract-by-contract assessment) and objective basis.

The forms will enable insurance undertakings to become aware of the BC/FT risk incurred and, where appropriate, to adjust the level of preventive measures in a manner proportionate to the risk incurred by the undertaking.

If this monitoring shows that there has been a change in the BC/FT risk profile, the company must make the necessary and proportionate adjustments to its BC/FT policy and to the measures for managing this risk.

At least once a year, the insurance undertaking must carry out a review of its analysis of the risks relating to its business, the results of which must be communicated to the decision-making body within the insurance undertaking.

b) Instructions for use

As of 1<sup>st</sup> April 2011, the above-mentioned companies are obliged:

(1) to complete the forms annexed on the occasion:

-of any new subscription

- Annex Ia) for a local life assurance policy,
- Annex Ib) for a contract concluded in LPS,
- Annex Ic) for a local group contract and
- Annex Id) for an LPS group contract;

-of each amendment to a life insurance policy (additional payment, partial/total surrender request) (Annex Ie)),

2) file a copy in the client's file,

3) to enter the individual results (for each contract) by computerised means so as to enable internal statistics to be drawn up quarterly for the insurance company, as well as regular communication of the results to the Commissariat aux Assurances,

4) to keep, for a period of at least 5 years after the end of the contractual relationship, the results of this monitoring on computer media in such a way as to allow their statistical analysis at any time. In order to enable insurance undertakings to adapt their IT systems to the new requirements arising from point 1. b) 3) above, the computerised recording of the results collected since 1 April 2011 on the basis of the respective forms must be operational by 30 September 2011 at the latest.

The internal organisation of the insurance undertaking must also permit the establishment of internal statistics by computer for the first time as of September 30, 2011.

The CAA will conduct regular checks on the fulfilment of these obligations.

c) Official version / internal version

In order to enable the Commissariat aux Assurances to carry out an objective categorisation of insurance companies, it is essential that the data be collected using uniform criteria. It follows that only the results resulting from the application of all the criteria developed by the Commissariat must be communicated to the CAA. These criteria may not be modified under any circumstances and their application is mandatory for the insurance company.

However, the CAA encourages companies subject to this circular letter to add additional criteria to the evaluation forms to better identify their individual level of BC/FT risk. These additional criteria are intended for use purely by the insurance company and are not to be communicated to the Commissariat aux Assurances.

- **for the assurance and the "credit/caution" resource :**

Annex III - Part 1 to this circular letter is to be completed by non-life insurance undertakings engaged in "credit/guarantee" operations, for their portfolio as a whole.

Annex IV - Part 1 to this circular letter is to be completed by reinsurance undertakings engaged in "credit/guarantee" operations, for their portfolio as a whole.

If this monitoring shows that there has been a change in the BC/FT risk profile, the company must make the necessary and proportionate adjustments to its BC/FT policy and to the measures for managing this risk. At least once a year, the insurance and reinsurance undertaking must carry out a review of its analysis of the risks relating to its business, the result of which must be communicated to the decision-making body within the insurance and reinsurance undertaking.

As for life insurance, the results obtained on the basis of the questionnaires in Annexes III and IV must be communicated regularly to the Commissariat aux Assurances. In order to enable the latter to make an objective categorisation of insurance and reinsurance undertakings, it is essential that the data be collected using uniform criteria. It follows that only the results resulting from the application of all the criteria developed by the Commissariat must be communicated to the Commissariat. These criteria may not be modified under any circumstances and their application is mandatory for the company.

However, the CAA encourages companies subject to this circular letter to add additional criteria to the evaluation forms to better identify their individual level of BC/FT risk. These additional criteria are intended for purely internal use by the company and are not to be communicated to the Commissariat aux Assurances.

**2. The qualitative questionnaire on BC/FT prevention measures  
(Annexes II , III - Part 2 and IV - Part 2)**

In order to enable the CAA to objectively assess the level of measures put in place to prevent BC/FT risk, a questionnaire relating to the internal organization of the insurance and reinsurance undertaking and its BC/FT policy was developed.

It was decided to propose three questionnaires, one relating to Life insurance (Annex II), another relating to the "Credit/Guarantee" risks of non-life insurance companies (Annex III - Part 2) and a third relating to the "Credit/Guarantee" risks of reinsurance companies (Annex IV - Part 2), which differ only slightly but which take into account the specific features of each activity, in particular the lack of possibilities of buy-back in the event of a change of control. "credit/guarantee".

The respective questionnaires must be completed by the person responsible for AML/CFT and returned to the Commissariat aux Assurances by life insurance undertakings before 15 March 2011 and by non-life insurance and reinsurance undertakings engaged in "credit/surety" operations before 15 July 2011, by e-mail and in paper version duly signed by the person responsible for AML/CFT and by the authorised officer of the insurance or reinsurance undertaking, in the event that they are not the same person.

### **3. The collection of quantitative data**

Aggregated data obtained from the harmonised forms (Annexes Ia), Ib), Ic), Id) Ie) as well as data referring to the situation of the portfolio as at 31 December of the census year (Annex III - Part 1 and Annex IV - Part 1) will be collected by the Commissariat aux Assurances by 31 January of each year at the latest.

The format of the statistics to be reported will be defined at a late stage.

The first data collection carried out by the Commissariat aux Assurances as of January 31, 2009, was as follows 2012 relates for life insurance to the period from 1<sup>st</sup> April to December 31, 2011 and for credit-guarantee insurance or reinsurance on the portfolio position as at 31 December 2011. For subsequent years, the abovementioned companies must submit data for the entire previous calendar year by 31 January of each year at the latest.

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Effective compliance with this circular letter will be monitored by the Commissariat aux Assurances (1) during on-site inspections and (2) through the annual communication of monitoring results, at times to be determined by the Commissariat aux Assurances.

For the Management Committee,

Victor ROD  
Director

## Annex I (a)

### Checklist when taking out a local individual life insurance policy

(must be created when the contract is taken out and the detailed results must be stored on computer media so that they can be used for statistical purposes at any time)

**Surname and first name of the policyholder**

**Insurance policy number**

**Type of contract**

		YES	NO	SCORE
LOC-1	Are the following three conditions met cumulatively? a) the contract is a pure risk, provident savings or pension savings contract b) the characteristics of the contract meet the eligibility criteria of Articles 111 or 111bis of the ITA (c) the premium is less than the maximum amount deductible under Articles 111 and 111a of the ITA	0	1	
LOC-2	Is the contract an investment savings or capitalisation contract that does not give entitlement to a tax deduction and is paid by a single premium?	3	0	
LOC-3	Is the contract an investment savings or capitalisation contract that does not give rise to a tax deduction and is paid by periodic premiums?	2	0	
LOC-4	Is the contract a contract of outstanding balance or financing balance with the borrowed amount less than or equal to the amount covered?	-1	0	
LOC-5	Is the contract a contract of outstanding balance or financing balance with the borrowed amount exceeding the amount covered?	1	0	

**SCORE product**

**TOTAL**

#### Subscriber check sheet

		YES	NO	SCORE
LOC-6	<b>Geographical risks</b> The insured person is a resident of the EEA	0	1	
LOC-7	The policyholder and the insured person are of EEA nationality.	0	1	
LOC-8	The funds come from an account in a non-EEA country.	1	0	
	<b>Premium Risks</b>			
LOC-9	The annual premium(s) is (are) less than 10,000 euros	0	4	
LOC-10	The single premium(s) is (are) less than 25,000 euros	0	4	
LOC-11	The first premium is paid in cash or by cheque.	4	0	
LOC-12	The file presents another atypical element relating to the payment of the premium (e.g. payment via third party account)	2	0	
	<b>Customer risks</b>			
LOC-13	The policyholder is a natural person (excluding group insurance).	0	4	
LOC-14	The contract is based on a special arrangement (trust or a similar legal structure, a not-for-profit organisation, etc.). company)	0 or an offshore		4
LOC-15	The beneficiary clause is in favour of a family member or in favour of an institution banking	0	2	
LOC-16	Terrorism/PEP filtering on client/insured/beneficiary has created a positive alert	4	0	
LOC-17	The client or his/her family are classified as PEPs.	4	0	
LOC-18	The client exercises a sensitive profession or belongs to a sensitive sector of activity	2	0	
	<b>Miscellaneous risks</b>			
LOC-19	The file presents an atypical element (e.g. invalid ID etc...)	4	0	
LOC-20	The contract is a remaining item contract	1	0	

**CUSTOMER TOTAL SCORE**

## Annex I (b)

### Checklist when taking out an LPS life insurance contract

(must be created when the contract is taken out and the detailed results must be stored on computer media so that they can be used for statistical purposes at any time)

**Surname and first name of the policyholder**

**Insurance policy number**

		YES	NO	SCORE
<b>Geographic risk</b>				
LPS-1	The policyholder and the insured are residents of the EEA	0	1	
LPS-2	The policyholder and the insured person are EEA nationals.	0	1	
LPS-3	The funds come from an account in a non-EEA country.	1	0	
LPS-4	The intermediary resides in another State (except Luxembourg) than the lessee.	4	0	
<b>Premium Payment Risk</b>				
LPS-5	The premium(s) is (are) more than 250,000 euros	4	0	
LPS-6	The first premium is paid in cash, by cheque or by physical delivery of securities.	4	0	
LPS-7	The first premium is paid via a third party account.	2	0	
LPS-8	Receipt of funds without submission of an insurance application or application form (premium, insurance premium, etc.) attributable to a subscription)	0	not	4
LPS-9	The file presents another atypical element relating to the payment of the premium (payment of a premium higher than the advertised amount, no apparent geographical link between the residence of the lessee and the State in which the banking institution by which the premium(s) is/are paid is/are located )	2	0	
<b>Customer risk</b>				
LPS-10	The policyholder is a natural person (excluding group insurance).	0	4	
LPS-11	The contract is based on a special arrangement (trust or similar legal structure, a non-profit organisation or an offshore company)	4	0	
LPS-12	The beneficiary clause is in favour of a family member or in favour of an institution banking	0	2	
LPS-13	The beneficiary clause is in favour of a legal person or de facto association or work of charity	2	0	
LPS-14	Terrorism/PEP filtering on client/insured/beneficiary has created a positive alert	4	0	
LPS-15	The client or his/her family are classified as PEPs.	4	0	
LPS-16	The client exercises a sensitive profession or belongs to a sensitive sector of activity	2	0	
LPS-17	Research shows a negative element on the taker	1	0	
LPS-18	The premium(s) is (are) disproportionate in view of the economic and financial situation of the lessee	1	0	
<b>Miscellaneous risks</b>				
LPS-19	The file has an atypical element (e.g., invalid identification - altered credentials, not signed, incomplete, inconsistent or in draft form - the contractor is acting as agent for the third party account - subscription to abnormal or unfavourable pricing conditions, etc... )	4	0	
LPS-20	The contract is terminated during the cancellation period.	1	0	
<b>CUSTOMER TOTAL SCORE</b>				

### **Annex I (c)**

#### **Checklist when taking out a local group life insurance policy**

(must be created when the contract is taken out and the detailed results must be stored on computer media so that they can be used for statistical purposes at any time)

**Name of the policyholder**

**Insurance contract number**

	<b>YES</b>	<b>NO</b>	<b>SCORE</b>
Exceeding the tax threshold	1	0	
Tenant is a one-person company or a company with limited staff with a one-person plan	1	0	
Excessive catch-up for liabilities ("back service")	1	0	
Special mounting or other disturbing elements	1	0	

**TOTAL SCORE**

**Annex I (d)**  
**Checklist when taking out an LPS group**  
**life insurance policy**

(must be created when the contract is taken out and the detailed results must be stored on computer media so that they can be used for statistical purposes at any time)

**Name of the policyholder**

**Insurance policy number**

	<b>YES</b>	<b>NO</b>	<b>SCORE</b>
Tenant is a one-person company or a company with limited staff with a one-person plan	1	0	
Excessive catch-up for liabilities ("back service")	1	0	
Special mounting or other disturbing elements	1	0	
The policyholder and the insured are residents of the EEA	0	1	
The policyholder and the insured person are EEA nationals.	0	1	
The funds come from an account in a non-EEA country.	1	0	

**TOTAL SCORE**

**Annex I (e)**  
**Life insurance movement control sheet**

(must be created on the first movement of the year giving a positive score and the detailed results must be stored on computer media so that they can be used for statistical purposes at any time)

**Surname and first name of the  
policyholder Insurance contract number  
Fiscal year**

		<b>YES</b>	<b>NO</b>	<b>SCORE</b>
MOV-1	Redemption takes place within two years of subscription.	1	0	
MOV-2	Buying back leads to economically disproportionate penalties	1	0	
MOV-3	The redemption must be paid to a person other than the policyholder. The beneficiary's request for modification shall be made in favour of :	2	0	
MOV-4	1. a legal person (commercial company or charity or patrimonial structure Trust BVI etc. )	1	0	
MOV-5	2. of a natural person if the contract has been taken out by a person morals	1	0	
MOV-6	3. of a third party whose family ties are not established	1	0	
MOV-7	The contract is pledged as collateral after subscription	1	0	
MOV-8	Request for change of policyholder or insured person	1	0	
MOV-9	The annual premium or guarantee - is doubled.	1	0	
MOV-10	The additional payment brings the contract to more than 100,000 euros.	1	0	
MOV-11	A premium paid meets one of the criteria LPS-6, LPS-7 or LPS-9.	1	0	
MOV-12	The lessee has a sensitive profession/activity	2	0	
MOV-13	The contract has been declared to the Public Prosecutor's Office.	2	0	
MOV-14	The requested transaction is atypical (cash transfer to a third party account etc...)	2	0	
MOV-15	Terrorism/PEP filtering on client/insured/beneficiary has created an alert as a result of a request for modification	2	0	
MOV-16	Request for payment of the benefit in cash or cheques	1	0	
MOV-17	The contract shows frequent and unexplained movements of funds from different banking institutions or from different countries	2	0	
	Initial Product Score - For information			
	<b>TOTAL MOTION SCORE</b>			

**Annex II:**  
**Questionnaire on combating money-laundering and  
the financing of terrorism**

Instructions

This questionnaire is to be completed by the person responsible for the fight against money laundering and terrorist financing within the company. It must be countersigned by the authorised manager of the insurance undertaking (if different).

Please mark with a cross (x) or indicate the requested answer (number or percentage) in the appropriate blue cell.

Name of the insurance company:	
Name of the LBC/ FT manager:	
Hierarchical position of the AML/FT manager within the insurance company:	
Does the AML/FT manager perform other tasks within the insurance undertaking? Which ones?	
Name of the head of the compliance function:	

signature of the AML/FT manager:

signature of the authorized officer:

## Internal Organization

1.	How many people make up the team AML/FT within the insurance company?	number		
2.	The AML/CFT procedure within the company			
	- is a written procedure	yes	no	
	- is a single document	yes	no	
	- is accessible to all	yes	no	
	- is published via	intranet	paper-based	other (please specify)
3.	What is the year of the last update of the BC/FT procedure?	year		
	Are existing contracts being brought into line with the current procedure?	yes, for all contracts	yes, in case of movement on	no
4.	Has your company ever been subject to an internal audit?	yes	no	
	In what year was the last internal audit carried out?	year		
	Was the BC/FT domain included?	yes	no	
	Were any recommendations made in the BC/FT area?	yes	no	
	If so, has your company already taken steps to meet these recommendations?	yes	no	No, the audit report has not yet been delivered.

5.	Is there an acceptance committee within your company?	yes	no				
	What is its composition? (names and functions)						
	What is his area of expertise? Briefly describe						
	The Committee shall be competent to decide on the:						
	- contracts from the following amount	amount					
	- new customers	yes	no				
	- existing customers (e.g. for a 2nd contract)	yes	no				
	- additional payments	yes	no				
	Frequency of meetings of this committee	ad-hoc (in case of need)	at least once a week	at least twice a month	at least once a month	less than once a month	
	Are minutes taken of these meetings?	yes	no				
6.	Is there a separate committee competent to analyze subscription applications from a BC/FT perspective?	yes	no				
7	What is the number and percentage of applications refused by the Acceptance Committee in 2010?	number	percentage				

## BC/FT Policy

1.	Does your BC/FT procedure follow a risk-based approach?	yes	no		
	The criteria applied are :				
	- customers	yes	no		
	- geographical risks	yes	no		
	- methods of payment	yes	no		
	- the products	yes	no		
	- transactions	yes	no		
	- other (specify)	yes	no		
2.	Has your insurance company been searched since 01.01.2007?	yes	How much?	no	
3.	Has your insurance company ever filed suspicious transaction reports?	yes	How much?	no	

4.	Which category of staff members of the insurance undertaking has participated in BC/FT training since 01.01.2009?						
	- Chartered Executive Officer	yes	no				
	- Members of the Acceptance Committee (if any)	< 20%	20-40%	40-60%	60-80%	> 80%	100%
	- Compliance/Legal	< 20%	20-40%	40-60%	60-80%	> 80%	100%
	- Commercial	< 20%	20-40%	40-60%	60-80%	> 80%	100%
	- Others	< 20%	20-40%	40-60%	60-80%	> 80%	100%
5.	Does your BC/FT procedure provide for specific controls in the event of a change of beneficiary?	yes	no				
6.	Does your BC/FT procedure include specific provisions to combat FT	yes	no				
7.	Does the analysis of the KYC form go beyond a simple verification that the policyholder has answered all the questions (analysis of the socio-economic situation of the policyholder in relation to the type of contract, the amount of premiums or additional payments,...)?	yes	no				

8. When contracts are issued, does your BC/FT procedure include specific provisions on the

- recipient audit	yes	no
- audit of economic beneficiaries	yes	no
Are these audits documented?	yes	no

9. How often are existing clients checked?	ad hoc (by example when receiving	at least once a week	at least once a month	at least twice a year	at least once a year	
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Are these audits documented?	yes	no
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10. What is the basis for customer verification?

- Lists of the Public Prosecutor's Office	yes	no
- European Union Regulations	yes	no
- UN Resolutions	yes	no
- Local Press	yes	no
- International Press	yes	no
- Worldcheck	yes	no
- Internal list including professions / sensitive activities?	yes	no
- Others?	yes	no

11. Does the BC/FT manager carry out a sample check every year on	yes	How much?	no
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## Assessment of the person in charge BC/FT

1.	Does the BC/FT manager feel that the BC/FT procedure is fully followed?	never	hardly ever	medium	most of the time	always
2.	Does the BC/FT manager feel that the files are sufficiently documented?	yes	no			
3.	Does the BC/FT manager consider that the number of persons dealing with the BC/FT area within the company is proportionate to the insurance undertaking's activity?	yes	no	too many	not enough staff	
4.	According to the assessment of the BC/FT manager, what is your company's exposure to BC/FT risk and the following criteria?					
	- Type of customers	shoestring	low	medium	important	momentous
	- Country of origin of funds	shoestring	low	medium	important	momentous
	- Type of transactions	shoestring	low	medium	important	momentous
	- Type of products	shoestring	low	medium	important	momentous
	- Distribution networks	shoestring	low	medium	important	momentous
	- Internal organization of the company	shoestring	low	medium	important	momentous
5.	According to the assessment of the BC/FT manager, are the measures put in place sufficient to mitigate this risk?	yes	no			

## Annex III

### Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Questionnaire for insurance companies operating in the credit/guarantee sector

#### Instructions :

- This questionnaire is to be completed by the person responsible for the fight against money laundering and terrorist financing within the company. It must be countersigned by the authorised manager of the insurance company (if different).

- The questionnaire refers only to credit/guarantee business, the percentages requested must be estimated on the basis of the volume of business in these branches and the situation of the portfolio in progress (cumulative stock and production for the year).

#### Definitions applicable to surety insurance ::

policyholder = borrower = the one who pays the premium / beneficiary = lender = the one who receives the indemnity

#### Definitions applicable to credit insurance :

policyholder = beneficiary = the one who pays the premium and receives the indemnity

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## Part I: Risk Assessment of Corporate Portfolios

### NAME OF THE INSURANCE COMPANY

Do you practice the credit/guarantee branches?

(If the answer is no, please return the questionnaire not completed, but nevertheless duly signed by the authorised officer).

Name of the AML/FT manager:

To whom (hierarchical position) does the manager report?  
LBC/FT within the company?

Does the AML/FT manager perform other tasks  
within the company?  
Which ones?

Have you ever instituted a function  
compliance within your company?

If Yes: Name of the person responsible for this function:

Signature of the AML/CFT Officer:

Signature of the authorised officer:

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## A. Geographic risk

1. a) What is the percentage of contracts in the portfolio for which the **policyholder (customer)** is a resident of an EEA country?
  - b) Does the company verify whether there is an apparent geographical link between the residence of the lessee (client) and the state of establishment of the banking institution?  
by which the premiums are paid?
2. a) What is the percentage of contracts in the portfolio for which the Is the **beneficiary a** resident of an EEA country?
  - b) Does the company verify whether there is an apparent geographical link between the residence of the beneficiary and the state of establishment of the banking institution?  
of the account to which the compensation is to be paid?
3. What is the percentage of premiums paid through an account from a country with a substantial and strategic AML/CFT regime deficiencies or a country with an AML/CFT regime that is deemed unsatisfactory?  
(as reported by the FATF)?
4. What is the percentage of contracts for which the intermediary resides in another State (except Luxembourg) than the lessee (client)?
5. Does the company have rigorous verification procedures in place when there are frequent and unexplained movements of funds from different banking institutions or countries?

Comments (if "No, I have not yet been confronted with this situation" ):

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## B. Takers (clients) / Beneficiaries

1. What is the proportion of contracts for which the **policyholder (customer)** is a legal person?
    - (a) - % of the number of contracts :
    - (b) - % of written premiums :
    - (c) Among the lessees (customers) "legal person", what percentage of them are listed companies (in terms of number of contracts)?
    - (d) Among the "legal person" lessees (customers), what percentage of them are financial institutions within the meaning of the AML/CFT Act ( in terms of n u m b e r o f c u s t o m e r s ) ? contracts)?
  2. What is the exact number and percentage of portfolio contracts for which the policyholder (client) is a PEP within the meaning of the AML/CFT law?
    - (a) - Number of contracts :
    - (b) - Percentage of contracts :
  3. Are there any tenants (clients) with whom the company or its intermediary has no direct relationship (the link is made by a lawyer, notary, etc.), tax advice,...)?
  4. What is the proportion of contracts for which the **beneficiary** is a legal person?
    - (a) - % of the number of contracts :
    - (b) - % of written premiums :
    - (c) Among the "legal person" beneficiaries, what is the percentage of companies that are "legal persons"? (in terms of number of contracts)?
    - (d) Among the "legal person" beneficiaries, what is the percentage of financial institutions within the meaning of the AML/CFT Act ( in terms of n u m b e r o f beneficiaries)? contracts)?
  5. What is the exact number and percentage of contracts in the portfolio for which the beneficiary is a PEP within the meaning of the AML/CFT law?
    - (a) - Number of contracts :
    - (b) - Percentage of contracts :
  6. What is the percentage of contracts for which the **policyholder (client) or beneficiary** is a legal person with a complex legal structure? (trust or similar legal arrangement, NPO or offshore company)?
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### C. Methods of payment

1. a) Does your company accept the payment of premiums in cash or by Bank check?  
b) Does your company accept premium payments from third parties?
  2. a) In the event of a claim, does your company agree to pay the indemnity in cash or bank check?  
b) In the event of a claim, does your company agree to pay the indemnity in a currency other than the original policy currency (policies issued in countries whose currency has meanwhile switched to the euro are not covered by the policy)?  
not to be considered)?
  3. What percentage of the premiums is collected directly by the company (not by the insurer)?  
e.g. through intermediaries)?
  4. What percentage of periodic premium contracts have premiums that are paid by direct debit order?
- 

### D. Distribution network

1. What is the distribution (in percentages) of the company's distribution network according to its collections?
    - a)- Agent :
    - b)- Broker :
    - c)- Bank :
    - (d) - Direct sales :
    - e)- Other: **Total:0.00%.**
  2. Does the company have a policy for accepting intermediaries?
  3. During the collaboration with the intermediary, does the company carry out a check on the validity of the approval?
  4. Is the AML/FT procedure available to the network?
  5. Is the third party introducer responsible for collecting and verifying on behalf of the company the information relating to the identity and knowledge of the lessees (customers) and/or beneficiaries?  
Comments (if answer = "Not applicable" ) :
  6. Does the third party make the identification and knowledge of the lessee (customer) and/or beneficiary available to the company without delay on request?  
Comments (if answer = "Not applicable" ) :
-

## Annex III

### Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Questionnaire for insurance companies operating in the credit/guarantee sector

#### Instructions :

- This questionnaire is to be completed by the person responsible for the fight against money laundering and terrorist financing within the company. It must be countersigned by the authorised manager of the insurance company (if different).

- The questionnaire refers only to credit/guarantee business, the percentages requested must be estimated on the basis of the volume of business in these branches and the situation of the portfolio in progress (cumulative stock and production for the year).

#### Definitions applicable to surety insurance

policyholder = borrower = the one who pays the premium / beneficiary = lender = the one who receives the indemnity

#### Definitions applicable to credit insurance:

policyholder = beneficiary = the one who pays the premium and receives the indemnity

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### Part II: Internal measures put in place for AML/CFT company

#### NAME OF THE INSURANCE COMPANY

Do you practice the credit/guarantee branches?  
(If the answer is no, please return the questionnaire not completed, but nevertheless duly signed by the authorised officer).

Name of the AML/FT manager:

To whom (hierarchical position) does the manager report?  
AML/FT within the company?

Does the AML/FT manager perform other tasks  
within the company?  
Which ones?

Have you ever instituted a function  
compliance within your company?

If Yes: Name of the person responsible for this

function: Signature of the AML/FT manager:

Signature of authorized officer:

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## **E. Internal organization**

1. How many people make up the company's AML/CFT team?
2. The AML/CFT procedure within the company:
  - a) - is in progress?
  - b) - is a written procedure? c) - is a single document? d) - is accessible to all?
  - e) - is published via ?  
Please specify the mode of publication (if answer = "Other") :
3.
  - a) When was the AML/CFT procedure last updated?
  - b) Are existing contracts being brought into line with the procedure current?
4.
  - a) Has your company ever been internally audited?
  - b) In which year was the last internal audit carried out?
  - c) Was the AML/FT domain included?
  - d) Are there any AML/CFT recommendations?
  - e) If recommendations were made, did your  
Has the company already taken steps to meet these recommendations?  
Comments :

5. a) Does your company have an acceptance committee? What is  
b) its composition? (names and functions)

c) What is his area of expertise? (Describe briefly)

The Committee shall be competent to decide on the:

- d) - contracts from the following amount (in EUR):  
e) - lessees (customers) / new beneficiaries  
f) - existing policyholders (customers) / beneficiaries (e.g. 2nd contract)  
g) - endorsements significantly increasing the contract's cover  
h) How often does this committee meet?  
i) Are minutes taken of these meetings?

What is the number and percentage of applications rejected by the acceptance committee in the first six months of 2012?

- j) - number of cases :  
k) - % of cases : compared to the number of accepted applications in the first 6 months of 2012

6. Is there a separate committee competent to review applications for subscriptions from an AML/FT angle?
7. If he exists some procedures / controls applicable an acceptance material, describe them:

## F. AML/CFT Policy and Procedural Analysis

1. a) Does your AML/FT procedure follow a risk-based approach? The criteria applied are:
  - b) - lessees (customers) / beneficiaries (with at least criteria related to the geography and activity)
  - c) - the products
  - d) - marketing methods
  - ) - transactions
  - e) - others
  - f) Please specify any other criteria :
2. Since 27.10.2010, how many searches has your company already been subjected to?
3. How many suspicious activity reports has your company already submitted since 27.10.2010?
4. What is the percentage of participation in AML/CFT courses since the 27.10.2010 according to the different categories of personnel of the company?
  - a) - Chartered Executive Officer
  - b) - Members of the Acceptance Committee (if any)
  - c) - Compliance / Legal
  - d) - Commercial
  - e) - Others
5. When contracts are issued, does your AML/CFT procedure include specific provisions on the verification of
  - a) - of the lessees (customers)?
  - b) - of the beneficiaries?  
Are these audits documented
  - c) - for the lessees (customers)?
  - d) - for the beneficiaries?
6. Does your AML/CFT procedure provide for specific controls in case of change of lessee (client) or beneficiary?
7. Does your AML/CFT procedure include a list of indicators that should be used to lead to increased vigilance (PTNC, sensitive activities,...)?
8. Does your AML/CFT procedure provide for the retention of documents at least five years after the relationship ended?
9. Does your AML/CFT procedure include specific provisions in the fight against the financing of terrorism?
10. Do you carry out analyses of knowledge of your policyholder (customer) / beneficiary that go beyond identification (e.g. in "surety" insurance an analysis of the amount of claims to be covered in relation to the situation of the policyholder (customer) / beneficiary (e.g. in "guarantee" insurance an analysis of the amount of claims to be covered in relation to the situation of the policyholder (customer) / beneficiary)? personal economics)?

11.

- a) How often are existing lessees (clients)/beneficiaries checked (due diligence obligations) as required by the amended Act of 12.11.2004 Art.3?
- b) Are these audits documented?

12. What is the basis for the verification of lessees (clients) / beneficiaries?

- a) - Lists of the Public Prosecutor's Office
- b) - European Union Regulations
- c) - UNO Resolutions
- d) - Local Press
- e) - International Press
- f) - Worldcheck
- g) - Internal list of sensitive occupations/activities
- h) - Others

Please specify "Other" if applicable:

- 13. a) Does the AML/CFT Officer carry out annual sample checks on the application of the AML/CFT procedure to the portfolio of existing contracts?
- b) How many contracts are included in the control sample?

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### **G. Assessment of the AML/CFT Officer in Charge**

- 1. Does the AML/CFT Officer consider that the AML/CFT procedure is fully monitored?
- 2. Does the AML/CFT Officer feel that the records are sufficiently documented?
- 3. Does the AML/CFT Officer consider that the number of persons dealing with AML/CFT in the company is proportionate to the number of employees in the company to the company's activity?
- 4. In the opinion of the AML/CFT Officer, what is your company's exposure to AML/CFT risk and the following criteria?
  - a) - Type of tenants (customers) / beneficiaries
  - b) - Country of origin of funds
  - c) - Type of transactions
  - d) - Type of products
  - e) - Internal organization of the company
  - f) - Distribution networks
- 5. In the opinion of the AML/CFT Officer, are the measures in place sufficient to mitigate this risk?

## Annex IV

### Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Questionnaire for reinsurance undertakings engaged in the credit/guarantee business

#### Instructions :

- This questionnaire is to be completed by the person responsible for the fight against money laundering and terrorist financing ("AML/CFT Officer") within the company. It must be countersigned by the authorised manager of the reinsurance undertaking (if different).
  - The questionnaire refers only to credit/guarantee business, the percentages requested must be estimated on the basis of the volume of business in these branches and the situation of the portfolio in progress (cumulative stock and production for the year).
- 

### Part I: Risk Assessment of Corporate Portfolios

#### NAME OF THE REINSURANCE UNDERTAKING

Do you practice the credit/guarantee branches?

**(If the answer is no, please return the questionnaire not completed, but nevertheless duly signed by the authorised officer).**

Is the internal organization outsourced?

Name of the AML/FT manager:

To whom (hierarchical position) does the manager report?  
LBC/FT within the company?

Does the AML/FT manager perform other tasks  
within the company?  
Which ones?

Have you already set up a compliance function  
within your company?

If Yes: Name of the person responsible for this function:

Signature of the AML/CFT Officer:

Signature of the authorised officer:

---

## A. Geographic risk

1.
    - a) What is the percentage of contracts in the portfolio for which the country of establishment of the ceding company (directly ceding insurance or reinsurance undertaking) is an EEA country?
    - b) Does the undertaking verify whether there is an apparent geographical link between the country of establishment of the ceding company (insurance or reinsurance undertaking ceding directly) and the country of establishment of the banking institution through which the premiums are paid?
  2. What is the percentage of premiums paid through an account from a country with a substantial and strategic AML/CFT regime deficiencies or a country with an AML/CFT regime that is considered unsatisfactory (as reported by the FATF)?
  3. What is the percentage of contracts for which the intermediary resides in another State (except Luxembourg) than the assignor / regrantors?
  4. Does the company have rigorous verification procedures in place when there are frequent and unexplained movements of funds from different banking institutions or countries?  
Comments (if "No, I have not yet been confronted with this situation" ):
- 

## B. Grantors/Backers

1. Among grantors, what percentage of companies are listed on the stock exchange (in terms of number of contracts)?
  2. What is the exact number and percentage of portfolio contracts for which the "beneficial owner" (natural person who ultimately owns or controls a legal entity) of a transferor/re-transferor is a politically exposed person ("PEP") within the meaning of Article 1 §(7) of the AML/CFT Law?  
    - (a) - Number of contracts :
    - (b) - Percentage of contracts :
  3. What is the percentage of contracts for which the assignor / retroceding party's shareholding is a complex legal structure (trust or similar legal structure or offshore company)?
-

## C. Methods of payment

1. a) Does your company accept the payment of premiums
- 1. in cash:
  - 2. by bank cheque:
  - 3. per deposit of securities, receivables, etc:
  - 4. others:
- b) Does your company accept payment of premiums from third parties?  
(other than part of the contract)?
2. a) In the event of a claim, does your company agree to pay the indemnity?
- 1.in cash:
  - 2.by bank cheque:
- b) In the event of a claim, does your company agree to pay the indemnity in a currency other than the original currency of the contract (contracts issued in countries whose currency has meanwhile switched to the euro are not to be considered)?
3. What percentage of the premiums is collected directly by the company (and not e.g. through intermediaries)?
- 

## D. Intermediation network

- 1.What is the distribution (in percentages) of the company's collection according to:
- a) Broker :
  - b) Direct sales:
  - c) Other:
- Total:0.00%.**
- 2.Does the company have a policy for accepting intermediaries?
- 3.During the cooperation with the intermediary, does the company carry out a control on the validity of the approval?
- 4.Is the introducing intermediary/third party responsible for collecting and verifying on behalf of the company the information relating to the identity and knowledge of the transferors/retro-transferors?  
Comments (if answer = "Not applicable" ) :
- 5.Does the introducing intermediary / third party make available to the company, without delay, the documents relating to the identification and knowledge of the transferor / retro-transferor?  
Comments (if answer = "Not applicable" ) :
-

## Annex IV

### Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Questionnaire for reinsurance undertakings engaged in the credit/guarantee business

#### Instructions :

- This questionnaire is to be completed by the person responsible for the fight against money laundering and terrorist financing within the company. It must be countersigned by the authorised manager of the reinsurance undertaking (if different).
  - The questionnaire refers only to credit/guarantee type business, the percentages requested must be estimated on the basis of the volume of business in these branches and the situation of the current portfolio (cumulative stock and production for the year).
- 

### Part II: Internal measures put in place for AML/CFT company

#### NAME OF THE REINSURANCE UNDERTAKING

Do you practice the credit/guarantee branches?  
(If the answer is no, please return the questionnaire not completed, but nevertheless duly signed by the authorised officer).

Is the internal organization outsourced?

Name of the AML/FT manager:

To whom (hierarchical position) does the manager report?  
AML/FT within the company?

Does the AML/FT manager perform other tasks  
within the company?  
Which ones?

Have you ever instituted a function  
compliance within your company?

If Yes: Name of the person responsible for this

function: Signature of the AML/FT manager:

Signature of authorized officer:

---

## **E. Internal organization**

1. How many people make up the company's AML/CFT team?
2. The AML/CFT procedure within the company:
  - a) - is in progress?
  - b) - is a written procedure?
  - c) - is a single document?
  - d) - is accessible to all?
  - e) - is published via?

Please specify the mode of publication (if answer = "Other") :

3.
  - a) When was the AML/CFT procedure last updated?
  - b) Are existing contracts being brought into line with the procedure current?
4.
  - a) Has your company ever been internally audited?
  - b) In which year was the last internal audit carried out?
  - c) Was the AML/FT domain included?
  - d) Are there any AML/CFT recommendations?
  - e) In the event that recommendations have been made, will your  
Has the company already taken steps to meet these recommendations?  
Comments :

5.
  - a) Does your company have an acceptance committee?
  - b) What is its composition? (names and functions)

(c) What is its area of competence? (Describe briefly)

The Committee shall be competent to decide on the:

- d) - contracts from the following amount (in EUR):
  - e) - endorsements significantly increasing the contract's cover
  - (f) How often does this committee meet?
  - g) Are minutes of these meetings kept?  
 What is the number and percentage of applications rejected by the acceptance committee in the first six months of 2012?
  - h) - number of cases :
  - i) - % of cases : compared to the number of accepted applications in the first 6 months of 2012
6. Is there a separate committee competent to review applications for subscriptions from an AML/FT angle?
7. If he exists some procedures / controls applicable an acceptance material, describe them:

## F. AML/CFT Policy and Procedural Analysis

1. a) Does your AML/FT procedure follow a risk-based approach?  
 The criteria applied are:
  - b) - the assignors/receding parties (with at least criteria related to the geography)
  - c) - transactions
  - d) - others
 Please specify any other criteria :
  
2. Since 27.10.2010, how many searches has your company already been subjected to?
  
3. How many suspicious activity reports has y o u r company already submitted since 27.10.2010?
  
4. What is the percentage of participation in AML/CFT courses since the 27.10.2010 according to the different categories of personnel of the company?
  - a) - Chartered Executive Officer
  - b) - Members of the Acceptance Committee (if any)
  - c) - Compliance / Legal
  - d) - Others

5. When contracts are issued, does your AML/CFT procedure include specific provisions on the verification of
- a) - of the assignors/retroceding parties?  
Are these audits documented
  - b) - for the assignors/regrantors?
6. Does your AML/CFT procedure include a list of indicators that should be used to lead to increased vigilance (PTNC, sensitive activities,...)?
7. Does your AML/CFT procedure provide for the retention of documents at least five years after the relationship ended?
8. Does your AML/CFT procedure include specific provisions in the fight against the financing of terrorism?
9. a) How often do existing transferors/retrograntors (due diligence obligations) under the amended Act of 12.11.2004 Art.3?
- b) Are these audits documented?
10. What is the basis for the verification of lessees (clients) / beneficiaries?
- a) - Lists of the Public Prosecutor's Office
  - b) - European Union Regulations
  - c) - UNO Resolutions
  - d) - Local Press
  - e) - International Press
  - f) - Worldcheck
  - g) - Internal list of sensitive occupations/activities
  - h) - Others
- Please specify "Other" if applicable:
11. a) Does the AML/CFT Officer carry out annual sample checks on the application of the AML/CFT procedure to the portfolio of existing contracts?
- b) How many contracts are included in the control sample?
-

## **G. Assessment of the AML/CFT Officer in Charge**

1. Does the AML/CFT Officer consider that the AML/CFT procedure is fully monitored?
  2. Does the AML/CFT Officer feel that the records are sufficiently documented?
  3. Does the AML/CFT Officer consider that the number of persons dealing with AML/CFT in the company is proportionate to the number of employees in the company?  
to the company's activity?
  4. In the opinion of the AML/CFT Officer, what is your company's exposure to AML/CFT risk and the following criteria?
    - a) - type of transferors/redeceivers
    - b) - Country of origin of funds
    - c) - Type of transactions
    - d) - Type of products
    - e) - Internal organization of the company
  5. In the opinion of the AML/CFT Officer, are the measures in place sufficient to mitigate this risk?
-