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Luxembourg, le 18 mars 2019

**Circular letter 19/11 of the Commissariat aux Assurances
on amendments
to Article 47 of CAA Regulation 13/01 of 23 December 2013
on anti-money laundering and counter-terrorist financing
concerning the report to be provided by the auditors of
licensed insurance and reinsurance undertakings**

Ladies and Gentlemen,

We have the honour to refer to the entry into force of the amendments made to Article 47 of CAA Regulation No. 13/01 of 23 December 2013 on anti-money laundering and counter-terrorist financing by CAA-Regulation No. 19/04 of 26 February 2019 published in Mémorial A n°151 of 14 March 2019.

1. Background information

Following the entry into force of CAA Regulation No. 13/01, the Commissariat aux Assurances noted a certain confusion between the concepts of "compte rendu analytique/ summary report" as mentioned in Article 47 of CAA Regulation No. 13/01 and "distinct report" as detailed in Circular Letters 09/1 and 09/2 issued by the Commissariat aux Assurances.

In order to avoid any ambiguity in the future, the Commissariat aux Assurances has amended the wording of Article 47 by replacing the words "summary report" by "special report".

In addition, the Commissariat aux Assurances has clarified the reference to the amended law of 7 December 2015 on the insurance sector.

2. Amendment to Article 47 of CAA Regulation 13/01

The purpose of the amendment to Article 47 of CAA Regulation 13/01 is to highlight the distinction between the content of the "special report" and that of the "distinct report" to be provided by the statutory auditors in the context of the audit of the annual accounts of insurance and reinsurance undertakings.

2.1. Content of the special report and the distinct report

- The purpose of the special report as referred to in Article 47 of CAA-Regulation No. 13/01 is to inform the corporate bodies of the audited company as to the compliance of the anti-money laundering and counter-terrorist financing ("AML/CFT") system set up, with the legal and regulatory provisions applicable in this area. The content of the special report is detailed precisely in Article 47

of CAA Regulation 13/01 and should therefore make it possible to answer to all the points mentioned in this article.

The selected sampling must be fully detailed in the special report.

- The content of the distinct report is detailed in Circular Letter 09/1 for insurance companies and Circular Letter 09/2 for reinsurance companies and is intended to provide the Commissariat aux Assurances with information on a number of elements that are subject to its prudential supervision. Although the distinct report contains certain questions relating to compliance with AML/CFT professional obligations, it is not intended to replace the special report and the due diligence that must be carried out in this respect.

It should be noted that Circular Letters 09/1 and 09/2 have been amended regarding the content of AML/CFT professional obligations issues.

2.2 Communication of the special report and the separate report

- As mentioned in Circular Letters 09/1 and 09/2, the date of submission of the distinct report is communicated every year when the annual reporting files are dispatched. This distinct report must be sent to the audited company with a copy to be sent directly to the Commissariat aux Assurances.

- With regard to the special report, the Commissariat aux Assurances considers that the answers to the questions in the distinct report relating to compliance with AML/CFT professional obligations can only be provided by the external auditor (réviseur d'entreprises agréé) if the procedures mentioned in Article 47 of CAA Regulation No. 13/01 have been carefully carried out. Nevertheless, except for the 2018 financial year, the Commissariat aux Assurances does not intend to receive a systematic copy of the special report.

The special report must be subject to a specific review at a meeting of the board of directors of the audited company so that the latter can take note, where appropriate, of the issues raised and take the necessary measures to remedy them (development of a timetable if necessary). The meeting of the Board of Directors must be held within nine months of the end of the 2018 financial year and within six months of the end of subsequent financial years.

The Commissariat aux Assurances will check the content of the special report and the minutes of the Board of Directors' meeting as well as the implementation of the measures taken in this regard during the on-site inspections.

3. Subsequent amendments to CAA Regulation No. 13/01

It should be noted that CAA Regulation 13/01 is currently under review following recent legislative changes.

For the Executive Committee,
Signed by Claude WIRION, Director