



New Circular letter 23/15 from the Commissariat aux Assurances relating to the AML/CFT remediation plans of Luxembourg life insurance companies

January 2024

The Commissariat aux Assurances (CAA) recently published a new circular letter 23/15 (CL 23/15) addressed to Luxembourg life insurance companies (the **Company** or **Companies**) which aims to clarify the CAA's expectations with regard to the anti-money-laundering and counter terrorist financing (AML/CFT) remediation plans (the **Plan** or **Plans**).

The provisions of CL 23/15 entered into force on 11 December 2023. For the Plans that were already ongoing at that date, for as long as corrective actions are deemed to have been “appropriately formalised”, only certain provisions of CL 23/15 are applicable.

1. Context and scope

CL 23/15 applies to Companies carrying out AML/CFT remediation plans, including reviews of their policies and procedures, and their know-your-customer (KYC) files.

CL 23/15 contains specific requirements around these Plans, as follows.

2. Setting-up of the Plan

The CL 23/15 provides, in summary, that:

- the Plan shall be composed of a set of corrective actions to be taken by a Company to remedy non-compliance situations in AML/CFT matters;
- the Plan must be documented in the form of an Excel file, containing for each corrective action information such as the typology, description, timetable, resources, cost, monitoring indicator and person responsible for implementation. CL 23/15 further specifies that each corrective action must be categorised on the basis of its subject (e.g. file review, policy review, etc.); and
- the Plan must be validated by the compliance officer (**RC**), who must then submit the Plan to the person responsible for compliance with the professional obligations (**RR**). The Plan must be approved by the Company's governing, management or supervisory body.

3. Implementation of the Plan

CL 23/15 provides that internal and external resources that are mobilised to implement the Plan must meet criteria of integrity, knowledge, skills and experience appropriate to the risks and tasks to be performed.

The Company must in particular ensure that the relevant persons have adequate knowledge, skills and experience in terms of AML/CFT legislation and regulation, tax predicate offences, contract law and life insurance mechanisms, and languages of drafting of the relevant contracts and related documents.

The Company is required to carry out a clear analysis of these elements which must be formalised in writing and kept at the disposal of the CAA.

Additional and specific rules are provided for in CL 23/15 for file reviews (e.g. training and awareness programmes, regular checks of compliance with the work programme and correcting weaknesses/errors detected, etc.).

4. Monitoring of the Plan

The monitoring of the Plan must be included in the agenda of each meeting of the Company's governing, management or supervisory body. Specific information provided on individual insurance contracts qualifies as "other savings and investment" and "bearer" contracts.

Controlling the implementation and effectiveness of the corrective actions of the Plan must be integrated into the audit plan of the Company's internal audit function. When all the corrective actions are deemed to have been implemented, the Company's internal audit function is required to submit to the Company's governing, management or supervisory body a final report containing its findings and recommendations. This report must be kept at the disposal of the CAA.

The proper execution of the Plan must be included in the scope of the special AML/CFT report(s) of the Company's approved statutory auditor.

If you need more information on the above, please contact our dedicated Insurance & Reinsurance team.



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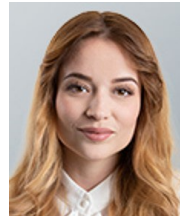


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