

Instructions No. (3) of 2007
Instructions of Anti Money Laundering in Insurance Activities*

Issued by the Board of Directors of the Insurance Commission
pursuant to paragraph (K) of Article (23) of the
Insurance Regulatory Act No. (33) of 1999 and the Amendments Thereof

Article (1):

These Instructions shall be known as the (Instructions of Anti Money Laundering in Insurance Activities of 2007) and shall come into force as of the date of its publication in the Official Gazette.

Article (2):

- A- The following words and phrases, mentioned in these Instructions shall have the meanings ascribed thereto in Article (2) of the Insurance Regulatory Act No. (33) of 1999 and the Amendments Thereof, unless otherwise indicated by context.
- B- For purposes of these Instructions, the words and phrases mentioned hereunder shall have the following meaning:-
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|------------------------------|---|---|
| Unit | : | The anti money laundering unit formed according to the provisions of the Anti Money Laundering Act in force. |
| Insurance Relation | : | The relation established between the company and the customer according to the insurance policy, and any activities or transactions related thereto. |
| Beneficial Owner | : | The natural person who owns ultimate control or the real interest over the insurance relation between the company and the customer. |
| Politically Exposed Persons: | | Individuals who are or have been entrusted with prominent public functions in a foreign country, for example president of a country, head of government, important politicians, judicial or military officials, senior government, important political party officials, also family members or close associate of these peoples of the second step. |
| Suspicious Transaction | : | Any transaction thought for any justified reason that is related to proceeds of any crime of those stipulated in article (4) of the Anti Money Laundering Act No.(46) of 2007. |
- C- For purpose of these Instructions, the word (customer) shall indicate to the insured. In the case of insurance policies where the beneficiary is not the insured the word (customer) shall indicate to the insured and the beneficiary.

* These Instructions were published in the Official Gazette volume (4856) dated 16/10/2007 page (6276).

Article (3): The Scope of Application of These Instructions

The provisions of these Instructions shall be applied on insurance policies where the annual premium or the single premium is not exceeding the amount determined pursuant to the Decision issued by the Director General for this purpose.

Article (4): General Provisions Related to the Measures of the Customer Due Diligence

- A- The company shall undertake customer due diligence measures before or during establishing the insurance relation, and to determine upon that to accept or to refuse this relation. The customer due diligence which the company is obliged to undertake shall consist of the following:-
- 1- Identify and verify the identity and the activity of the customer and the beneficiary.
 - 2- If some one else deal with the company on behalf of the customer, the company shall take reasonable procedures to obtain sufficient identification data to verify the identity of that other person.
 - 3- Identify the beneficial owner and to take appropriate procedures to verify his identity.
- B- If the company is unable to complete customer due diligence measurements, it shall not conclude the contract with him and shall report the unit according to the provisions of these Instructions.
- C- The company can postpone the procedures of the identification and the verification of the identity and the activity of the beneficiary following the concluding of the insurance contract provided that:-
- 1- The company carries out these procedures as soon as possible and in all cases it shall accomplish that upon or before the time of payout or the time when the beneficiary intends to exercise vested rights under the insurance contract.
 - 2- The company has been taking the necessary procedures for combating the risks of money laundering during the postponing period; these procedures should include appropriate internal policy of the number, type, and amount of transactions that can be performed before the completion of the verification measurements.
 - 3- If the company is unable to complete the verification measurements of the identity and the activity of the beneficiary, it shall revoke the insurance contract and shall report the unit according to the provisions of these Instructions.
 - 4- To include the forms of the insurance policies the necessary provisions which grant the company the right to revoke the insurance contract according to the provisions of item (3) of this paragraph.
- D- The company shall perform ongoing review on the existing insurance relation with the customer and to check the transactions happened within this relation, such as doing changes to the insurance policy or exercising any of the rights under the terms of the policy. In order to verify if these transactions fit with the knowledge of the company of the customer and the beneficial owner, and the

- nature of their works and activities and to the company assessment of the risk of money laundering resulting from this relation.
- E- The company shall review and update the customer identification data periodically for customers with high money laundering risks or when the company has doubts about the validity and suitability of the information which has been obtained before

Article (5): Customer Due Diligence Measures

- A- The company shall view the official documents to identify the customer and his activity, and to have a copy of those documentation signed by the relevant company employee to certify that they are original copies.
- B- The company shall take the required procedures to verify the validity of the data and information obtained from the customer using reliable, independent sources, if necessary.
- C- The following shall be considered in the measures of identifying the identity and the activity of the natural person:
- 1- The data of identification shall include the full name of the customer, nationality, date and place of birth, national number for Jordanian people and the passport number for non Jordanian people, current permanent residence address, nature of his business and any other information the company considers necessary.
 - 2- Regarding persons with incomplete or without capacity, the company shall have the documents related to them and to the persons who represent them legally, as the case may be, according the provisions of item (1) of this paragraph.
 - 3- If some one else deal with the company on behalf of the customer, the company shall make sure of the necessary official documents for authorizing this person, and it is essential to keep the original document or a certified copy of it. In addition, it is important to identify the identities and the activities of the customer and person who deal with the company on behalf of the customer, according to the provisions of item (1) of this paragraph.
- D- The following shall be considered in the measures of identifying the identity and the activity of the legal person:
- 1- The data of identification shall include the name of the legal person, legal form, location address, type of activity, capital, date and number of registration with the competent authorities, tax number, phone numbers, purpose of conducting business with the company, names and addresses of and the partners and the authorized persons to sign on behalf of the legal person, and any other information the company considers necessary.
 - 2- Verify the existence of the legal person and its legal entity through the necessary documents and the information which they contain, for example the registration certificate of the legal person with the competent authorities according to rules.
 - 3- Obtaining the documents which prove the existence of authorizations from the legal person to the natural persons representing it, the nature of their

relation with the legal person, and identify their identity and their activities according to the measures of identifying the identity and the activities of the customer mentioned in item (1) of paragraph (c) of this article. The company shall be sure that there is no legal preventive that prevent transacting with them, and to obtain forms of their signatures.

- E- The following shall be considered in the beneficial owner identification procedures:-
 - 1- Taking appropriate measures for verifying the identity of the beneficial owner, and this include viewing data and information obtained from official documents and data until the company is satisfied that it knows who the beneficial owner is.
 - 2- Requesting the customer to submit a written declaration that includes at least information about the identity of the customers.
 - 3- Taking reasonable procedures to understand the ownership structure and management which control the legal person.
- F- In the case of group insurance policies the company may limit the identification measures of the customer identity and activity to the persons authorized to sign on his behalf and to the principal partners of the customer who own not less than (10%) of the capital of the company.

Article (6): Non Face to Face Transaction with the Customer

The company should apply the proper policies and procedures to avoid the related risks of misusing the non face to face transactions with customers, especially those executed by using technological developments such as insurance services provided through the Internet. The company shall also ensure that the level of the measures of verifying the identity and the activity of the customer in this case is equal to the verification measures used in direct transaction with the customer.

Article (7): Cases that Required Enhance Measures for Identifying the Customer and his Activity

The company shall apply enhanced measures for identifying the customer and his activity in the following cases:-

- A- Large insurance transactions and which have no apparent economic or visible lawful purpose; the company shall put the necessary procedures to examine the background of the surrounding circumstances of such transactions and their purposes, and shall keep the result of such examination in its records.
- B- Insurance transactions with persons coming from countries which do not have appropriate anti money laundering systems.
- C- Dealing with politically exposed persons, where the company shall:-
 - 1- Put in place an appropriate risk management system to determine whether the customer, or the person representing him or the beneficial owner is a politically exposed person. The board of directors of the company shall establish a client acceptance policy with regard to politically exposed persons, taking into account classifying customers according to their risk.
 - 2- Obtain general manager or the authorized manager or deputy thereof approval for establishing relationship with such persons, and for the

- customers or beneficial owners who subsequently becomes exposed for such risk.
- 3- Take sufficient measures to establish the source of wealth of customers and beneficial owners identifies as politically exposed persons.
 - 4- Conduct enhanced ongoing monitoring on the relationship with these persons.
- D- Any other transaction which the company see according to its evaluation that it include a high level of money laundering risks.

Article (8): Simplified Measures for Identifying the Customer and his Activity

In cases where the information related to the identity and the activity of the customer and the beneficial owner is publicly available, or if the customer is subject to measures related to anti money laundering similar to the measures mentioned in these Instructions and the Decisions issued by virtue thereof, the company may simplify the measures of identifying the identity and the activity of the customer and the beneficial owner, such as the following cases:-

- A- Dealing with financial institutions which are subject to certain measures for anti money laundering similar to the measures mentioned in these Instructions and the Decisions issued by virtue thereof, and the implementation of these measures are subject to supervision.
- B- Dealing with public shareholding companies that are subject to regulatory disclosure requirements.
- C- Dealing with ministries and government departments and institutions.
- D- Insurance policies for pension schemes if the policy cannot be used as collateral and there is no surrender clause.

Article (9): Insurance Agents and Broker

- A- If the company rely on the insurance agents and brokers to perform the customer due diligence measures, it shall immediately obtain the necessary information concerning the customer due diligence measures and to take sufficient procedures to satisfy itself that copies of identification data and other relevant important documentations relating to the customer due diligence measures will be made available upon request without delay and are kept in accordance with the period mentioned in paragraph (A) of article (12) of these Instructions.
- B- Notwithstanding what is mentioned in paragraph (A) of this article the ultimate responsibility for customer identification and verification remains with the company.
- C- Insurance agents and brokers shall immediately notify the unit about the suspicious transaction by the mean or the form accredited by the unit for this purpose.

Article (10): Reporting Officer

The company shall undertake the following:-

- A- Nominating a reporting officer from the key employees in the company to be responsible of reporting the unit about suspicious transactions, and to nominate his alternate in case of absence. The company shall inform the commission and

- the unit if anyone of them changed ensuring that both of them are obtaining the suitable qualification to take this responsibility and to take a prior approval from the commission for such nomination.
- B- Designating the functions of the reporting officers, provided that it shall contain the following as a minimum:-
- 1- Receiving information and reports about the suspected transactions, examining it, and then taking the proper decision upon it by reporting to the unit or withholding the case, provided that the withholding decision should be justified.
 - 2- Maintaining a full record of documents and reports he received about the suspected transactions.
 - 3- Submitting periodic reports to the board of directors of the company that include information about his activities and his assessment to the systems and measures adopted by the company for anti money laundering and statistics about all the suspected transactions. The company shall provide the commission with a copy of these reports.
- C- The company shall enable the reporting officer to perform his function independently, protecting the secrecy of information received and procedures undertaken, also the reporting officer should have the access to view the records and data needed to perform his functions.
- D- To make sure that there is clear procedures for staff to report suspicious transaction without delay to the reporting officer and that there is clear procedures for reporting the unit without delay. The company shall verify the efficiency of these procedures.

Article (11): Reporting Procedures

- A- If any member of the board of directors of the company or the general manager or the authorized manager or any employee at the company learns that the execution of any insurance transaction is related or could be related to suspicious transaction he shall immediately notify the reporting officer.
- B- If the reporting officer learns that the execution of the transaction that he received notification about it according to paragraph (A) of this article is related to or could be related to suspicious transaction, he should immediately notify the unit by the mean or the form accredited by the unit for this purpose, and he shall cooperate with the unit and to provide it with the data and to facilitate viewing the records and data needed to perform its function.

Article (12): Maintaining Records and Documents

The company shall comply with the following:-

- A- Maintaining all records and documents related to customer due diligence measures for at least five years following the expiry date of the policy or the date of termination of the relationship whichever comes later.
- B- Maintaining records and supporting evidence of the insurance relationship including original documents or acceptable copies by courts according to the applicable legislation in Jordan for at least five years following the expiry date of the policy or the date of termination of the relationship whichever comes later.

- C- Developing proper information system for maintaining records and documents mentioned in this article where it can fully and quickly respond to the unit and relevant request of the competent authorities for any information or data.

Article (13): Internal Systems for Anti Money Laundering

The company shall establish proper internal system which includes internal policies, procedures, and controls to prevent money laundering, this system shall include the following:-

- A- Clear anti money laundering policy approved by the board of directors of the company or the authorized manager, taking into account a continuous development of this policy. It shall contain written detailed procedures for anti money laundering which include specific designation of duties and responsibilities consist with the provisions of these Instructions and the Decisions issued by virtue thereof.
- B- Proper mechanism to verify compliance with the provisions of these Instructions and the Decisions issued by virtue thereof, policies, and procedures taking into account the coordination of authorities and responsibilities between the internal auditor and the reporting officer.
- C- Measures which guarantee that the internal audit body is performing its function of examining the internal control and supervision systems to ensure its anti money laundering effectiveness and suggest needed measurements in case of insufficiency or updating and developing these systems to enhance its efficiency and effectiveness.
- D- The needed bases to classify customers according to risk degree in view of the available information and data to the company.
- E- To include the insurance policies it prepares the provisions needed to guaranty the implementation of the provisions of these Instructions and the Decisions issued by virtue thereof.
- F- Implementing ongoing training plans and programs for employees that the nature of their works require dealing with insurance transactions that can be used in money laundering, provided that such training programs shall include money laundering methods, the manner in which it is discovered and reported, the manner of dealing with the suspected customers, and the legislation related to anti money laundering. The company shall keep records for all the training programs which were performed at least during the last five years. Such records shall include the names of the trainees, their qualifications and the name of the training body whether it is located inside or outside the Kingdom.

Article (14): External Auditor

The company shall submit a certificate to the Commission prepared by its external auditor that includes the extent of the compliance of the company with these Instructions and the Decisions issued by virtue thereof, and the adequacy of the company related policies and procedures.

Article (15): Branches and Subsidiaries of the Company

- A- The company shall be sure that its branches or subsidiary operating outside the Kingdom applies the provisions of these Instructions and the Decisions issued by virtue thereof, especially in countries that do not apply measures for anti money laundering similar to the measures stated in these Instructions and the Decisions issued by virtue thereof, or that insufficiently apply, to the extent allowed by the applicable laws and regulation at these countries.
- B- If the local applicable laws and regulations prohibit this implementation of these Instructions and the Decisions issued by virtue thereof the company shall notify the Commission that it cannot apply these Instructions or the Decisions issued by virtue thereof, and the Commission in this case shall take what it seems proper

Article (16):

- A- The company shall adjust its status in accordance with the provisions of these Instructions, within a period not exceeding one year as of the date the provisions of these Instructions came into force, provided that a plan shall be submitted to the Director General emphasizing the procedures to be followed by the company for purposes of adjusting its status pursuant to the provisions of these Instructions, within a period not exceeding three months as of the date these Instructions came into force.
- B- Notwithstanding what is stated in paragraph (A) of this article the company, insurance agent and broker shall immediately report the unit of any suspicious transaction.

Article (17):

The Director General shall issue the Decisions necessary for implementing the provisions of these Instructions.

Board of Directors of the Insurance Commission