

Instructions No. (6) of 2010
Instructions of Anti Money Laundering and Counter Terrorist Financing
in Insurance Activities and the Amendments Thereof*

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, and item
(4) of paragraph (A) of Article (14) of the Anti Money Laundering and Terrorist
Financing Act No. (46) of 2007 and the Amendments Thereof

Article (1):

These Instructions shall be known as the (Instructions of Anti Money Laundering and Counter Terrorist Financing in Insurance Activities of 2010) 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:-

Unit : The Anti Money Laundering and Counter Terrorist Financing Unit formed pursuant to the provisions of the Anti Money Laundering and Counter Terrorist Financing Act in force.

Insurance Relation : The relation established between the company and the customer according to the insurance policy, and any transactions related thereto.

Beneficial Owner : The natural person with the real interest for whom the business relationship is conducted for or on his behalf, or who has full or effective control over a legal person or has the right to conclude a legal arrangement on its behalf.

Politically Exposed Persons : Persons occupying or have occupied a high public office in a foreign country such as a head of state or government, a judge, a military person, or was a prominent statesman or member of political party or senior executive of state owner corporation. This includes, at minimum, first degree family members.

C- For purposes of these Instructions, the phrases (Money Laundering) and (Terrorist Financing) wherever mentioned in these Instructions, shall have the meanings

* These Instructions were published in the Official Gazette volume (5025) dated 15/04/2010 page (2223), and were amended by Instructions No. (37) of 2010 "Instructions Amending Instructions of Anti Money Laundering in Insurance Activities" published in the Official Gazette volume (5064) dated 14/11/2010 page (6621).

- ascribed thereto in Anti Money Laundering and Counter Terrorist Financing Act in force.
- D- For purposes 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.

Article (3):

- A- The company shall apply customer due diligence measures in the cases described in Article (4) of these Instructions, in accordance with the procedures mentioned in the Instructions, and the customer due diligence shall include the following:-
- 1- Identify and verify the identity and the activity of the customer and the beneficiary.
 - 2- Identify the Beneficial Owner and taking appropriate procedures to verify his identity.
 - 3- Identify the type of insurance policy, the nature, the value, and purpose of the work associated with the insurance policy.
 - 4- If some one else deals with the company on behalf of the customer, the company shall take reasonable procedures to obtain sufficient data to verify the identity of that other person.
- 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 in case of suspecting a transaction related to money laundering or terrorist financing.
- C- The company shall refrain from dealing with anonymous persons, persons with fictitious or anonymous names or shell banks or companies.

Article (4):

The company shall undertake customer due diligence measures, in the following cases:-

- A- Before or during establishing the insurance relation.
- B- Suspicion of an insurance transaction to be related to money laundering or terrorist financing regardless of its value.
- C- Suspicion of accuracy or adequacy of the data obtained previously on the identification of customers.
- D- Upon making a material amendment on the insurance policy.

Article (5):

Notwithstanding what is stated in paragraph (B) in Article (3) of these Instructions, the company may postpone the procedures of verification the identity of the beneficiary following the concluding of the insurance contract provided that:-

- A- 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.
- B- The company has been taking the necessary procedures for combating the risks of money laundering and terrorist financing 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.

- C- If the company is unable to complete the verification requirements of the identity of the beneficiary, it shall revoke the insurance contract, and in case of suspecting a transaction to be related to money laundering or terrorist financing, the company shall report to the unit with such according to the provisions of these Instructions.
- D- For purposes of implementing the provisions of paragraph (C) of this Article, the company shall include the forms of the insurance policies provisions which grant the company the right to revoke the insurance contract during the postponing period of the verification of beneficiary identity.

Article (6):

The company shall comply with the following:-

- A- 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 and terrorist financing resulting from this relation.
- B- 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.
- C- Apply customer due diligence measures on customers whom the company has concluded contracts therewith before the enforcement of the provisions of these Instructions on the basis of materiality and risks and their relation with money laundering and terrorist financing.

Article (7):

- 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 competent company employee or authorized person to declare that it is an original copy.
- B- The company shall take the necessary procedures to verify the validity of the information and data obtained from the customer using neutral and reliable sources, including contacting the competent entities that issued the official documents, and refer to the website of the Companies Control Department.
- C- Procedures for identifying the identity and the activity of a natural person shall take into consideration the following:
 - 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, purpose of the business relationship and its nature 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- In case a person deals with the company on behalf of the customer, the necessary official documents for authorizing this person shall be obtained and kept, or a copy of the same in addition to verifying the identity 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- Procedures for identifying the identity and the activities of a legal person shall take into consideration the following:
- 1- Identity data shall include the name of the legal person, legal status, location address, type of activity, the capital, date and number of registration with the competent entities including tax number, phone numbers, purpose of the business relationship and its nature, names and addresses of owners and their shares, the authorized signatories, binding authority of the legal person or legal arrangement whereat the company is aware of the ownership structure and the provisions governing the powers to take binding decisions for the legal person, and any information the company deems necessary.
 - 2- Verify the existence of the legal person and, its legal form, as well as the names of owners and signatories of the legal person through the necessary documents and the information they include, such as Memorandum of Association, Articles of Association, and certificates issued by the Ministry of Industry and Trade, Chambers of Industry and Trade and Companies Control Department, in addition to the necessity to obtain a registration certificate of the legal person at the competent authorities in case the company is registered outside the kingdom.
 - 3- Obtain the required documents indicating an authorization by the legal person to the natural persons to represent it, the nature of their relation with the legal person, and identify their identity and their activities according to the procedures 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 obtain their signatures.
- E- Procedures for identifying the identity of the beneficial owner shall take into consideration the following:
- 1- Taking appropriate procedures 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 to specify the identity of the beneficial owner. Such declaration shall contain at least the identification data of the customer identity.
 - 3- Obtaining information about provisions regulating the business of the legal person including its ownership structure and the controlling management of it.

- F- In the case of group insurance policies the company may limit the identification procedures 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 (8):

The company should set and apply the proper policies and procedures to avoid risks related to misuse of indirect (non face to face) dealing with customers, especially those performed by virtue of advanced technology methods such as, insurance services provided through the Internet which its premiums are paid by electronic means. The company shall also ensure that the level of the procedures of verifying the identity and the activity of the customer in this case is equal to the verification procedures used in direct transaction with the customer.

Article (9):

- A- The company shall apply enhanced procedures for identifying the customer and his activity in the following cases:-
- 1- 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.
 - 2- Insurance transactions with persons residing in or coming from countries which do not have appropriate anti money laundering and counter terrorist financing systems or which do not apply or insufficiently apply the international standards related to anti money laundering and counter terrorist financing, including the FATF recommendations.
 - 3- Any transaction the company believes by its own estimation that it forms a high level of money laundering and terrorist financing risks.
 - 4- Dealing with politically exposed persons.
- B- For purposes of applying the provisions of paragraph (A) of this Article, the company shall comply with the following when dealing with politically exposed persons:-
- 1- Put in place an appropriate risk management system to determine whether the customer or his representative or the Beneficial Owner is a politically exposed person. The board of directors of the company shall establish a customer acceptance policy with regard to politically exposed persons, taking into account classifying customers according to their risk.
 - 2- The approval of the company general manager, authorized manger, or the person authorized thereby shall be obtained when commencing a relation with these customers. Such approval shall also be obtained when a customer or a beneficiary owner is discovered to be under such categories.
 - 3- Take sufficient procedures to identify the source of wealth of customers and Beneficial Owners who fall under such categories.
 - 4- Conduct enhanced ongoing monitoring on the company's dealings with the politically exposed persons.

- 5- Request additional documents other than the documents requested by the company in normal cases, or apply other additional procedures, if deems appropriate.
- C- For purposes of applying the provisions of paragraph (A) of this Article on the cases mentioned in items (1-3) thereof, the company may decide to apply any of the procedures mentioned in paragraph (B) of this Article as it deems appropriate.

Article (10):

- A- The company may simplify the procedures of identifying and verifying the customer, his activity and the Beneficial Owner in the following cases:-
- 1- Dealing with financial institutions which are subject to certain procedures for anti-money laundering and counter terrorist financing similar to the procedures mentioned in these Instructions and the Decisions issued by virtue thereof, including FATF recommendations, which implementation is subject to supervision.
 - 2- Dealing with public shareholding companies that are subject to regulatory disclosure requirements.
 - 3- Dealing with ministries and government departments and institutions.
 - 4- Dealing with customers reside in another country if such country is sufficiently applying the international standards for anti money laundering and counter terrorist financing, including the FATF recommendations.
 - 5- Insurance policies for pension schemes if the policy cannot be used as collateral and there is no surrender clause.
 - 6- life insurance policies where the annual premium is no more than (1000) Dinars or a single premium of no more than (2000) Dinars.
 - 7- General insurance business which single premium or total annual premiums do not exceed the amount of (3000) Dinars.
- B- For purposes of applying the provisions of paragraph (A) of this Article, simplified procedures for identifying the customer and his activity shall include the following:-
- 1- The customer shall submit a document with the required data pursuant to the provisions of paragraphs (C) and (D) of Article (7) of these Instructions, provided that such document shall be signed by the customer or his representative. The latter shall submit a proof of his legal status as the representative.
 - 2- The company is not obliged to obtain information regarding the purpose and nature of the required business relationship between the customer and the company.
 - 3- The company is not obliged to verify the identification of the Beneficial Owner.
- C- The company shall not simplify the procedures of identifying and verifying the customer, his activity and the Beneficial Owner in the following cases:-
- 1- Suspecting money laundering or terrorist financing or in circumstances indicating high risks.

- 2- Performing several insurance transactions that seem linked together even if they did not exceed the amounts mentioned in items (6) and (7) of paragraph (A) of this Article.

Article (11):

- A- If the company rely on the insurance agents and brokers or any third parties 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 verify that the copies of the identity cards and other relevant important documents relating to the customer due diligence measures will be made available upon request and are kept in accordance with the period mentioned in paragraphs (A) and (C) of Article (14) 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- Persons mentioned in paragraph (A) of this Article shall comply with the following:-
 - 1- Notify the unit, immediately, of the transactions suspected to be linked to money laundering or terrorist financing, whether the transaction is accomplished or not, by the mean and the form accredited by the unit for this purpose.
 - 2- Enroll into training programs pursuant to the provisions of paragraph (G) of Article (15) of these Instructions.
- D- The company shall ensure that persons mentioned in paragraph (A) of this Article are regulated and supervised in accordance with the legislation in force especially with regard to anti money laundering and counter terrorist financing.

Article (12):

The company shall undertake the following:-

- A- Nominating a reporting officer from the key employees in the company to be responsible of reporting to the unit about transactions suspected to be linked to money laundering or terrorist financing, whether the transaction is accomplished or not, 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 transactions suspected to be linked to money laundering or terrorist financing, 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 transactions suspected to be linked to money laundering or terrorist financing.

- 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 procedures adopted by the company for anti money laundering and counter terrorist financing and statistics about all the transactions suspected to be linked to money laundering or terrorist financing.
- C- The company shall enable the reporting officer to perform his function independently, and to maintain the confidentiality of the information received and procedures undertaken. 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 the transactions suspected to be linked to money laundering or terrorist financing 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 (13):

- 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 knows that the execution of any insurance transaction is related or could be related to a transaction suspected to be linked to money laundering or terrorist financing he shall notify the reporting officer.
- B- If it was evident to the reporting officer that the implementation of the transaction of which he was notified pursuant to the provisions of paragraph (A) of this Article, is related or could be related to a transaction suspected to be linked to money laundering or terrorist financing, he shall immediately notify the unit by the mean or the form accredited by the unit for this purpose. The reporting officer shall cooperate with the unit, and have all the books and records available so that they can fully perform their duties.
- C- It is prohibited to disclose, whether directly or indirectly or by any mean, that the unit is being notified or any of the procedures taken against the transactions suspected to be related to money laundering or terrorist financing or any data related thereto.

Article (14):

- A- The company shall keep the following:-
 - 1- 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.
 - 2- Records and documents of the local and international insurance relation including original documents or copies thereof that are acceptable by courts pursuant to the legislation in force in the Kingdom. Theses records and documents shall be kept for at least five years following the expiry date of the policy or the date of termination of the relation whichever comes later. The said data shall be updated periodically.
 - 3- Records and documents of the transactions suspected to be related to money laundering or terrorist financing that have been sent to the unit, including copies of the notifications sent to the Unit. The company shall

keep the books and records for a period not less than five years as of the date of sending such notification to the unit or until a decision or a final decree is issued in this regard, whichever occurs later.

- 4- Records of the training programs including the data of all programs in the field of anti money laundering and counter terrorist financing taken by the workers of the company, names of the trainees, departments they work in, content of the training program, duration of the program, and the training body whether inside or outside the Kingdom. These records shall be kept for a period not less than five years as of the date of the end of the training program.
- B- The company shall develop a proper information system for maintaining records and documents mentioned in paragraph (A) of this Article where it can fully and quickly respond to the unit and relevant request of the competent authorities for any information or data.
- C- The company shall keep records and documents mentioned in paragraph (A) of this Article for a period longer than the periods mentioned in those paragraphs, upon the request of the competent authorities.
- D- The entities subject to the provisions of these instructions shall have all the records and documents mentioned in paragraph (A) of this Article and the information related to the provisions of these Instructions, available for the unit and the competent official authorities, upon an authorized request within the period specified in the request.

Article (15):

The company shall establish proper internal system which includes internal policies, procedures, and controls for anti money laundering and counter terrorist financing, this system shall include the following:-

- A- Clear anti money laundering and counter terrorist financing policy approved by the board of directors of the company or the authorized manager, which shall be updated periodically. It shall contain written detailed procedures for anti money laundering and counter terrorist financing which include specific designation of duties and responsibilities consist with the provisions of these Instructions and the Decisions issued by virtue thereof.
- B- Allocating an independent and qualified staff within the internal audit section in the company provided with sufficient resources to test the compliance with procedures, policies, and internal controls to combat money laundering and terrorist financing.
- C- A proper mechanism to verify the compliance with the provisions of these Instructions and the Decisions issued by virtue thereof, anti money laundering and counter terrorist financing policies and procedures, taking into consideration coordination of authorities and responsibilities determination between the internal audit section and the reporting officer.
- D- Procedures and capabilities that ensure the performance of internal audit section of their role in examining internal control and supervision systems to guarantee their efficiency in anti money laundering and counter terrorist financing,

- suggesting whatever necessary to complement any lack therein and update and develop the effectiveness and efficiency thereof.
- E- Systems to classify customers according to their degree of risks in the light of information and data available to the company for the purposes of applying these Instructions.
 - F- 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.
 - G- Implementing continuous training plans and programs for the staff that the nature of their works require dealing with insurance transactions that can be used in anti money laundering and counter terrorist financing, with special attention to include money laundering and terrorist financing methods, detecting, and reporting the same as well as ways of handling suspicious customers in accordance with the legislation related to anti money laundering and counter terrorist financing.

Article (16):

- A- The company shall include the contract signed with the certified public accountant requiring the accountant to make sure that the company is fully implementing these instructions and Decisions issued by virtue thereof and the adequacy of the company policies and procedures relating thereto, and include the results of that in his report to the company with the need to inform the Commission immediately upon discovering of any violation of these instructions.
- B- The company shall provide the Commission with an annual report prepared by the certified public accountant that includes the extent of compliance by the company with the provisions of these Instructions and Decisions issued by virtue thereof, and the adequacy of the company policies and procedures relating thereto enclosed with the final financial statement of the company.

Article (17):

- A- The company shall ensure that its branches or subsidiaries operating outside the Kingdom apply the provisions of these Instructions and Decisions issued by virtue thereof, especially in countries which do not apply or insufficiently apply the international standards related to anti money laundering and counter terrorist financing, including the FATF recommendations, where in this case the higher standards shall be applied, to the extent permitted by laws and regulation in force in these countries.
- B- If the laws and regulation in force, in the countries where the branches of the company or its subsidiaries are operating its insurance business, prohibit the implementation of these Instructions and Decisions issued by virtue thereof, the company shall notify the Commission that it cannot implement these Instructions or Decisions issued by virtue thereof, and the Commission in this case shall take what it deems appropriate.
- C- Notwithstanding what is stated in paragraph (A) of this Article, the provision of paragraph (B) of Article (13) of these Instructions shall not be applied on the branches of the company or its subsidiaries operating outside the Kingdom.

Article (18):

Subject to the provisions of Instructions issued in accordance to Anti Money Laundering and counter Terrorist financing Act in force, persons and companies that practice any of the activities subject to the supervision and licensing of the Commission, shall execute the obligations mentioned in the related and implemented international resolutions notified by the Commission or the entities specialized in this respect.

Article (19):

It is prohibited for any person sees or comes to his knowledge, directly or indirectly or by the means of his position or work, any information submitted or exchanged according to Anti Money Laundering and Counter Terrorist financing Act in force and Regulations and Instructions issued by virtue thereof including these Instructions, disclose such information by any mean.

Article (20):

Instructions No. (3) of 2007 "Instructions of Anti Money Laundering in Insurance Activities", and Decision No.(2) of 2008 "Decision concerning the Scope of Applicability of the Provisions of the Instructions of Anti Money Laundering in Insurance Activities" shall be repealed, and the actions taken in accordance with them are deemed to be valid for the purposes of the provisions of these Instructions.

Article (21):

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

Board of Directors of the Insurance Commission