

**CIRCULAR**  
**TO ALL INSURANCE COMPANIES**  
**OPERATING IN THE COUNTRY**  
**ANTI-MONEY LAUNDERING PROCEDURES**

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Clause -1 Money Laundering refers to any act involving transfer, conversion or deposit of illegally obtained property, or concealment or disguise of such property so that it appears to have originated from legitimate sources where in fact it has not.

Clause-2 These procedures shall apply to all insurance companies licensed to operate in the country as well as their Board Members and employees and their branches and subsidiaries in the country, along with investment portfolio managers and credit consultants. These procedures also apply to the branches and subsidiaries of the UAE incorporated insurance companies operating within foreign jurisdictions which do not apply any such procedures or which apply less procedure.

Clause-3 In the cases indicated hereunder, the insurance company should verify the identity of the customer and obtain statement of his financial position, source of the funds intended for investment, reasons for insurance and net annual income over the last three years. In addition, the insurance company should obtain all life insurance, saving and funds formation contracts for the same person with the company and with other companies, in addition to distribution of the assets he owns, credit facilities he has received and names of banks he deals with. The said cases are as follows:

(a) If the customer exceeds the following thresholds:

	<u>One Time Premium</u>	<u>Installment premium</u>
For individuals	AED 370.000 or equivalent thereof	AED 92.000 or equivalent thereof
For groups	AED 1.100.000 or equivalent thereof	AED 275.000 or equivalent thereof
Cash	AED 40.000 or equivalent thereof	AED 40.000 or equivalent thereof

- (b) If the customer has insurance contracts with the same company or with other companies wherein the total invested amount exceeded the thresholds set forth in this circular.
- (c) When receiving payment of more than AED 40.000 by a personal check, bank transfer, traveler checks or mail orders.
- (d) When the cash amount received exceeds the accumulative total of AED 40.000 or the equivalent thereof for any one year.
- (e) In case of suspicion of a money laundering operation irrespective of whether the amount is below the threshold set forth in this circular.

Clause-4 It is strictly prohibited to issue contracts for life insurance, savings or funds formation with assumed names. Companies should always rely on the insurance contract owner's name as in the passport or the trade license in case of juridical persons.

Clause-5 All insurance companies licensed to operate in the country, as well as their Board Members, managers and employees are personally obliged to report any unusual transactions aiming at money laundering. Such report should be submitted to the office of the Ministry's Assistant Undersecretary for Companies Affairs & Supervision who, in turn, shall forward copy of that report to the Central Bank of UAE.

Clause-6 In order to facilitate further investigations by the competent authorities, any unusual insurance transaction has to be handled with utmost discretion. The concerned insurance company or any of its employees must never contact the customer to inform him of what is going on.

Clause-7 Insurance companies, which fail to adhere to the instructions stated herein or fail to report unusual and suspicious transactions, shall be penalized in accordance with the laws and regulations prevailing in the UAE.

Clause-8 Insurance companies should:

- (a) Name an employee to be designated as a " Compliance " officer at the concerned insurance company, to be responsible, besides his duties, for contacting the Ministry to report money laundering and suspected cases and sending reports and maintaining some reports properly.
- (b) Ensure always that their internal control systems operate efficiently and cover appropriately the implementation of Anti Money Laundering Procedures.
- (c) Receive the following documents from the customer:
  - Copy of the passport in the case of transactions by individuals initialed by the concerned employee under " a true copy of the original "
  - Copy of the trade license in the case of transactions by institutions initialed by the concerned employee under " a true copy of the original ".
  - Copy of the financial statement and customer's identity enclosed with the Circular.

Clause-9 Relevant Documents, forms, records and files should be kept for a minimum 5 years from date of issuance of the insurance contract and should be made available to the Ministry's examiners.

Clause-10 Reference shall be made to the Ministry's Assistant Undersecretary for Companies Affairs & Supervision in case of any queries relating to this circular.

Clause-11 This circular shall be published in the Official Gazette and shall come into effect as from date of its publication.

Annex nos. (1) and (2) along with the financial statement and the customer's identification shall form an integral part of this circular.

Clause-12 Any circulars, notices, decisions or directives that are in conflict with this regulation shall become cancelled.

Fahim Bin Sultan Al Gasimi  
UAE Minister  
Economy & Commerce

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## Annex-1

### Regarding Possible Money Laundering Operations

#### First:- Cases of Large One Time /Installment Premiums and Cash Transactions

- 1- Applications wherein the source of funds is unclear or incommensurable with the applicant's financial position.
- 2- Sudden application for an insurance contract for a customer whose previous contracts were not of the same type or size.
- 3- Absence of reasonable justifications for the investment, failure to account for source of funds, and non-cooperation in disclosure of any transactions.
- 4- Payments not drawn on the customer's personal account.
- 5- Little interest on the part of the new investor in the performance of previous investments, and keen interest in assignment or early cancellation of the contract.
- 6- Customer's desire to pay the initial (first) premium in cash in accordance with the thresholds set forth in Clause (3) of the Circular.

#### Second: Cases of Assignment of Insurance Contracts

- 1- If the customer expressed his wish to assign the scheme (the program) to a third party within twelve months.
- 2- If the customer expressed his wish to obtain the contract's value by check not crossed "Account Payee".
- 3- If the customer (in case of individual/joint insurance) expressed his wish to obtain value of the contract by electronic transfer to an account not bearing his name.

#### Third: Cases of Cancellation of Insurance Contracts

If the customer cancels the insurance contract in order to receive its value despite provisions for penalty deductions or exit fees, it should then be checked whether the customer has any other contracts over the last twelve months, either with the same company or with other insurance companies.

**Fourth: Cases of Disguise:**

If the customer invests a large sum of money in any of the company's schemes or programs, then assign or cancel the contract a short while after, and repeated such action several times.

## Annex-2

### Examples of Categories of individual Money Launderers

#### First: In the Case of Customers

- (a) Customers who prefer to pay insurance premiums for life insurance, saving, or funds formation in cash or in traveler checks.
- (b) Customers who do not provide a permanent address in the application form.
- (c) Customers who frequently travel to countries where narcotics trade or narcotics cultivation are wide spread.
- (d) Customers who submit large amount of cash and ask for it to be credited to the accounts of third parties.
- (e) Customers who deal with companies operating within jurisdictions lacking in money laundering laws or deemed non-cooperative for anti-money laundering purposes.
- (f) Customers who take interest in high-risk investments and whose behaviors are fundamentally different from the behavior of a normal investor.

#### Second: In the Case of Sales Staff & Agents of the Company

- (a) Increase in sales beyond higher levels in the case of one-time premiums.
- (b) Large assignments or a cancellation of insurance contracts in the company's sale staff or agents' portfolio during one year of the contract period.

## FORM

### Customer Financial Statement & Identification

*(To be completed by life insurance, saving and funds formation applicants)*

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- 1- Applicant's Full Name: -----
- 2- Applicant's Full Address: -----
- 3- Date of Birth: -----
- 4- Occupation & Type of Business: -----
- 5- Marital Status: Single / Married / Other -----
- 6- Applicant's relationship with the assured: -----
- 7- Name of payer & names of Beneficiaries: -----
- 8- Details should be mentioned of any other requests made to the company's staff, and whether applicant has previous life insurance, saving or funds formation contracts: -----
- 9- Value of the requested insurance: -----  
  
(a) Name & description of the program:  
(b) Benefits:  
(c) Beneficiaries:
- 10- Reasons for insurance: -----
- 11- Net annual income over the last three years for each year: -----

12- Details of Assets Owned:

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|--------------------|--------|
| (a) Cash           | Value: |
| (b) Stocks & Bonds | Value: |
| (c) Real Estate    | Value: |
| (d) Other          | Value: |
| (f) Total Assets   |        |

13- Details of Liabilities:

- (a) Loans/ debts
- (b) Debit accounts

14- Source of Funds to be invested: -----

15- Names of Banks he deals with: -----

16- Details should be mentioned if there is more than one account:

Applicant's Name: ----- Capacity: -----

Signature: ----- Date: -----

Approval of Production & Sales Manager

Name: -----

Signature: -----

Date: -----