

UAE INSURANCE AUTHORITY BOARD RESOLUTION NO. 1 OF 2009

Directives on procedures for anti-money laundering and combating terrorism financing through insurance activities

In November 2009 the Insurance Authority of the United Arab Emirates (UAE) passed Insurance Authority Board Resolution No. 1 of 2009 “Directives on Procedures for Anti-Money Laundering and Combating Terrorism Financing through Insurance Activities.” The Authority is a federal organization under the chairmanship of the minister of the economy. It has the power to pass legislation relative to the regulation of the insurance industry in the UAE, which includes local and foreign registered insurance companies, intermediaries, actuaries, consultants, inspectors and damage assessment experts. The Resolution had an effective date of February 4, 2010. It is also intended to apply to insurance-related professions licensed to operate in Financial Free Zones in the UAE, which also have their own separate legislation and regulations. (A copy of the resolution – in Arabic – there is currently no official English translation – can be found on the Insurance Authority website: <http://ia.gov.ae>.)

Under the Resolution it is a criminal offence to aid, or refrain from reporting, money laundering activities, and doing so is punishable by fines and/or imprisonment. The Resolution requires all insurance-related professions in the UAE to establish anti-money laundering procedures, concentrating in particular on Knowing Your Client, and be subject to compliance inspections by the Authority. Among other requirements, the Resolution stipulates that certain minimum information is to be kept on file for every insured and the information to be updated regularly.

The information for companies includes:

- i) A verified copy of the current trade license
- ii) Names and addresses of directors
- iii) Names and addresses of shareholders



Individual customers must provide:

- a) Full name
- b) Address
- c) Workplace
- d) A verified copy of a valid national ID card or passport

There are further onerous requirements for financial disclosure for companies and individuals whose insurance premiums are above a certain threshold. The trigger for further financial disclosure is an annual premium of Dh 15,000 (approximately US \$4,087). Cargo imports without letter of credit, jewellery and gem traders and certain life and savings-type policies come under further stringent information requirements.

In order to comply with the Resolution, Al-Futtaim Willis implemented an anti-money laundering (AML) policy. This aims to collect and check the required information from clients, together with their bank details for premium payment purposes, prior to inception of the policy as part of our “Know Your Client” procedures.

In the early stages of implementation of our AML policy, we are finding that certain aspects

of the Resolution require clarification. Al-Futtaim Willis is seeking to keep its operations within the law and is therefore requesting clarification from the Authority. We are also updating our AML policy, which will continue to have a “Know Your Client” procedure in force, collecting the basic information outlined above.

Risk managers with operations in the UAE are likely to be contacted by your subsidiaries regarding this matter. This alert may be useful in responding to those requests. Concurrently we are advising our local clients of these new requirements.

This request for anti-money laundering information is not unique to UAE. We have seen similar request for such information in Mexico, Bahrain Colombia and other countries. We will monitor developments elsewhere on this topic and advise you accordingly.

We will update this *Alert* as we receive further information.

CONTACT

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