

## **Special Investigation Commission Circular 21**

**Addressed to the Parties mentioned in Article 5 of Law No. 44 of November 24, 2015, particularly  
Insurance Companies**

Pursuant to Law No. 44 of November 24, 2015 (Fighting Money Laundering and Terrorism Financing), notably Articles 5, 6, and 7 thereof;

Whereas the institutions not governed by the Banking Secrecy Law of September 3, 1956, and mentioned in Article 5 of Law No. 44, including insurance companies, must comply with the obligations of Article 4 of Law No. 44, and with the regulations and recommendations issued by the SIC for the purpose of implementing the provisions thereof;

Pursuant to the Decision taken by the SIC in its meeting of September 8, 2016,

The following is required:

1. To implement Customer Due Diligence measures on permanent customers (whether natural persons or legal persons or special legal arrangements) by checking their identity based on reliable documents or information or data; by determining the identity of the beneficial right's owner and taking the steps needed to check this identity based on reliable documents or information or data; and by obtaining at least the information specified in the attached KYC Form, concerning life insurance policies, particularly those related to Unit-Linked Investments and Capitalization.
2. To ensure that accredited insurance agents and brokers comply with the due diligence measures mentioned in Paragraph 1 above.
3. To set up an efficient AML/CFT internal control system that should, at least, comprise of the following:
  - a) Appointment of an AML/CFT Compliance Officer who must attend relevant training sessions on a continuous basis.
  - b) Adoption of software programs to monitor operations that necessitate any such measure.
  - c) Preparation by the AML/CFT Compliance Officer of periodic reports to be submitted to the Management, on operations control by adopting a risk-based approach and on the degree of compliance with the required procedures, provided that such reports indicate the degree of compliance of concerned insurance agents and brokers with the same procedures applicable to insurance companies, particularly in terms of providing these companies with the documents they obtain from the concerned customers.
  - d) Organization of training sessions to keep the concerned employees, insurance agents and brokers, abreast of required procedures.
  - e) Establishment and continuous update of a computerized central archive for information collected about money laundering and terrorism financing operations that includes, at least, the names circulated by the Special Investigation Commission (SIC), and those reported to the SIC by the concerned company.
  - f) Establishment of an AML/CFT procedures guide that includes, concerning life insurance policies with investment features, the indicators which are enumerated below for indicative purposes but not restrictively, and which point out, in case unjustified, as an evidence of operations involving money laundering and terrorist financing operations:
    - The life insurance policy beneficiary.
    - Replacing the current beneficiary by another beneficiary having no apparent link with the policyholder.
    - Purchasing multiple life insurance policies, without justifications.
    - The policy is inconsistent with the policyholder's needs or it differs from prior policies issued upon the latter's request.

- Purchasing a life insurance policy through a single large premium.
  - Purchasing a life insurance policy by a non-resident, non-Lebanese individual.
  - Settling life insurance premiums through large and/or repeated cash payments, or through payments inconsistent with the policyholder's financial status.
  - Payments from unclear sources.
  - Funding the life insurance policy through one large booster payment.
  - Overfunding the life insurance policy with additional and repeated unusual payments.
  - Paying life insurance premiums with funds from abroad.
  - Requesting withdrawals on the life insurance cash value, in order to obtain cheques from the insurance company just a short period after the policy issuance.
  - Requesting transfers from the life insurance cash value towards accounts held abroad.
  - Cancelling the life insurance policy, regardless of penalties, in order to obtain cheques from the insurance company.
4. To report to the SIC, according to the mechanism mentioned in SIC Circular No. 17 of September 16, 2014, the details of suspicious transactions that may involve money laundering or terrorist financing, provided these reports cover suspicious transactions carried out by the concerned agents and insurance brokers.
  5. To request from their staff, subject to liability, to refrain from notifying the customers that the SIC investigates or inquires about their operations, unless the SIC decides otherwise.
  6. To take the necessary actions and measures in order to prevent the misuse of technological developments for money laundering or terrorist financing purposes, as well as when dealing with high-risk clients, and when correspondent banking relationships are initiated; and to comply accordingly with the relevant Circulars and Announcements issued by BDL and the SIC.
  7. All the persons mentioned in Article 5 of Law No. 44 of November 24, 2015, shall be governed by the provisions of this Circular, where applicable.

This Circular shall be published in the Official Gazette and shall enter into force upon its issuance.

*Beirut, September 9, 2016*  
*The Governor of the Banque du Liban*  
*The SIC Chairman*  
*Riad Toufic Salamé*