Insurance Europe response to AMLA's consultation on the Draft Guidelines on ongoing monitoring of a business relationship

Our reference:	LPC-AML-26-092	Date:	03-09-2026
Referring to:	Consultation on the Draft Guidelines on ongoing monitoring of a business relationship		
Related documents:			
Contact person:	Gladiola Lleshi	E-mail:	Lleshi@insuranceeurope.eu
Pages:	14	Transparency Register ID no.:	33213703459-54

Introduction

General comments on the consultation paper

Section 3.1. General considerations

Insurance Europe notes the following:

- 'Monitoring of activities' is a term which is not defined in the AML Regulation and its introduction is not part of AMLA's mandate under Article 26(5) AMLR. Clear rationale for the introduction of this term will be welcomed.
- AMLA should clarify for which categories of obliged entities 'monitoring of activities' constitutes a 'core element of their AML/CFT control frameworks'.
- On one hand, AMLA's aim is to establish a cross-sectoral, harmonized, and consistent understanding and application of the ongoing monitoring obligations. However, at the same time, the Authority introduces a new obligation for activity monitoring which is of relevance only to specific categories of obliged entities.
- AMLA acknowledges that a standard periodic review for certain business models might not be relevant/appropriate (although the long-term life insurance products are not mentioned in this context). However, the draft guidelines only provide for adjustment of the depth and intensity of the periodic review and not of the frequency of same (which is determined in Art.26(2) AMLR).

1.1. Subject matter and scope of application

- The draft guidelines should clarify the Level 1/2 obligations and ensure consistent application of EU law rather than setting up specific rules. Paragraph 1 should be revised accordingly.
- It would be helpful if AMLA clarifies the rationale for the introduction of new definitions in the Draft Guidelines (see Definitions, Paragraph 3).
- For clarity and consistency, 'condition' in Paragraph 3(a) and (b) of Definitions should be replaced with 'circumstance'.

Insurance Europe aisbl
Rue du Champ de Mars 23, B-1050 Brussels
Tel: +32 2 894 30 00
E-mail : info@insuranceeurope.eu
www.insuranceeurope.eu

© Insurance Europe. Confidential, internal document.
Not for distribution, all rights reserved.

- For consistency, Paragraph 3(b) of Definitions should be 'trigger events' not 'triggering events'
- Paragraph 3(e) of Definitions – 'before' should be deleted as it is relevant for the pre-transaction/activity monitoring under Paragraph 3(d).

Question 1: Do you consider that Guideline 1 supports a risk-based approach and clearly sets out the core principles that obliged entities should apply to keep customer information up to date?

If you see scope for further clarification, please:
(i)specify the paragraph concerned;
(ii)explain your rationale; and
(iii)consider submitting an amendment proposal

Comment 1
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 19
Rationale (*3000 characters maximum):*

Insurance Europe reiterates its position, previously expressed in the response to the consultation on the draft RTS on customer due diligence, that mandatory periodic updating of customer information every five years is disproportionate for low-risk life insurance business. Current monitoring in the life insurance sector is primarily risk-based and event-driven, focusing on significant changes in insurance and/or the customer's circumstances. Requiring periodic updates every five years for low-risk life insurance business would create significant operational burdens with limited added value. AMLA should therefore clarify that the frequency of customer information updates should remain fully risk-based and that, for low-risk life insurance business, customer information is not subject to a fixed five-year update cycle. Events may even be the most appropriate moment for monitoring: normally life insurance policies follow a very predictable pattern.

Comment 2
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 25 and 27
Rationale (*3000 characters maximum):*

The event-driven updating of customer information should be limited to the most relevant events. Where periodic reviews are already required, an overly broad list of trigger events risks creating duplicative monitoring obligations. In particular, the list set out in paragraph 27 appears excessively broad. Moreover, point (b) relates to transactions and should not be treated as a trigger for updating customer information under event-driven monitoring. AMLA is advised to clarify that Obliged Entities should define the relevant triggers to be analyzed. The summarized triggers in paragraph 27 should serve merely as examples for obliged entities.

Amendment proposal (optional) (*3000 characters maximum):*

Amend paragraph 27 from "Obliged entities should update the customer information..." to "Obliged entities should, **where relevant**, update the customer information..." in order to better reflect Article 26(3) AMLR and avoid implying that every listed trigger event automatically necessitates an update of customer information.

Comment 3
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 30-33
Rationale (*3000 characters maximum):*

Paragraphs 30–33 govern the use of temporary suspension or restriction measures and the subsequent termination of a business relationship where customer data cannot be updated. While this clarification is helpful in principle, it does not fully reflect the AMLR framework.

In particular, paragraphs 30–33 do not adequately reflect Article 21(1), final paragraph, AMLR, which provides that life insurers may, where necessary and as an alternative to terminating the business relationship, refrain from carrying out transactions for the customer, including payouts to beneficiaries, until customer due diligence measures have been complied with. This exception should be explicitly reflected in paragraphs 30 and 32. Measures involving the suspension or restriction of transactions, activities or services, or the termination of the business relationship, should also take account of insurers' contractual obligations, the rights of policyholders and beneficiaries, and applicable consumer protection requirements.

In some Member States, life insurers are not permitted to terminate a life insurance policy. In such cases, insurers block transactions and suspend payouts until they have been able to fully update the customer's information and complete the required due diligence measures. Paragraphs 30 and 32 should therefore be amended to clarify that termination is not an automatic outcome in the case of life insurance contracts and that the alternative provided for in Article 21 AMLR remains fully applicable. This clarification would ensure consistency with the Level 1 text.

Amendment proposal (optional) (*3000 characters maximum*):

Proposed clarifications:

- The Guidelines should explicitly confirm that the exception under Article 21(1) AMLR is not restricted by Guideline 1.
- The term 'temporary' should be clarified through risk-based criteria or examples, in line with the risk-based approach set out in the AMLR, rather than through fixed timeframes, to assist practitioners in determining the appropriate duration of a suspension.
- It should be clarified that, in the case of low-risk customers and standardised mass-market retail products – particularly in the insurance sector – ongoing transactions (e.g., premium payments under existing contracts) need not be automatically suspended solely on the formal grounds of an expired identity document, provided there are no substantive ML/TF risk indicators.

We recommend incorporating these points to ensure proportionate application in consumer-sensitive sectors whilst respecting the legally prescribed exceptions under the AMLR.

Comment 4
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 20 and 27(b)
Rationale (*3000 characters maximum*):
The Guidelines do not provide sufficient clarity on the meaning of "activities" and how activity monitoring differs from transaction monitoring. While AMLA refers throughout the Guidelines to the "monitoring of transactions and activities" it remains unclear what types of activities are covered in practice. Greater clarification would help ensure a consistent interpretation across different categories of obliged entities.

This lack of clarity also affects paragraph 20, which refers to situations where no new activity has occurred since the last customer information update. For certain business models, including life insurance, it is unclear whether this refers to the absence of changes to the product or service provided to the customer, the absence of customer-initiated adjustments, or the absence of unusual transactions.

In addition, paragraph 27(b) refers to "behavioural, activity-based or transactional anomalies" but does not clearly distinguish between these categories. Several of the examples provided could fall within more than one category, making it difficult for obliged entities to determine what constitutes behavioural, activity-based or transactional monitoring in practice.

It is also unclear whether inactive or dormant insurance contracts, or contracts that have not involved any significant management action since the previous review, should be regarded as involving no new activity. Likewise, a scheduled premium payment that is consistent with the expected profile of the business relationship should not be seen as new activity requiring an in-depth review.

Insurance Europe maintains its position that the concept of "activity monitoring" should be removed. Should AMLA nevertheless retain the concept, AMLA should provide further clarification on the meaning of "activities" and how activity monitoring differs from transaction monitoring, including some practical examples illustrating the difference where appropriate.

In addition, paragraph 27(b) should clearly distinguish between behavioural, activity-based and transactional anomalies, including by categorising the examples accordingly. For paragraph 20, AMLA should clarify that, where relevant, the absence of new activities may include situations where there have been no changes or adjustments to the product or service provided to the customer, including inactive or dormant insurance contracts, contracts that have not involved any significant management action since the previous review, or situations where only routine premium payments consistent with the expected profile of the business relationship have occurred.

Comment 5
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 20(d) and 20 (e)
Rationale (*3000 characters maximum):*

A triggering event or a new transaction should not automatically require an immediate full customer review. The review should be proportionate to the event or transaction identified. A transaction that is consistent with the obliged entity's knowledge of the customer and with the expected profile of the relationship should not trigger a systematic review unless it is unusual or capable of affecting the customer's risk assessment.

Amendment proposal (optional) (3000 characters maximum):

In point (d), replace the final words with: "where this is the case, a **proportionate** review of the relevant customer information should, where appropriate, be initiated without delay."

In point (e), clarify that a review is required where the new activity or transaction is unusual, inconsistent with the expected profile, or capable of affecting the risk assessment.

Comment 6
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 12 and 13
Rationale (*3000 characters maximum):*
Paragraphs 12–13, require the use of "reliable and independent sources" to update customer data and lists, amongst others, official registers, commercial data providers and customer confirmations.

Paragraph 12 identifies public and commercial sources that may be used to update customer information and qualify those sources by reference to their reliability, independence or reputation. The expressions "reliable and independent" and "reliable and reputable" should be reconsidered. Further clarification on how obliged entities should assess these criteria in a risk-based and proportionate manner would be helpful, taking into account the nature, origin and intended use of the source.

In practice, there are significant differences:

- between legal entities (for which good registers, some of which are free of charge, are often available) and natural persons,
- as well as with regard to the quality and accessibility of corporate data, PEP information and other risk indicators;
- in particular, many databases are only available to smaller non-financial obliged entities and insurers for a fee, which would be disproportionate in the case of low-risk customers.

Furthermore, paragraph 13 requires obliged entities using public or commercial sources to ensure that the personal data obtained are accurate and up to date.

While obliged entities can apply risk-sensitive measures to assess the reliability and independence of public or commercial sources, they cannot necessarily verify that personal data obtained from such sources are accurate and up to date. AMLA should therefore clarify that obliged entities are expected to take reasonable steps to assess the information obtained, rather than guaranteeing the accuracy or currency of third-party data.

Amendment proposal (optional) (*3000 characters maximum*):

We suggest clarifying in Guideline 1:

- that the selection of data sources must be explicitly risk-based and proportionate.
- and that expensive commercial providers must primarily be used where this is justified by the customer's risk profile.
- that the assessment of whether a source is "reliable and independent" or "reliable and reputable" should be carried out in a risk-based and proportionate manner and should not be understood as requiring the use of commercial data providers in all cases.
- Delete in paragraph 13 the sentence "that personal data obtained from public and commercial sources is accurate and up to date, and that".

Comment 7
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 16
Rationale (*3000 characters maximum*):

Paragraph 16 aims to provide guidance in cases where the obliged entity, in the process of updating customer information, concludes that an expired identity document, passport, or equivalent should be re-collected.

This case of re-collection of documents concerning a person who has already been identified and verified should be strictly distinguished from a completely different scenario, which is currently also covered in Paragraph 16, namely the identification and verification of new or additional beneficial owners of a legal entity or a new person purporting to act on behalf of the customer.

Only in this second scenario is the current reference in Paragraph 16 to different methods of verification that can be used, such as electronic identification means pursuant to Article 22(6), point (b), and, for beneficial owners, Article 22(7) of the AML Regulation, appropriate. These new persons need to be identified, and their identity needs to be verified.

We do not see a basis for carrying out a completely new identification and verification process without a specific cause in the first scenario, where an identity document, passport, or equivalent of a customer has merely expired.

This would create a significant procedural burden, would undermine customer acceptance of AML measures, and would cause additional unnecessary costs.

In this scenario, we consider that obtaining a copy or photo of the customer's valid identity document, passport or equivalent, without requiring a completely new identification and verification process under Article 22(1) and (6) AMLR, constitutes a proportionate and risk-based approach, at least in all situations involving normal and low risk.

Against this background, Insurance Europe urges AMLA to keep the above-mentioned scenarios separate from one another in the guideline.

Amendment proposal (optional) (*3000 characters maximum*):

"During the process to update customer information to comply with Article 26 (2) of AMLR or during an event trigger review according to Article 26 (3) of AMLR, obliged entities should assess whether expired identity documents, passports or equivalent should be updated, including for natural persons or beneficial owners in respect of a legal entity.

The expiry of an identity document, passport or equivalent should not, in itself, automatically require re-collection where the identity of the person concerned has already been verified and no doubts or increased ML/TF risks have been identified.

Where obliged entities conclude that an expired identity document, passport or equivalent should be re-collected, they should determine the most appropriate method for updating the information, taking into account the risks, the information already held and the purpose of the update. Different methods may be used, including electronic identification means as per Article 22(6), point (b), AMLR.

In case of new or additional beneficial owner/s of a legal entity or a new person purporting to act on behalf of the customer that needs to be identified and verified, different methods of verification can be used such as electronic identification means as per Article 22(6), point (b) and for beneficial owners Article 22(7) of AMLR."

Comment 8
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): Definitions (a) and (c)
Rationale (*3000 characters maximum):*

Definitions (a) and (c) define event-driven and periodic reviews as mechanisms for reassessing customer information and updating it where necessary. The definitions should make clear that neither an event-driven review nor a periodic review automatically requires a full refresh of the customer file. A triggering event should lead to a review proportionate to the nature and materiality of the event and focused on the information concerned.

Comment 9
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): Definitions (e)
Rationale (*3000 characters maximum):*
Definition (e) describes real-time monitoring as monitoring carried out at or close to the time when a transaction or activity occurs.
Real-time monitoring should not be presented as a default expectation for the insurance sector. Insurance undertakings generally do not process real-time flows and may not have an operational ability to intervene comparable to that of payment service providers.

Comment 10
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 3
Rationale (*3000 characters maximum):*
Paragraph 3 requires obliged entities to determine which elements of customer information, including the customer risk classification, need to be updated.
This paragraph should recognise that customer information only needs to be updated **where appropriate**. Information already held by the obliged entity may remain accurate and current and may therefore require no additional update. This clarification would better reflect the risk-based approach and avoid unnecessary re-collection.

Amendment proposal (optional) (*3000 characters maximum):*
Amend the first sentence as follows: *"...obliged entities should assess which elements of the customer information, including the customer risk classification, should, **where appropriate**, be updated."*

Comment 11
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 7 and 10
Rationale (*3000 characters maximum):*
Paragraphs 7 and 10 set out governance, staff-training and data-protection expectations applicable to customer-information reviews.
The Guidelines should ensure a clear and consistent interaction between AML/CFT requirements and the GDPR, as well as between the guidance and expectations of the competent AML/CFT and data protection authorities. Such coordination is essential to provide legal certainty and avoid conflicting operational expectations for obliged entities.

Furthermore, the last sentence of paragraph 7, requiring AML/CFT training to cover the handling of personal data, should be deleted. Personal data protection is already governed by a specific regulatory framework. Moreover, data processed for AML/CFT purposes are not necessarily "sensitive personal data" within the meaning of the GDPR. The proposed wording may therefore create ambiguity and duplicate existing requirements.

Amendment proposal (optional) (*3000 characters maximum):*
Delete in paragraph 7 the sentence: *"Given their access to sensitive personal data, the training should also cover the handling of personal data."*

Question 2: Do you foresee any challenges in applying Guideline 1, taking into consideration the differences in obliged entities' nature, risks and complexity of their business, as well as their size?

If you see scope for further clarification, please:
(i)specify the paragraph concerned;
(ii)explain your rationale; and
(iii)consider submitting an amendment proposal

Comment 1
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 28
Rationale (*3000 characters maximum):*

Paragraph 28 requires obliged entities to assess whether automated or semi-automated systems and processes, including the use of advanced analytical tools, are needed to capture relevant changes in the customer information.

No explicit legal basis for this obligation appears to be provided in the AMLR, raising concerns regarding compatibility with the principle of essentiality. The provision should therefore be deleted.

Comment 2
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 20
Rationale (*3000 characters maximum):*

Insurance Europe welcomes the recognition in paragraph 20 that, in lower-risk situations, periodic reviews may be limited to information available through internal systems or public registries.

However, the life insurance sector continues to face challenges due to the lack of clarity around key concepts (see response to Question 1) and the additional operational resources and IT investments that periodic re-identification would entail, even if applied on a risk-based basis.

Question 3a: Compared to your current ongoing monitoring process, what impact would Guideline 1: *Keeping customer documents, data or information up to date* have on your compliance costs and operational processes? Please provide the estimated percentage increase or reduction in annual compliance costs:

☒Increase of compliance costs and operational processes
☐Reduction of compliance costs and operational processes
☐No effect

Question 3b: Please rate the expected impact (very positive; positive; neutral; negative; very negative) on the following operational processes:

	Very positive	Positive	Neutral	Negative	Very negative
periodic customer information review including document re-collection	☐	☐	☐	☐	☒
event-driven reviews;	☐	☐	☐	☐	☒
implications for staff;	☐	☐	☐	☐	☒
other (please specify)	☐	☐	☐	☐	☒

Question 4: Do you foresee any challenges in applying Guideline 2? In your view, does the guideline provide sufficient clarity, remain proportionate, and ensure applicability across your products and services to support effective, risk-based monitoring of unusual or suspicious transactions and activities?

If you see scope for further clarification, please:
(i)specify the paragraph concerned;
(ii)explain your rationale; and
(iii)consider submitting an amendment proposal

Comment 1
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 34
Rationale (*3000 characters maximum*):

Draft Guideline 2 introduces the concept of "activity monitoring", which lacks a legal basis in Level 1 legislation. Article 26(1) AMLR provides that the monitoring of business relationships, including transactions undertaken by the customer throughout the course of a business relationship, serves to ensure that those transactions are consistent with the obliged entity's knowledge of the customer, the customer's business activity and risk profile.

However, the introduction of the concept of "activity monitoring" effectively transforms the objective of Article 26(1) AMLR into a requirement. The Guidelines do not clearly define whether "activity monitoring" is limited to activities within the business relationship or extends more broadly. Without further clarification, there is a risk that the concept could be interpreted as requiring monitoring beyond transactions carried out within the context of the business relationship, creating legal uncertainty and potentially disproportionate operational expectations for certain categories of obliged entities.

In the hypothesis that 'activity monitoring' would mean that obliged entities should monitor the customer's overall business activity, this would go beyond the wording of Article 26(1), third subparagraph, AMLR, which provides that obliged entities shall take into account information from other entities within the group (including non-obliged entities) for the purposes of monitoring the business relationship with their customers. The primary responsibility for monitoring thus remains with the individual obliged entity. In practice, unconditional monitoring of group-wide customer activity would only be feasible at the level of the parent undertaking due to the

necessary structures. This would effectively shift the monitoring obligation — which is incumbent on the individual obliged entity — to the parent undertaking, without a legal basis in the AMLR.

Such unconditional monitoring of group-wide customer activity would be difficult to reconcile with the principle of data minimisation and Article 6 GDPR. Pursuant to Article 6(1), first subparagraph, point (c) GDPR, processing is lawful only where it is necessary for compliance with a legal obligation to which the controller is subject. Accordingly, such processing may be carried out only by the controller that is itself subject to the relevant legal obligation. Processing of personal data by group entities that are not obliged entities within the meaning of Article 3 AMLR would therefore be liable to infringe Article 6(1), first subparagraph, point (c) GDPR.

Hence, the concept of "activity monitoring" should be removed, as it is not grounded in the Level 1 legislation.

In this context, Article 26(1), third subparagraph, AMLR, should be interpreted in a risk-based and proportionate manner, on a need-to-know basis. Accordingly, information from other entities within the group — whether obliged entities or not — should only be taken into account where such sharing is relevant for the purposes of customer due diligence and ML/TF risk management, in line with Article 16(3) AMLR.

Amendment proposal (optional) (*3000 characters maximum*):

If the concept of "activity monitoring" is retained, we request clarification of its legal and practical scope. In our view, a narrower, clearly defined interpretation is required, for example along the lines of "monitoring of risk-relevant events and activities directly linked to products, services or the business relationship, insofar as they fall within the obliged entity's field of observation and control".

- According to the wording of Article 26 AMLR, the obligation relates to transactions carried out within the context of the business relationship. The introduction of a general term such as "activity monitoring" could be misinterpreted to mean that comprehensive monitoring of all the customer's activities – possibly across the group – is expected.
- In practice, such an interpretation would give rise to data protection concerns (particularly with regard to the principle of data minimisation under the GDPR) and impose significant operational burdens, especially in the insurance sector and among other non-financial obliged entities with limited access to behavioural data.

We suggest that the final version:

- removes the concept of "activity monitoring" as it is not grounded in the Level 1 legislation (preferred option);
- includes such a definition in case the concept of "activity monitoring" would nevertheless be retained,
- makes explicit reference to the principles of proportionality and data minimisation,
- and provides sector-specific examples (including for insurance, leasing and the legal professions), without thereby creating formal sector-specific special provisions.

Comment 2
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 54-55
Rationale (*3000 characters maximum*):

Paragraphs 54–55, permit the use of peer or reference groups, but emphasises that these must not replace an individual understanding of the customer. However, where transactions, events or other customer-specific information suggest that a customer no longer aligns with the relevant peer group, the obliged entity should monitor that customer in light of their individual characteristics and risk factors.

For the insurance sector and other mass-retail areas, peer-group monitoring is an established and efficient approach, particularly for clearly segmented low-risk customers. Creating individual transaction profiles for

millions of standard customers would be very costly from an operational perspective, without providing any significant added value for AML/CFT risk mitigation.

Comment 3
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 60
Rationale (*3000 characters maximum):*

It remains unclear what is meant by the concept of "pre-transaction and pre-activity monitoring". Since this concept has no legal basis in the Level 1 legislation, it should be deleted.

Comment 4
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 35, 47, 59, 66 and 73
Rationale (*3000 characters maximum):*
The Guidelines refer in several paragraphs to situations where obliged entities have limited or no access to transaction and activity data or where legal or technical constraints limit the application of certain monitoring measures. However, it remains unclear what types of limitations or constraints AMLA envisages. Greater clarity would help obliged entities assess whether these provisions are relevant to their business model and ensure a more consistent application of the Guidelines.

Comment 5
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 7, 71-75
Rationale (*3000 characters maximum):*
The Guidelines repeatedly refer to the escalation of unusual or suspicious transactions and activities, monitoring outputs, and changes in customer information. However, the term "escalation" is not defined. This may lead to different interpretations across obliged entities as to the actions expected once a concern has been identified.

Amendment proposal (optional) (*3000 characters maximum): Escalation definition*
"Escalation refers to requesting additional expertise within the Obliged Entity to assess the risk in more depth or internal approval on the assessed outcomes".

Comment 6
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 34(b)
Rationale (*3000 characters maximum):*

Paragraph 34(b) requires monitoring frameworks to rely on complete, accurate and timely data, including relevant information available within the group.

This requirement to rely on "complete, accurate and timely data" should be assessed by reference to the data necessary to analyse the identified risk. It should not be interpreted as requiring the obliged entity to mobilise all data that may potentially be available, including all group information. A more targeted interpretation would ensure implementation of the framework that is proportionate and consistent with the objectives of customer due diligence and the management of ML/TF risks.

Comment 7
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 44
Rationale (*3000 characters maximum):*

Paragraph 44 requires obliged entities to perform cumulative analyses of transactions and activities across a range of specified factors, including linked behaviour.

Obliged entities may already perform cumulative analyses of transactions and activities, but not necessarily at the level of granularity contemplated by the paragraph. The listed elements are not all suitable for every sector or business model, particularly the insurance sector. The provision should be framed as a set of possible approaches rather than a mandatory minimum list. The concept of "linked behaviour" should also be clarified to avoid divergent interpretations.

Amendment proposal (optional) (*3000 characters maximum):*
Replace "This includes but is not limited to" with "Where relevant and feasible, this may include".

Comment 8
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 53
Rationale (*3000 characters maximum):*

Paragraph 53 requires obliged entities to use customer profiles within their monitoring framework.
For sectors in which the business relationship is not primarily transaction-based, the customer profile should be capable of relying on other features of the relationship. In insurance, relevant elements may include the characteristics of the contract, the cover provided, premium payment arrangements, expected benefits and other risk-relevant features of the business relationship. This clarification would better reflect the specific characteristics of insurance companies while remaining consistent with the risk-based approach.

Comment 9
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 63
Rationale (*3000 characters maximum):*

Paragraph 63 requires obliged entities to have intervention capabilities enabling them to prevent or delay transactions and activities presenting a higher ML/TF risk.

Such a requirement would have significant operational and commercial consequences. It could lead to delays in the execution of legitimate transactions and in the payment of benefits to policyholders and beneficiaries, with a direct impact on service quality and on insurance undertakings' ability to comply with their contractual obligations.

Its implementation would also require substantial technical, human and organisational resources, which appear disproportionate to the objective pursued.

Moreover, the mere identification of a higher risk should not, in itself, justify blocking or delaying a transaction. Such an approach would be inconsistent with a risk-based approach, which requires the measures implemented to be appropriate, proportionate and targeted according to the nature and intensity of the risk actually identified.

Comment 10
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 46-48
Rationale *(3000 characters maximum):*

Paragraphs 46 to 48 set out expectations regarding the use of manual monitoring processes and controls, as well as automated or semi-automated monitoring systems and processes.

The Guidelines should clarify that the use of manual or semi-automated processes and controls may be appropriate not only when entities have limited access to transactional data, but also when their risk profile, the

nature of their products, their transactions volume, and their business model do not justify the implementation of more sophisticated automated systems.

It should also be clarified that expectations regarding rules, scenarios, thresholds, models, or behavioral benchmarks should be based on the level of automation actually adopted by the obliged entity, in accordance with its risk-based approach. The guidelines should not be interpreted as mandating the implementation of behavioral models or advanced analytical tools where these are not justified by the nature, risks, and complexity of the activities carried out.

Question 5: Do you consider that the provisions on the use of automated or advanced analytical tools are sufficiently flexible and do not favour specific technologies?

If you see scope for further clarification, please:
(i)specify the paragraph concerned;
(ii)explain your rationale; and
(iii)consider submitting an amendment proposal

Comment 1
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 42
Rationale (*3000 characters maximum):*

Paragraph 42 requires obliged entities to determine whether their monitoring framework uses manual, automated or semi-automated processes and controls, taking into account their size, nature of business, transactions and activities volumes and frequency as well as complexity and overall ML/TF risk exposure.

However, no explicit legal basis for such an obligation appears to be provided in the AMLR; it therefore does not seem to be compatible with the principle of essentiality. The provision should be deleted.

Amendment proposal (optional) (*3000 characters maximum):*
Deletion of Paragraph 42

Comment 2
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 87
Rationale (*3000 characters maximum):*

Paragraph 87 requires obliged entities to assess whether the use of automated or advanced analytical tools, including algorithms, machine learning, artificial intelligence and other innovative technologies, would enhance the effective identification and escalation of ML/TF risks within their monitoring framework.

However, no explicit legal basis for such an obligation appears to be provided in the AMLR; it therefore does not seem to be compatible with the principle of essentiality. The provision should be deleted.

Amendment proposal (optional) (*3000 characters maximum):*
Deletion of Paragraph 87

Comment 3
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 88-95
Rationale (*3000 characters maximum):*
Paragraphs 88 to 95 set out governance, validation, documentation, human-oversight and explainability requirements applicable to automated and advanced analytical tools, including artificial intelligence systems.

The governance requirements applicable to analytical tools and artificial intelligence systems should be interpreted consistently with the obligations arising under Regulation (EU) 2024/1689 on artificial intelligence (the AI Act), in order to avoid duplicative or inconsistent requirements.

In addition, paragraphs 88, 89, 90 and 95 introduce concepts such as explainability, model risk and bias testing. These concepts are familiar in banking model risk frameworks, but many insurers do not have dedicated model governance frameworks for AML monitoring. Obliged entities should not be expected to implement banking-style model governance frameworks where monitoring relies on simple rules-based controls or low-risk analytical tools.

Comment 4
Guidelines paragraph (please provide the specific paragraph/s number you are referring to e.g. 3,4,5): 91
Rationale (*3000 characters maximum):*

Paragraph 91 requires obliged entities relying on third-party providers to ensure that sufficient information is available to meet the governance, understanding and explainability requirements applicable to analytical tools. Where such information is not available, obliged entities should not rely on those tools for monitoring functions that materially influence monitoring outcomes or decisions.

This requirement should be clarified to specify that, where an obliged entity relies on a tool developed by a third-party provider, the requirements relating to explainability and understanding of how the tool operates should be assessed in light of the information reasonably made available by that provider, without requiring access to proprietary models or information protected by trade secrets.

Question 6a: What impact would the design and implementation of the transaction and activity monitoring framework described in Guideline 2 have on your compliance costs?

☒Increase of compliance costs and operational processes
☐Reduction of compliance costs and operational processes
☐No effect

Question 6b: Please rate the expected impact (very positive; positive; neutral; negative; very negative) on the following operational processes:

	Very positive	Positive	Neutral	Negative	Very negative
processes and controls;	☐	☐	☐	☐	☒
event-driven reviews;	☐	☐	☐	☐	☒
implications for staff;	☐	☐	☐	☐	☒

Question 7: Do you identify any further opportunities for simplification or measures that could further support proportionality across the guidelines?

(i) If so, please provide concrete drafting proposals and explain why the specific measures you propose would be more appropriate (5000 character(s) maximum).

Both draft Guidelines, comprising 27 pages, appear unnecessarily lengthy for a Level 3 instrument. In order to avoid unnecessary administrative burden, it would be desirable to streamline the text, in particular by reducing redundancies and avoiding repetitive provisions. For instance, the Guidelines repeatedly require obliged entities to regularly review their processes and provide staff training. However, these are obligations that fall within the scope of internal policies and procedures pursuant to Article 9 AMLR and should therefore not need to be reiterated at Level 3.

With regards the proposed Guideline 2, there is a significant risk that it could be interpreted as establishing a de facto expectation for increasingly sophisticated monitoring technologies, documentation, governance arrangements and control frameworks irrespective of the underlying ML/TF risk exposure. This could result in significant implementation and operational costs, increased resource requirements and disproportionate compliance burdens, particularly for lower-risk insurance undertakings/products, without a corresponding enhancement in the effectiveness of AML/CFT controls.

Insurance Europe is the European insurance and reinsurance federation. Through its 39 member bodies — the national insurance associations — it represents insurance and reinsurance undertakings active in Europe and advocates for policies and conditions that support the sector in delivering value to individuals, businesses, and the broader economy.