Insurance Europe's position on draft RTS under Article 40(2) of the AMLD6

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Introduction

Insurance Europe welcomes the Anti-Money Laundering Authority (AMLA)'s final draft regulatory technical standard (RTS) under Article 40(2) of the sixth Anti-Money Laundering Directive (AMLD6). AMLA's draft RTS evolved in a good direction compared to the European Banking Authority (EBA)'s first draft preceding the public consultation.

While the draft RTS provides important clarifications and sectoral flexibility, several concerns remain regarding proportionality, administrative burden, and sector-specific risk assessment for insurance undertakings. Insurance Europe calls for targeted amendments to ensure effective, risk-based, and proportionate anti-money laundering (AML) regulation for the insurance sector.

General remarks

The proposed granular data points and data collection process required for the assessment and classification of the risk profile of obliged entities is extensive and will lead to significant administrative burden and IT implementation efforts as a substantial portion of the information requested is not currently collected, particularly for country-specific breakdowns. There are **data points required for life insurance undertakings that do not reflect the business model of life insurance**, e.g., the data that is required for transaction monitoring.

While it is clarified in the draft RTS that for the life insurance sector, transaction monitoring entails the monitoring of premiums received and claims or surrenders paid, it has to be mentioned that these transactions are not comparable to cause and frequency of other obliged entities' transactions (e.g. in the banking sector) because they are contractually agreed and therefore the ML/TF risk is completely different and negligible.
Moreover, several concepts remain vague or insufficiently defined (e.g., politically exposed persons, beneficial owners, atypical flows, new customers), creating a risk of divergent interpretations. Certain requests, directly

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inspired by the banking model — particularly those related to cash transactions appear disproportionate in view of the actual risk profile of life insurance.

In addition, there are data points that will not be available from 2027 for existing business relationships (e.g., data about complex corporate structures, since this definition is going to be introduced in the RTS under Article 28(1) AMLR).

Insurance Europe welcomes the clarification by AMLA in Recital 5 of the draft RTS that the source of data that will be useful for the risk assessment is not mandatory, which will enable all supervisors to use any source of data they deem appropriate. In order to further reduce the reporting burden, Insurance Europe calls for AMLA and the NCAs to use available and relevant data from other insurance undertakings' returns (e.g. Solvency II returns) for the purposes of AML/CFT supervision.

Recommendations

Only data that is absolutely necessary for the risk assessment should be collected.

- The data collection process based on the RTS under Article 40(2) AMLD6 and Article 12(7) AMLAR will lead to high administrative burden for insurance companies and causes high IT implementation efforts. In addition, there are data points that will not be (fully) available from 31st December 2027, or within the first five years from the entry into force (particularly for existing businesses) of the AMLR because they are linked to obligations that are going to be introduced by the AMLR.

For example:

- Number of legal entities with complex corporate structure,
- Number of customers with high-risk activities (the definition of high-risk activities in AMLA's method may differ from the definition of the high-risk standard that is currently applied in national data collection activities),
- Total Number of Customers (NP) with total assets under management over a value of at least EUR 5 000 000 and with total assets over a value of at least EUR 50 000 000 (if total assets mean the total assets of the client and not only the assets that are invested in a particular insurance company),
- Number of customers whose CDD data and information is not yet in line with the requirements of Article 20 AMLR.

Therefore, there should be a transition period for the complete collection of up to five years depending on the data point.

Review of the inherent and residual risk profiles (Recitals 13, Article 5)

The quantitative criteria imposed in this article: *(i) contracts or products that cannot be redeemed; (ii) contracts or products that insure a lender against the death of a borrower; and (iii) contracts or products the annual premium of which does not exceed EUR 1 000 or the corresponding value in the national currency or the unique premium of which does not exceed EUR 2 500, or the corresponding value in the national currency*, does not reflect the reality of the insurance sector. Moreover, these thresholds are very low, are based on provisions of the repealed Directive 2005/60/EC[1] and Commission Directive 2006/70/EC[2] and should be regularly updated.

Finally, the list of life insurance contracts' characteristics is not identical with the definition of low-risk life insurance contracts provided in the Interpretive note on page 196 of EBA's response, which Insurance Europe understands will be taken upon by AMLA as guidelines:

[1] Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing

[2] Commission Directive 2006/70/EC of 1 August 2006 laying down implementing measures for Directive 2005/60/EC of the European Parliament and of the Council as regards the definition of politically exposed person and the technical criteria for simplified customer due diligence procedures and for exemption on grounds of a financial activity conducted on an occasional or very limited basis

"Life insurance contracts or products that meet any of the following conditions: (i) they cannot be redeemed, (ii) contracts merely covering death **or certain disabilities or attacks on the physical integrity of the person (which often require medical evidence), which do not include an element of savings or investment**, (iii) the annual premium is not above EUR 1 000 or the unique premium is not above EUR 2 500, (iv) **contracts whose premiums remain below or equal to applicable tax-deductible ceiling**."

Recommendation
Instead of arbitrary quantitative measures, Insurance Europe recommends for all **life insurance protection policies**, life insurance policies other than savings and investments insurance policies, to be considered as **low risk** under Article 5.

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.