Insurance Europe's response to AMLA's consultation on the draft RTS on Customer Due Diligence

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Q1. ***Do you agree with the proposals set out in these draft RTS? If you do not agree, please specify: (i) the provision(s) concerned; and (ii) the rationale for your position. Please provide concrete drafting proposals to resolving the issue and explain why the measure you propose would be more appropriate.***

See answer to question 3 and 5.

Q2. ***Do you agree that the proposals set out in these draft RTS can be applied across the range of products and services provided by your obliged entity? If you do not agree, please: (i) explain your rationale for why the current proposals do not provide sufficient flexibility; and (ii) provide concrete drafting proposals and explain why the specific measures you propose would be more appropriate.***

The proposals do not always provide sufficient flexibility for low-risk life insurance products. Due to the long-term nature of life insurance contracts and the limited transactional activity during the accumulation phase or period in which premiums are paid for a term life insurance policy, the uniform application of certain customer due diligence requirements — in particular those relating to periodic updates, verification timing and documentation of ownership and control structures (notably Articles 23 and 12 RTS) — may lead to disproportionate outcomes when applied across all products and services.

In practice, ML/TF risk in life insurance products generally materialises at specific moments in the product lifecycle, most notably at the execution of a benefit payment. Applying full verification and extensive documentation requirements at earlier stages, irrespective of the product's low-risk profile, does not necessarily enhance risk mitigation but may instead reduce operational flexibility without commensurate AML/CFT benefits.

Finally, the changes introduced by the AML package and the draft RTS to the current AML/CFT regime are significant and will require life insurance undertakings to make a major effort to adapt within very tight deadlines.

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The deadline for implementing the Single Rule Book Regulation by 10 July 2027 will pose significant challenges for the life insurance sector, as this timeframe is far too short to allow for the necessary changes to insurance undertakings' procedures and IT systems, whilst many of the measures to be implemented fall under Level 2 texts and are not yet known or finalised. The changes to procedures and IT systems required to implement the new obligations will entail unavoidable lead times of no less than 12 or 18 months from the moment the new obligations are finalised, once all Level 2 texts have been published in the Official Journal of the EU it is not possible to develop IT tools on the basis of draft texts. IT projects are major and costly undertakings for businesses, they must be planned well in advance to allow for a phase of cost estimation followed by budget approval by senior management, and a phase of technical implementation. The deadline set out in the RTS should therefore be adjusted to take account of the budgetary and technical constraints of the undertakings concerned. It is important to provide for a transition period, in order to allow insurance undertakings, the necessary time to bring their procedures and systems in line with the new rules contained in the Level 1 and Level 2 texts.

Q3. ***Do you agree that the proposals set out in these draft RTS allow for the effective application of a risk-based approach towards compliance with AML/CFT requirements? If you do not agree, please: (i) specify the provisions concerned; and (ii) provide concrete drafting proposals and explain why the specific measures you propose would be more appropriate.***

i) General comments:

A number of measures do not sufficiently reflect the risk-based approach to ML/TF and appear aligned with high risk, particularly in Sections 5 and 6. Life insurance products are generally moderate to low risk, especially those without investment components or surrender values. The draft RTS should better reflect this.

While the RTS refers to a risk-based approach, some provisions rather imply rules-based application (e.g. Article 23 RTS in conjunction with Article 26(2)(b) AMLR and Articles 11, 12, 10 and 21 RTS). Prescriptive thresholds and documentation may force enhanced measures in low-risk cases. AMLA should clarify such measures apply only where justified by concrete ML/TF risks, ensuring proportionality.

ii) Specific comments and suggestions

Information to be obtained in relation to names

Under Article 2(ii) of the RTS, obliged entities shall obtain the registered name and the trade name where it differs from the registered name, when identifying a legal entity. Insurance Europe calls for the **removal of the trade name requirements** as it could be difficult and burdensome for obliged entities to verify whether the obtained trade name (or for some customers several trade names) is accurate. It also goes beyond what Article 22(1) point (b)(i) AMLR required and is less relevant for AML purposes.

Concrete drafting proposals:

Article 2 – Information to be obtained in relation to names

1. In relation to the names and surnames of a natural person as referred to in Article 22(1), point(a)(i), of Regulation (EU) 2024/1624, obliged entities shall obtain all names and surnames that feature on their identity document, passport or equivalent.

2. In relation to the name of a legal entity as referred to in Article 22(1), point (b)(i), and other organisations that have legal capacity under national law as referred to in Article 22(1), point (d)(i), of Regulation (EU) 2024/1624, obliged entities shall obtain the registered name~~, and the trade name where it differs from the registered name~~.

Article 20 - Minimum requirement for customer identification in situations of low risk

1. In situations of low risk, obliged entities shall obtain at least the following information to identify the customer and the person purporting to act on behalf of the customer:
   a) for a natural person: i. all names and surnames; ii. place of birth; iii. date of birth; iv. nationalities of the natural person or their statelessness, refugee or subsidiary protection status.
   b) for a legal entity and other organisations that have legal capacity under national law:
      i. the legal form;
      ii. the registered name of the legal entity ~~and its trade name where it differs from its registered name;~~
      iii. the address of the registered office; and
      iv. where available, the registration number or tax identification number, or the legal entity identifier.
2. Paragraph 1 shall also apply to persons on whose behalf or for the benefit of whom a transaction or activity is being carried out.

Specification on nationalities

The proposed amendment clarifies, for reasons of legal certainty, that where a person holds multiple nationalities and declares them in good faith, verifying one nationality is sufficient. This clarification already appears in Recital 3 and its inclusion in Article 5 ensures consistency between the recitals and the operative provisions.

Article 5 - Specification on nationalities

For the purposes of Article 22(1)(a) (iii), of Regulation (EU) 2024/1624, obliged entities shall obtain information on all nationalities or, where applicable, the statelessness and refugee or subsidiary protection status of the customer, any natural person purporting to act on behalf of the customer, and the natural persons on whose behalf or for the benefit of whom a transaction or activity is being conducted. **Where a person holds multiple nationalities and declares them in good faith, verifying one nationality will be sufficient.**

Reliable and independent sources of information

Article 8 of the draft RTS imposes several obligations to ensure that the source of information is reliable. Some of these requirements place an unrealistic burden of proof on obliged entities:

- Assessing the credibility and reputation of the source is inherently subjective and difficult to evidence (Article 8(a)),
- Assessing whether the information or data provided had to undergo certain checks or is consistent with other sources is nearly impossible to verify in practice (Article 8(d)),
- Assessing the risk of information being forged relies on specialist technical knowledge (e.g. AI, image manipulation detection), which is not generally available within compliance teams (Article 8(e)).

Recommendation:

- A more proportionate approach should be adopted regarding Article 8 to ensure that obliged entities are not required to comply with overly burdensome requirements.

Concrete drafting proposal:

Article 8 - Reliable and independent sources of information

In order to determine whether a source of information is reliable and independent, obliged entities shall take risk-sensitive measures to assess:

~~(a) the credibility of the source, including its reputation;~~

(b) the official status and independence of the information source;

(c) the extent to which the information is up-to-date;

(d) the ~~accuracy of~~ **extent to which** the source **of information is accurate**, based on **what is reasonably verifiable by obliged entities in practice** ~~whether the information or data provided had to undergo certain checks before being provided or is consistent with other sources~~;

~~(e) the ease with which the identity information or data provided can be forged.~~

Understanding the ownership and control structure of the customer

The measures set out in Article 11, which concern understanding the client's ownership and control structure, are disproportionate for low-risk products. These measures, which place a burden on the client, should be adapted to reflect the low level of risk.

Concrete drafting proposals

Article 11 - Understanding the ownership and control structure of the customer

"3. With respect to the legal entities and/or legal arrangements described in paragraph (2), point (a), and to the extent that it is relevant, obliged entities shall take risk-sensitive measures to obtain the following information:
(a) the legal form of such entities and/or arrangements, and reference to the existence of any nominee shareholders;
(b) the jurisdiction of incorporation or registration of the legal person or legal arrangement,
(c) in the case of a trust, the jurisdiction of its governing law;
(d) where ~~applicable~~ **available**, the shares of interest held by each legal entity or legal arrangement, and its sub-divisions, by class or type of shares and/or voting rights expressed as a percentage of the respective total."
"4. When obliged entities assess the ownership and control structure, they must be satisfied that:
~~(a) the information included in the description pursuant to paragraph 2, point (a) is credible;~~
(b) that there is an economic, legal or other rationale behind the structure; and
(c) that they understand how the overall structure affects the ML/TF risk associated with the customer."

Complex corporate structures

Article 12 provides that an ownership and control structure is to be considered a complex corporate structure where there are three or more layers between the customer and the beneficial owner, and more than one of the conditions listed in paragraph 1 is met.

The **AMLR does not require that a regulatory technical standard shall specify the concept of** 'complex corporate structure'.

Therefore, it is not legally necessary for defining this concept in the draft RTS. Although the classification as complex corporate structure per se does not lead automatically to enhanced CDD measures there are still requirements for the collection of data in relation to complex corporate structures for the purpose of the RTS under Article 40(2) AMLD6 and Article 12(7) AMLAR (inherent risk). It is unclear what weighting this data point will have in the assessment of insurance undertakings, and there is considerable concern that the sheer number of customers which are legal entities with complex corporate structure will be assessed as increasing risk and this will impact the risk profile of the insurance undertakings.

There is also concern that, despite the current clear distinction between the terms, an analogy will be drawn in supervisory practice, with the result that customers with a complex corporate structure (Article 12) should be treated as customers with an excessively complex ownership structure (Annex III AMLR).

In addition, for low-risk life insurance products, requiring detailed insight into ownership and control structures from the first layer onwards may be disproportionate. In many low-risk cases, particularly where domestic legal entities are involved and reliable public registers are available, an adequate understanding of ownership and control can be achieved without extensive documentation on the ownership and control structures.

Even if the wording in the draft RTS is better than in the consultation paper there are interpretive questions regarding Article 12(1)(d) and how this could be applied in practice.

Recommendations:

- Article 28(1) of the AMLR does not require that a regulatory technical standard shall specify the concept of 'complex corporate structures'. Due to business globalisation, many companies will fall under the definition of 'complex corporate structure' and this might have implications for the assessment and classification of the risk profile of insurance undertakings.

- Article 12 should be removed from the RTS.

Concrete drafting proposal:

~~*Article 12 – Understanding the ownership and control structure of the customer in the case of complex corporate structures*~~

~~1. To understand the ownership and control structure of the customer in accordance with Article 20(1), point (b), of Regulation (EU) 2024/1624, obliged entities shall treat an ownership and control structure as a complex corporate structure where there are three or more layers between the customer and the beneficial owner and, in addition, more than one of the following conditions is met:~~
~~a. there is a legal arrangement or a similar legal entity such as a foundation in any of the layers;~~
~~b. the customer and any legal entities present at any of these layers are registered in different jurisdictions outside the EU;~~
~~c. there are nominee shareholders or nominee directors involved in the structure;~~
~~d. the structure obfuscates or diminishes transparency of ownership with no legitimate economic rationale or justification.~~
~~2. In the case of complex corporate structures as referred to in paragraph 1, obliged entity shall, where necessary to complement the measures undertaken pursuant to Article 11, obtain additional information, such as an organigram.~~
~~3. Obliged entities shall take risk-sensitive measures to satisfy themselves that the information obtained is accurate.~~

Politically Exposed Persons

The requirements listed under Article 19 are to be followed regardless of the risk profile of the activity conducted. Regarding the insurance sector specifically, it imposes a disproportionate burden for obliged entities when providing low-risk life insurance products such as pure risk/ protection insurance policies and occupational pension schemes.

For customers who buy exclusively life insurance products for which simplified due diligence measures can be applied due to the product characteristics, a **balanced consideration of the risk factors** should be possible.

For instance, it is not understandable that a customer who has taken out a term life insurance as collateral for their mortgage loan paying a monthly premium of only EUR 25.00 represents a high risk solely because of their

PEP status. There is no surrender value, and the benefit is only due in case of death. However, because of the high risk, the customer has to be monitored annually and is required to submit all the documentation regarding the source of their funds only for EUR 25.00 monthly premium payments. This creates disproportionate burden for insurance undertakings in terms of screening and onerous ongoing reviews when the products are low risk for ML/TF purposes.

If the product characteristics of a life insurance product implies a low ML/TF risk, it should be possible to give priority to product-specific over customer-specific risk factors (PEP characteristics) when assessing the risk in order to have a proportionate approach to AML.

Concrete drafting proposal:

Article XX – Low risk profile of the activity conducted by the politically exposed person

In situations of low risk, it shall be possible to give priority to product-specific risk factors, over customer-specific risk factors associated with politically exposed persons.

(15) Regulation (EU) 2024/1624 requires specific measures to be applied to transactions or business relationships with politically exposed persons (PEPs). The focus of this Regulation is on measures for the identification, by obliged entities, of politically exposed persons, their family members or persons known to be close associates. PEP screening measures should apply to the customer, its beneficial owner and the person on whose behalf or for the benefit of whom a transaction or activity is being carried out. These measures are important because once a PEP is identified, the obliged entity should apply specific and additional customer due diligence measures in relation to that customer, **while taking into account the overall risk profile of the activity conducted by the politically exposed person. In situations of low risk, it shall be possible to give priority to product-specific risk factors, over customer-specific risk factors associated with politically exposed persons.**

SDD measures

Article 21 of the RTS sets out the minimum requirements for the identification and verification of beneficial owner or senior managing officials in situations of low risk. However, requiring **double checking by identifying and verifying the beneficial owner or senior managing officials in situations of low risk is disproportionate** to the risk involved and will have an impact on costs and efficiency.

Article 23 of the draft RTS provides that customer information should be updated maximum every 1 or 5 years respectively, depending on the risk profile of the customer. In practice this will result in a mandatory update-frequency (5 years) also for the mass portfolio of low-risk life insurance customers, regardless Article 33 (1) (b) ALMR explicitly allows obliged entities to reduce the frequency of updates in these cases. Such an update-frequency is in contradiction to the "risk-based approach", obliged (life insurance) entities should follow to mitigate the risks of Money Laundering and Terrorist Financing-risk.

Implementing customer information **update every 5 years** for low-risk life insurance contracts seems excessive considering:

- **the core principles of the risk-based approach**
- **the low inherent and residual ML/TF risk of such a customer-portfolio**
- **the long duration of insurance contracts**
- **the absence of occasional transactions**
- **the low number of customer contacts**
- **and the absence of leverage over customers.**

Consequently, this frequency is deemed as inappropriate for low-risk life insurance contracts such as occupational pension insurance schemes, life insurance policies for which the premium is low (e.g., personal pension insurance policies) and pure risk insurance policies (e.g., outstanding balance insurance policies and funeral insurance policies).

Products should be considered eligible for simplified due diligence measures, for instance:

- life insurance contracts with a temporary death coverage alone or combined with disability coverage with or limited surrender options: These products are rightly mentioned in the definition of low-risk life insurance contracts provided in the Interpretive note on page 196 of EBA's response. These contracts have no or little cash value and do not include any savings or investment components. They may include death coverage alone or in combination with disability coverage. The premium amount is known at the outset of the business relationship and contributions are not refunded to the policyholder. Benefits are only payable in the event of a claim. They are therefore dependent on the occurrence of an unforeseen event and are justified in particular by medical evidence in the context of compensation management. Contracts with a lifetime guarantee whose purpose is solely to finance the insured's funeral: Funeral products do not include any investment components. The insured person chooses a lump sum amount and pays premiums calculated based on this amount, their age, and the premium payment period selected. In the event of death, this lump sum will be paid out regardless of the amount of premiums paid, subject to exclusions. If there is a surrender value (calculated solely on the basis of the contributions paid), the savings component of these products is limited to the amount of premiums paid and is linked to the death of the insured person. The purpose of these contracts is not to generate returns on the contributions paid, as in a savings or investment contract. Their sole purpose is to finance the funeral of the insured person. In addition, for service contracts, the sums are paid to a funeral operator, and for capital contracts, the beneficiary is obliged to use the funds to finance the funeral.
- personal pension insurance contracts with no or limited surrender options (e.g. because of tax sanctions).
- insurance policies taken out by a borrower against the risk of death: The premiums paid are known in advance and are generally debited from the customer's bank accounts. In the event of a claim, the benefits are paid to the bank that granted the loan. In addition, these contracts have no or little cash value and no savings or investment component and are low risk for ML/TF.

Furthermore, in the case of e.g., occupational pension schemes or term life policies, a payout typically only occurs when the employee/beneficiary retires or in the event of their death or contract maturity. In these cases, an update of the customer information is carried out by the obliged entities when one of the above events occur. Until that point, the funds remain inaccessible. The final beneficiary cannot access the funds at any stage of the business relationship except at the occasion of payout, after a comprehensive CDD-update is conducted by the obliged entities. So, the update-frequency of low-risk customers should be based on the "trigger of event" of payout or when changes in circumstances arise, not on a rigid period of 5 years. To sum up, a customer updates every 5 years for low-risk scenarios would lead to a high bureaucratic burden and costs for insurance companies without adding any value in terms of money laundering prevention.

Article 20 of the RTS specifies the minimum requirements for customer identification in situations of low risk. As stated in Recital 16, **only the type of information that is usually included in a passport or identity document would be necessary for the identification in low-risk situations**. However, this is not reflected in Article 20. On page 149 of the EBA response to the European Commission's call for advice on six AMLA mandates, it is noted that obliged entities must obtain information in compliance with Article 22(1)(a) of AMLR also in low-risk situations (see EBA's analysis of the comments regarding minimum information to be collected). We believe this is incorrect as such cases may be exempted from the requirements (see Articles 22(1) and 33(1)

AMLR). Article 20 of the RTS only introduces minimum requirements for identification of the customer and the person purporting to act on behalf of the customer. **It should also apply to the identification of the beneficial owner.**

Recommendations:

- When the product characteristics result in a low ML/TF risk, it should be possible to **give priority to product-specific over customer specific risk factors** (e.g., PEP characteristics) when assessing the risk.

- **Event-driven updates of customer information for low-risk situations should be possible** (Article 23). If a periodic customer update would be required, it should be possible to exceed the five-year period mentioned in article 26(2), point (b) of the AMLR.

- The minimum information to be collected for the customer identification in low-risk situations should include the type of information that is usually included in a passport or identity document (Article 20 should explicitly reflect Recital 16, instead of including a detailed list of information similar to the standard due diligence requirements).

- In addition, by way of derogation from general due diligence requirements, it should be possible to verify the customers identity on the basis of other documents, data or information that originate from a credible and independent source. This may include the presentation of a civil service ID card issued by a public sector institution or authority, or an electricity bill which shows the name of the person requiring identification. The obligation to obtain and verify trade names when they differ from registered names should also be removed.

- It should be sufficient, in situations of low risk, for the obliged entity to consult the central register for identification as well as for verification of beneficial owners. That would also ensure a distinction between standard due diligence measures and simplified ones. Since it is an official register that has been introduced in the framework of AML/CTF regulation, obliged entities should be able to fully rely on the information contained in the central register (Article 21).

Concrete drafting proposals:

Article 21 - Minimum requirements for the identification and verification of beneficial owner or senior managing officials in situations of low risk

1. **In situations of low risk, obliged entities shall obtain at least the following information to identify the beneficial owner or senior managing officials:**

   (a) **all names and surnames;**

   ~~(b)~~ **place of birth;**

   (c) **date of birth.**

~~1~~ 2. To identify the beneficial owner or senior managing officials in situations of low risk, obliged entities shall consult one of the following sources of information:

   (a) the information contained in the central register, business or company register;

   (b) any information provided by the customer, including information that obliged entities may already hold;

   (c) any publicly available information contained in a reliable independent open source.

~~2~~ 3. To verify the identity of the beneficial owner or senior managing officials in situations of low risk, the obliged entity shall consult one of the sources of information listed in paragraph (1), points (b) or (c),

that was not used for identification purposes.

Article 23 - Customer identification data updates in low-risk situations

1. Where, in cases with a low degree of ML/TF risk, obliged entities reduce the frequency of customer identification updates as referred to in Article 33(1), point (b), of Regulation (EU) 2024/1624, obliged entities shall monitor the relationship in order to be satisfied that:

   (a) there is no change in the circumstances relevant for the assessment of the business relationship with the customer;

   (b) no event took place which would require an information update; and

   (c) no suspicious and/or unusual transactions or activities were identified that are inconsistent with a low-risk relationship.

2. In any case, obliged entities shall update the customer identification data in accordance with Article 26(2), point (b), of Regulation (EU) 2024/1624.

3. **By way of derogation from paragraph 2, obliged entities may apply longer intervals for updating customer identification data for life or other investment-related insurance business that present a low degree of ML/TF risk.**

Targeted Financial Sanctions

Article 29 requires that, in cases of suspected circumvention or evasion of targeted financial sanctions, obliged entities assess whether the person acting on behalf of the customer is subject to such sanctions. We suggest that AMLA instead require the screening of these persons, as this would provide a clearer standard.

Concrete drafting proposals:

Article 29 - Screening of customers and beneficial owners

Obliged entities shall establish whether their customers, the beneficial owners and the entities or persons which control or meet the ownership conditions stipulated in Article 20(1), point (d), of Regulation (EU) 2024/1624 are subject to targeted financial sanctions. ~~Where there is a suspicion of circumvention or evasion of targeted financial sanctions,~~ Obliged entities shall also establish whether the person acting on behalf of the customer is subject to targeted financial sanctions.

Q4. ***Considering the nature of your business, including its size, risks, and complexity, are there any situations where the information to be collected for the purposes of customer due diligence as proposed in these draft RTS is routinely unavailable and the proposals in these draft RTS do not provide an alternative solution? If so, please provide concrete examples of such situations and your proposals for alternative solutions.***

For life insurance undertakings, certain information requirements proposed in the draft RTS may be routinely unavailable in practice, without an adequate alternative solution being provided.

This particularly applies to Article 9 RTS, which requires obliged entities to obtain the dates on which the associated bank or payment account linked to a virtual IBAN was opened and, where applicable, closed. In the life insurance context, obliged entities typically have no direct contractual or operational relationship with the issuing payment service provider or bank. Customers themselves often do not have access to, or visibility over, such account-level information, especially where virtual IBANs are provided through intermediated payment solutions.

As a result, this information is not merely difficult but routinely unavailable for life insurers, particularly in low-risk product scenarios. The draft RTS do not currently provide a clear alternative where such information cannot reasonably be obtained.

To address this, AMLA is invited to clarify that the requirement to obtain opening and closing dates of associated accounts linked to a virtual IBAN applies only where such information is reasonably available to the obliged entity, taking into account the nature of the business relationship and the ML/TF risk profile of the product. For low-risk life insurance products, it would be more proportionate to allow reliance on available customer declarations or existing payment information, without requiring life insurers to obtain account-level data from third-party PSPs.

Such clarification would enhance the operational feasibility of the RTS while remaining consistent with a risk-based approach.

In addition, insurers note a more structural issue regarding the practical availability and verifiability of certain data fields required under the draft RTS. Several data points referenced in the RTS cannot be consistently obtained or objectively verified in practice, due to misalignment between the PID / EU Digital Identity framework, national source registers, and the actual access rights of obliged entities.

By way of example, while the PID model technically allows for multiple nationalities, national population registers in some Member States record only one nationality, and obliged entities have no direct access to such registers. Other data elements referred to in the RTS, such as statelessness or refugee status, TIN, occupation, or specific identity document attributes, are neither part of the standard PID attribute set nor consistently available from reliable public sources.

Requiring obliged entities to collect and verify data points that are not objectively available from authoritative sources creates execution risks and legal uncertainty, without necessarily enhancing AML/CFT effectiveness. Where such information is considered essential, a more consistent approach would be for public authorities to centrally register and verify these data elements, allowing obliged entities to rely on them in a uniform and risk-based manner.

Q5. ***Considering AMLA's legal mandate in Article 28(1) of Regulation (EU) 2024/1624, and taking into account your obliged entities' products offered and service provided, what other simplified due diligence measures should be included in the draft RTS, for example because of the associated lower ML/TF risks of these products and services? Please provide concrete drafting proposals and rationale for the specific measures you would propose.***

Low-risk life insurance products (e.g. life insurance protection policies, occupational pension schemes, etc.) should benefit from specific sectoral simplified measures to be explicitly spelled out under Section 5 of draft RTS under Article 28(1) of the AMLR. Notably, the AMLR and section 5 of the draft RTS give insufficient attention to the specific situation of occupational pension insurance schemes. From an anti-money laundering perspective, and with regard to occupational pensions, there is no valid reason to:

- identify and verify the identity of the beneficial owner of the customer/employer since the employer has only a secondary economic interest in the contract. The true beneficiary is the employee since the occupational retirement provision is ultimately set up for their benefit and mostly funded by deferred compensation up to certain limits.

Furthermore, it must be clarified in the RTS that there is no obligation to:

- conduct full identification of employees at the time of their enrolment in the scheme in the occupational pension scheme given that the occupational retirement provision typically remains "locked" until the employee reaches retirement. According to Article 47 AMLR recording the names of employees or sufficient information to eventually establish and

verify their identity if they are determined by certain categories or classes are sufficient at the time of enrolment. It does not prevent full identification and identity verification by means of simplified due diligence measures from being carried out at a later stage and at the latest at the time of the payout.

- assess whether the employee is a politically exposed person, a family member or persons know to be a close associate at the time of their enrolment in the occupational pension scheme. Pursuant to Article 44 AMLR, insurers will take reasonable measures to perform this assessment no later than at the time of the payout. Article 44 ALMR requires obliged entities to apply additional due diligence only if there are higher risks stemming from a beneficiary/employee being a PEP. Such risks cannot occur within an occupational pension insurance scheme.

Taking into account the specific nature of occupational pension schemes,

- identifying and verifying the identity of the beneficial owner of the employer is not necessary.
- recording the names of employees is sufficient at enrolment; full identification can be postponed until the time of payout in accordance with Article 47 AMLR.
- checking whether employees are politically exposed persons, family members, or close associates is not necessary at enrolment but can be postponed until the time of payout in accordance with Article 44 AMLR.
- hence, the application of due diligence measures could be limited to the moment of payment of benefits or withdrawal of capital, as the payment of premiums inherently presents a very low ML/TF risk

Additionally, for life insurance contracts, the purpose and intended nature of the business relationship can be derived from the insurance contract signed by the customer as well as from the customer's demands and needs that are assessed by the insurance company prior to signing the contract. Hence, this is sufficient to assess the purpose and intended nature of the business relationship or the occasional transactions.

Concrete drafting proposals:

Article XX - Sectoral simplified measures with respect to life insurance policies for pension schemes

1. An insurance undertaking providing life insurance policies for pension schemes, concluded by employers (the customers) to the benefit of their employees/beneficiaries, that qualify as low risk products in accordance with Annex II (2) (a), (b), (c) of Regulation (EU) 2024/1624 fulfils the requirements stipulated in Article 20 (1) points (a), (b), and (i) of Regulation (EU) 2024/1624 if all of the following conditions are met:

   a) the insurance undertaking establishes the identity of the customer and, if necessary, the person purporting to act on behalf of the customer in accordance with Article 20 of this Regulation;

   b) takes reasonable and risk-adequate measures to verify the identity of the customer and, if necessary, the person purporting to act on behalf of the customer and

   c) if necessary, takes reasonable and risk-adequate measures to verify that the person purporting to act on behalf of the customer is authorized to do so.

2. For identifying and verifying the identity of beneficiaries, the insurance undertaking takes reasonable and risk-adequate measures to fulfil the requirements stipulated in Article 47 of Regulation (EU) 2024/1624.

(13b) In the context of life insurance, the purpose and intended nature can be derived from the type of life insurance policy taken out by the customer. In addition, the customer's demands and needs, which must be analyzed in accordance with article 20(1) of Directive (EU) 2016/97 on insurance distribution before taking out

life insurance, contains useful information about the intended nature and purpose of the relationship. This may be sufficient to comply with article 20(1)(c) of Regulation (EU) 2024/1624.

Article XX - Sectoral simplified measures with respect to life insurance policies

An insurance undertaking providing life insurance policies that qualify as low-risk products in accordance with Annex II (2) (a), (b), (c) of Regulation (EU) 2024/1624 fulfils the requirements stipulated in Article 20 (1) point (c) of Regulation (EU) 2024/1624 if the following conditions are met:

a) the intended use of the product is deemed to be self-explanatory and derived from the product itself;

b) the estimated value of transactions is self-explanatory and follows from the signed agreement/contract.

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.