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**NATIONAL INSURANCE COMMISSION (ANTI-MONEY
LAUNDERING, COUNTERING THE FINANCING OF
TERRORISM AND PROLIFERATION OF WEAPONS OF
MASS DESTRUCTION IN INSURANCE INSTITUTIONS IN
NIGERIA) REGULATIONS, 2022**



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**NATIONAL INSURANCE COMMISSION (ANTI-MONEY
LAUNDERING AND COUNTERING THE FINANCING OF
TERRORISM AND PROLIFERATION OF WEAPONS OF
MASS DESTRUCTION IN INSURANCE INSTITUTIONS IN
NIGERIA) REGULATIONS, 2022**

[...*th* Day of ..., 2022]

Commencement.

In exercise of the powers conferred upon me by section 28 of the Money Laundering (Prohibition and Prohibition) Act, 2022, and Section 3 and 95 of the Terrorism (Prevention and Prohibition) Act 2022, and all other powers enabling me in that behalf, I, ABUBAKAR MALAMI, SAN, Attorney-General of the Federation and Minister of Justice make the following Regulations—

PART I—OBJECTIVES AND APPLICATION

1. —The objective of these Regulations is to promote, enhance and ensure compliance with subsisting legislations on Anti-Money Laundering (“AML”) Countering the Financing of Terrorism (“CFT”) and Countering Proliferation Financing (“CPF”) by the Insurance Industry in Nigeria.

Objective.

2. — These Regulations shall apply to all insurance institutions in Nigeria including their agents and insurance brokers and to all insurance transactions.

Application.

3. — (1) All insurance businesses shall comply with the requirements of the Insurance Act, 2003, National Insurance Commission Act, 1997, Money Laundering (Prevention and Prohibition) Act, 2022, Terrorism (Prevention and Prohibition) Act, 2022 and related regulations.

General
Requirements.

(2) The obligation to establish AML, CFT and CPF (AML/CFT/CPF) programme shall apply to all insurance institutions and an insurance company shall integrate its agents and brokers into its AML/CFT/CPF framework in order to ensure and monitor compliance with the programme.

(3) An insurance institution shall comply with requests made pursuant to AML/CFT/CPF subsisting legislations and provide information to the Nigerian Financial Intelligence Unit (“NFIU”) and relevant law enforcement agencies.

(4) A procedure for responding to authorized requests for information in respect of money laundering, terrorist financing and proliferation financing shall meet the following minimum requirements—

(a) development of an electronic database for all records retention and preservation ;

(b) prompt search of records to determine whether it has issued any policy or has engaged in any transaction with any individual, entity or organization named in the request ;

- (c) prompt report of the outcome of the search under paragraph (a) of this sub-regulation, to the requesting authority ;
 - (d) ensure the protection of the security and confidentiality of a request ; and
 - (e) send a copy of the report to the National Insurance Commission(Commission).
- (5) An insurance institution shall not in any way inhibit the implementation of the requirements in these Regulations.
- (6) An insurance institution shall direct its employees in writing to always co-operate fully with these Regulations and with law enforcement agents. and shall put in place screening procedures to ensure high standards when hiring employees
- (7) An insurance institution shall—
 - (a) make it possible for employees to report any violation of the institution's AML/CFT/CPF compliance programme to the AML/CFT/CPF Compliance Officer or Money Laundering Reporting Officer;
 - (b) where the violation involves the Compliance Officer or Money Laundering Reporting Officer, ensure that employees report such violation to a designated higher authority, the Commission or NFIU ;
 - (c) ensure that it informs its employees in writing to make the report of a violation confidential and that they shall be protected from victimization for making such report ; and
 - (d) establish and document a whistle blowing protection policy in the institution.
- (8) An insurance institution shall—
 - (a) render quarterly returns on its level of compliance to the Commission and the NFIU ;
 - (b) identify, review and record other areas of potential money laundering and terrorist financing risks which may not have been specifically mentioned in these Regulations and report same to the Commission, monthly ; and
 - (c) guide against any act of structuring in order to avoid filing of mandatory reports required by AML, CFT and CPF subsisting legislations.
- (9) financial institutions and their directors, officers and employees shall be protected by law from both criminal and civil liability for breach of any restriction on disclosure of information imposed by contract or by any legislative, regulatory or administrative provision, if they report their suspicions in good faith to the FIU.

Provided that the protection shall be available even if they did not know precisely what the underlying criminal activity was, and

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regardless of whether illegal activity actually occurred.

(10) Directors, officers and employees of insurance institutions shall be prohibited from disclosing the fact that an STR or related information is being filed with the NFIU. These provisions are not intended to inhibit information sharing required for the purposes of Customer Due Diligence and ML/TF/PF risk management;

- (a) Insurance institutions shall provide procedures to prevent tipping off the clients.

(11) An insurance institution shall—

- (a) not charge or receive premiums in excess of the actual premium on an insurance policy that may result in refunding the excess amount paid or with the intent of returning the excess to the insured or interested party thereafter ;
- (b) observe cash transaction threshold (receipt or payment of premium or claim) of ₦150,000.00 for individuals and ₦500,000.00 for corporate insured ; and
- (c) state the internal policy which shall be lower than or equal to the limits stated.

(12) The insurance proposal forms of each institutions shall be in compliance with the AML/CFT/CPF know your customer (KYC) minimum requirements or information issued by the Commission.

(13) The AML/CFT/CPF Chief Compliance Officer shall designate a sanction desk officer to always confirm or ascertain whether the name of a person or entity that want to undertake business relationship with the insurance institution is on a sanction list issued by appropriate authority as required by the Terrorism Prevention (freezing of international Terrorist Fund and Other Related Matters) Regulations, 2013 and such list shall be used to monitor an already established business relationship with any person or entity on an ongoing basis.

(14) Insurance Brokers, and lead underwriters in the case of co-insurance shall mandatorily disclose the KYC and customer due diligence information to (re)insurance companies whenever requested.

(15) An insurance institution shall report to the Nigerian Sanction Committee and the Commission, any action taken in compliance with the prohibition requirements of the relevant United Nations Security Council Resolutions (UNSCRs) on terrorism, terrorism financing, proliferation of weapon of mass destruction in line with the provisions of the Regulation for the Implementation of Targeted Financial Sanctions on Terrorism Financing and Other Related Measures, 2022 and Regulation for the Implementation of Targeted Financial Sanctions on Proliferation Financing, 2022 .

(16) Notwithstanding the provision of sub-regulation 12 or any other part of this regulation, it is incumbent on the Insurers/ Reinsurers to conduct CDD on its Clients, Brokers and Agents, on risk-based approach.

(17) All insurance institution shall have regard to the requirements of the Terrorism (Prevention and Prohibition Act), 2022 in undertaking any transaction with persons or entities and shall not solicit, acquire, provide, collect, receive, possess or make available funds, property or other services by any means to terrorists or terrorists organizations, directly or indirectly with the intention or knowledge or having reasonable grounds to believe that such funds or property will be used in full or in part to carry out terrorist acts by the terrorist or terrorist organization.

Proceeds of
crime.

PART II—AML/CFT/CPF INSTITUTIONAL POLICY AND PROGRAMME

4. An insurance institution shall in the course of its transactions identify and report to NFIU, any suspected proceeds of crime derived from the following—

- (a) participation in an organized criminal group and racketeering ;
- (b) terrorism and terrorist financing ;
- (c) proliferation financing ;
- (d) trafficking in persons and migrant smuggling ;
- (e) sexual exploitation, including sexual exploitation of children ;
- (f) illicit trafficking in narcotic drugs and psychotropic substances ;

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- (g) illicit arms trafficking;
- (h) illicit trafficking in stolen and other goods ;
- (i) corruption and bribery ;
- (j) fraud ;
- (k) currency counterfeiting ;
- (l) counterfeiting and piracy of products ;
- (m) environmental crimes ;
- (n) murder and causing grievous bodily injury ;
- (o) kidnapping and hostage taking ;
- (p) robbery or theft ;
- (q) smuggling, including one done in relation to customs and excise duties and taxes ;
- (r) extortion ;
- (s) forgery ;
- (t) piracy ;
- (u) tax crimes, in respect of direct and indirect taxes ;
- (v) insider trading and market manipulation ; and
- (w) any other criminal act specified in any subsisting AML/CFT/CPF legislation or any other law in Nigeria.

Anti-Money
Laundering
and
Countering
the
Financing of
Terrorism
and
Proliferation
of Weapons
of Mass
Destruction
Institutional
Policy
Framework.

5. An insurance institution shall have an AML/CFT/CPF programme designed and implemented on a risk-based approach and such programme shall include—

(a) internal policies, procedures and controls –

(i) duly approved by the Board of Directors, based on the insurance institution's assessment of money laundering (ML), financing of terrorism (FT) and proliferation financing (PF) risks associated with its customers, countries or geographic areas it operates, products and services, transactions or delivery channels designed to reasonably anticipate, prevent, manage and mitigate ML FT and PF risks;

(ii) monitor the implementation of those controls and to enhance them, if necessary ;

(iii) take enhanced measures to manage and mitigate the risks where higher risks are identified ;

(b) Customer Due Diligence (CDD) ;

(c) appointment of a Chief Compliance Officer (CCO) or Money Laundering Reporting Officer (MLRO) at the management level;

(d) Suspicious Transactions Report (STR) and Currency Transactions Report (CTR) ;

(e) on-going or regular training for its employees and agents;

(f) record keeping ; and

(g) independent audit of the AML/CFT/CPF Programme.

PART III—CUSTOMER DUE DILIGENCE

Customer
Due
Diligence
(CDD).

6. — (1) An insurance institution shall not establish a business relationship with an anonymous or fictitious policy holder.

(2) An insurance institution shall endeavor to know the customers they transact business with by setting up a Customer Due Diligence (“CDD”) measures which shall—

(a) develop clear, written and risk based client acceptance policies and procedures, which among other things concern the types of products offered in combination with different client profiles ; and

(b) ensure that such policies and procedures are built on the strategic policies of the Board of Directors of the insurance institution, including policies on products, markets and clients.

(3) An insurance institution offering a life insurance product with short term coverage by means of single premium shall establish the appropriate mechanism for checking the background of the client and origin of the premium.

(4) An insurance institution shall, when dealing with requests for multiple policies to be taken out for premiums slightly below any threshold limits, diligently verify the source of wealth.

(5) An insurance institution shall undertake CDD measures when—

(a) establishing a business relationship ;

(b) carrying out occasional transactions above the applicable designated premium threshold of ₦1,000,000 (one million naira) or its equivalent in foreign currencies or such other threshold as may be determined by the Commission from time to time subject to the provisions of the Money Laundering (Prohibition and Prevention) Act, 2022 and this includes situations where it is a single transaction or several transactions that appear to be linked ;

(c) carrying out occasional wire transfer transactions ;

(d) there is suspicion of money laundering, financing of terrorism or proliferation financing ;

(e) there is doubt on the veracity or adequacy of previously obtained policy holder identification data ;

(f) dealing with transaction of—

(i) Non-Profit Organization/Non-Governmental Organization or charitable organization, for which there appears to be no logical economic purpose or for which there appears to be no link between the stated activity of the organization and other parties in the transactions, or

(ii) foreign nationals ; and

(iii) entering marine insurance and other special risks transactions,

provided that notwithstanding the provision of paragraph (d) of this sub-regulation, an insurance institution shall not be required, upon obtaining all

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necessary documents and being so satisfied, to repeatedly perform an identification and verification exercise each time a customer conducts a transaction.

(6) An insurance institution shall, in addition to reliance on existing database within and outside Nigeria, develop analytical tools and technical competence for the conduct of additional due diligence before on-boarding the customer.

Customer Due
Diligence Measures

7.—(1) An insurance institution shall—

(a) – identify a customer, whether permanent or occasional customer, a natural or legal person, or any other form of legal arrangement using identification documents such as the name used, date and place of birth, nationality, occupation, public position held and name of employer, residential address at which the customer can be located, telephone number, fax number, email address, an official personal identification number, or other unique identifier contained in an unexpired official document such as passport, identification card resident permit, social security records or driver's license that bears a photograph of the customer, signature and any other relevant information as may be contained in the institution's proposal form and as may be required by competent authorities from time to time.

(i) in the case of a natural person, the date of birth shall be obtained as an important identifier in support of the name and there shall be no obligation to verify the date of birth provided by the customer. Where an international passport, driver's license, INEC Voters Card or National Identity Card is taken as evidence of identity, the number, date and place or country of issue (as well as expiry date in the case of international passport and driver's license) shall be recorded.

(ii) in the case of legal entities/arrangements, the identity shall comprise of the following; registration number, registered corporate name and any trading names used, registered address and any separate principal trading addresses, directors (including BVN), owners and shareholders, the nature of the company's business, Tax Identification Number (TIN) and SCUML registration for DNFBPs and any other means as may be prescribed from time to time when establishing a business relationship with a customer;

(iii) where the applicant is an unquoted company and none of the principal directors or shareholders already have an account with a financial institution, to verify the business, the following documents shall be obtained from an official or a recognized independent source; copy of the certificate of incorporation or registration, evidence of the company's registered address and the list of shareholders and directors, a CAC search or an enquiry through a business information service to obtain the information on company and seal, an undertaken from a firm of lawyers or accountants confirming the documents submitted to the CAC.

(iv) A financial institution shall pay attention to the place of origin of the documents and background against which they were produced.

(b) – verify the identity of a customer using reliable, independent source, documents, data or information ;

- (1) for individual customers, by at least one of the following methods ;

(i) confirming the date of birth from an official document (such as birth

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certificate, passport, identity card, social security record)

(ii) confirming the permanent address (such as utility bills, tax assessment, bank statements, a letter from a public authority)

(iii) contacting the consumer by telephone, by letter or by email to confirm the information supplied after a policy has been issued (such as a disconnected phone, returned mail or incorrect email address shall warrant further investigation and file STR where necessary)

(iv) evidence of an individual's permanent address sought through a credit reference agency search, or through independent verification by home visit

(v) Confirming the validity of the official documentation provided through certification by an authorized person (such as embassy official, notary public)

(vi) Verify the source of wealth

(vii) verification of employment and public position held where appropriate

(viii) The examples quoted above are not the only possibilities. There may be other documents of an equivalent nature which may be produced as certificatory evidence of customers' identity.

(ix) an insurance institution shall apply equally, effective customer identification procedures for non-face-to-face customers as for those available for the interview

(x) the customer acceptance policy shall be so restrictive to amount to a denial of access by the general public to insurance services especially for people who are financially socially disadvantaged

- (2) for a corporate customer ; verify the information obtained by at least one of the following methods ;

(i) for established corporate entities, reviewing a copy of the latest report and audited account if available

(ii) conducting an enquiry by a business information service or an undertaking from a reputable and known firm of layers or accountants confirming the documents submitted,

(iii) undertaking a company search and/or other commercial enquiries to see that the company has not been or is not in the process of being dissolved, struck, wounded up or terminated

(iv) utilizing an independent information verification processes such as accessing public and private data basis,

(v) visiting the corporate entity and

(vi) contacting the corporate entity by telephone, mail or email or by any other means necessary to the insurance institution's satisfaction that it know the customer ;

(3) the insurance institution shall also take reasonable steps to verify the identity and reputation of any agent that purchases a policy on behalf of a corporate customer if that agent is not an officer of the corporate customer

(c) – identify a beneficial owner and take reasonable measures to verify the identity of the beneficial owner using relevant information or data obtained from a reliable source such that the institution is satisfied that it knows who the beneficial owner is.

(2) – an insurance institution shall carry out the full range of CDD measures in this regulation using a risk based approach.

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- (3) An insurance institution shall with respect to a customer, who is a legal person or a legal arrangement, verify its identify through the following information —
- (a) the legal status by obtaining proof of incorporation from the Corporate Affairs Commission or similar evidence of establishment or existence, and obtain information concerning the customer's name, address of the registered office and, if different, a principal place of business, directors (for legal persons), and legal form proof of existence and the powers that regulate and bind the legal person or arrangement
 - (b) an insurance institution shall include the use Bank Verification Number (BVN) as a means of verifying information provided by the clients.
- (4) An insurance institution shall in respect to a customer, determine whether or not the customer is acting on behalf of another person and where the customer is acting on behalf of another person, verify that the person is so authorized and take reasonable steps to obtain sufficient identification data to verify the identity of such other person ;
- (5) An insurance institution shall take measures in respect to a customer who is a legal person or a legal arrangement to understand the ownership and control structure of such a customer ;
- (i) for customers being legal persons, insurance institutions shall identify and take reasonable measures to verify the identity of the beneficial owners through the following information:
 - (a) the identity of the natural person(s) – if any – who ultimately has a controlling ownership interest in the legal person; and
 - (b) to the extent that there is doubt under (a) as to whether the person(s) with the controlling ownership interest is the beneficial owner(s) or where no natural person exerts control through ownership interests, the identity of the natural person(s) – if any – exercising control of the legal person or arrangement through other means, and
 - (c) where no natural person is identified under (a) or (b) above, the identity of the relevant natural person holding a senior management position therein. ;
 - (ii) for customers that are legal arrangements, insurance institutions shall identify and take reasonable measures to verify the identity of beneficial owners through the following information:
 - (a) for trusts, the identity of the settlor, the trustee(s), the protector – if any -, the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust – including through a chain of control/ownership;
 - (b) for other types of legal arrangements, the identity of persons in equivalent or similar positions
 - (iii) for a company, a natural person is one who owns the controlling interest and who comprises the mind and management of the company and
 - (iv) The relevant identification data referred to in the foregoing regulation may be obtained from a public register, the customer and other reliable sources, and for this purpose. Ownership of 5% interest or more in a company is applicable.
- (6) an insurance institution shall comply fully with the FATF Recommendations relevant in ensuring the transparency of beneficial ownership of legal persons and legal arrangements

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(7) It shall not be necessary

(a) to identify and to verify the identity of the shareholders or beneficial owner of a company listed on a stock exchange and subject to disclosure requirements (either by stock exchange rules or by law or other enforceable means) which impose requirements to ensure adequate transparency or beneficial ownership, or is a majority owned subsidiary of such a company and the risk assessment indicates the clients to be low risk,

(8) the relevant identification data referred to in the foregoing regulation may be obtained from a public register, the customer or other reliable sources,

(9) an insurance institution shall obtain and verify information on the purpose and intended nature of the business relationship of its (potential) customers ;

(10) An insurance institution shall conduct on-going due diligence on every business relationship at appropriate times including:

(a) scrutinizing the transactions undertaken by a customer throughout the course of its relationship with such a customer to ensure that the transaction being conducted is consistent with the institution's knowledge of the customer or beneficial owner, its business and risk profiles, including where necessary, the source of funds, and

(b) ensuring that information, documents or data or information obtained under the CDD process is kept up to date and relevant by undertaking reviews of existing records, particularly for higher risk categories of customers or business relationships ;

(11) an insurance institution shall take note of various transactions or 'trigger events' that may occur after the contract date and indicate where due diligence may be applicable.

(12) an insurance institution shall adopt CDD measures on a risk sensitive basis and determine in each case the risk exposure, using risk factors like type of customer, product, transaction or the location of the customer.

(13) where the determination of risk in sub - regulation (14) of this regulation raises doubt, an insurance institution shall contact the Commission for guidance and this shall be properly documented.

(14) in this regulation—

“*trigger events*” include claims notification, surrender requests, policy alterations and changes in beneficiaries; and

“*transactions*” mean inquiries and applications for an insurance policy, premium payments, claims, requests for changes in benefits, beneficiaries and duration

Customer Due Diligence for Beneficiaries of Life Insurance Policy.

Enhanced Customer Due Diligence Measures.

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8.—(1) For life or other investment-related insurance product, an insurance institution shall in addition to the CDD measures required for the customer or the beneficial owner, conduct the following additional CDD measures as soon as the beneficiary is identified or designated—

(a) for beneficiaries that are identified as specifically named natural or legal persons, including legal arrangements, obtain and verify the name of the person;

(b) for a beneficiary who is designated by characteristics or by class, or by any other means obtain sufficient information on such beneficiary in order to be satisfied that it can establish the identity of the beneficiary at the time of pay out ;

(c) ensure that the information obtained in paragraph (b) of this sub - regulation shall be recorded and maintained in accordance with the provisions of record keeping requirements ; and

(d) ensure that the verification of the identity of beneficiary shall occur at the time of pay out for all situations referred to in this sub - regulation.

(2) The beneficiary of a life insurance policy shall be included as a relevant risk factor for consideration, in determining whether enhanced CDD measures are required or applicable.

(3) Where an insurance institution determines that a beneficiary presents a higher risk, then the enhanced CDD measures shall include reasonable measures to identify and verify the identity of the beneficial owner or the beneficiary at the time of pay out.

(4) Where an insurance institution fails to comply with the provisions of sub-regulations (1), (2) and (3) of this regulation, it shall file a suspicious transaction report to NFIU.

9.— (1) An insurance institution shall perform enhanced CDD measures for higher risk categories of customers, business relationships or transactions where higher risks are identified in order to manage and mitigate risks which shall include both high risk business relationships assessed by the institution, based on the customer's individual risk situation and the types of business relationship.

(2) With regard to enhanced CDD, an insurance institution shall consider the following measures—

- (a) certification by appropriate authorities and professionals of documents presented ;
 - (b) requisition of additional documents to complement those that are otherwise required ;
 - (c) performance of due diligence on identity and background of the customer or beneficial owner, including the structure in the event of a corporate customer ;
 - (d) performance of due diligence on source of funds and wealth ;
 - (e) obtaining senior management approval for establishing business relationship ; and
 - (f) conduct enhanced on-going monitoring of the business relationship.
- (3) An insurance institution shall in addition to carrying out CDD measures on cross border insurance activities and other similar relationships—
- (a) gather sufficient information on a respondent institution ;
 - (b) assess the respondent institution's anti-money laundering and countering the financing of terrorism controls ;
 - (c) document respective responsibilities of each institution in this regard ; and
 - (d) obtain the Commission's approval before establishing new correspondent relationships.
- (4) An insurance institution shall take appropriate measures to manage and mitigate the risks and in addition to performing enhanced CDD for higher risk business relationships, apply enhanced CDD measures where there is a suspicion of money laundering, terrorist financing or financing the proliferation of weapons of mass destruction to manage and mitigate the risk, regardless of any exemptions or thresholds that are referred to elsewhere in these Regulations.
- (5) An insurance institution shall use independent and reliable electronic database and analytical software as applicable, in conducting enhanced CDD measures for high risk situations ;
- (6) In this regulation, high risk categories of customers include—
- (a) non-resident customers ;
 - (b) legal persons or legal arrangements such as trusts that are personal assets-holding vehicles ;
 - (c) companies that have nominee-shareholders or shares in bearer form ;
 - (d) Politically Exposed Persons (PEPs).
 - (e) Virtual Asset Service Providers (VASPs) ;
 - (f) Lawyers ;
 - (g) NPOs/NGOs ;
 - (h) Precious Gems and Metal Dealers ;
 - (i) Bureau De Change (BDCs) ; and
 - (j) Other high risk categories as identified in the National Risk Assessment
- (7) an insurance institution shall in addition to performing enhanced CDD measures, put in place appropriate risk management systems and procedures to determine whether a potential policy holder or existing policy holder or the beneficial owner is a Politically Exposed Person ("PEP").
- (8) The board of directors of an insurance institution shall establish a client acceptance

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policy with regard to PEPs, taking account of the reputational and other relevant risks involved

(9) Approval of senior management of an insurance institution shall be obtained before establishing or continuing, for existing customers, such business relationship with PEPs.

(10) Take reasonable measures to establish the source of wealth and source of funds of the policy holder and beneficial owners identified PEPs

(11) An insurance institution shall render monthly returns on its transactions with PEPs to the Commission and NFIU.

(12) (a) An insurance institution, in relation to life insurance policies, shall, before the time of the payout, take reasonable measures to determine whether the beneficiaries and/or, where required, the beneficial owner of the beneficiary, are PEPs.

(b) Where higher risks are identified, the insurance institution shall inform senior management before the payout of the policy proceeds, conduct enhanced scrutiny on the whole business relationship with the policyholder, and consider making a suspicious transaction report.

(13) Where a policy holder has been accepted or has an on-going relationship with an insurance institution and the policy holder or beneficial owner subsequently becomes or is discovered to be a PEP, senior management approval shall be obtained in order to continue the business relationship.

(14) An insurance institution shall take reasonable measures to establish the source of wealth and funds of policy holders or beneficial owners identified as PEPs and immediately report all suspicions to the NFIU.

(15) An insurance institution in a business relationship with a PEP shall conduct an enhanced on-going CDD on the relationship.

(16) The provisions of the sub regulations (9-16) of regulation (9) shall be applicable to all PEPs

Simplified CDD

10. — (1) The full range of CDD measures shall apply to all business relationships, provided that where lower risks of money laundering, the financing of terrorism or proliferation financing is identified, based on the assessment of an insurance institution, and where information on the customer or beneficial owner's identity is publicly available, or where adequate checks and controls exist in the Nigerian financial system in respect of a customer or beneficial owner, it may be reasonable for institution to apply, subject to these Regulations and AML/CFT/CPF subsisting legislation, simplified or reduced CDD measures when identifying and verifying the identity of a customer, beneficial owner or other parties to the business relationship.

Timing of
Verification.

(2) An insurance institution may in lower risk circumstances, apply reduced or simplified measures in situations where—

- (a) information on the identity of the customer and the beneficial owner of a customer is publicly available ; and
- (b) the insurance institution rely on checks and controls of another competent authority.

(3) Where an insurance institution has conducted a simplified CDD on a customer and there is suspicion of money laundering or financing of terrorism or specific higher risk scenarios, enhanced CDD shall be conducted and STR filed with NFIU immediately.

11. — (1) An insurance institution shall verify the identity of a customer, beneficial-owner and occasional customers before or during the course of establishing a business relationship or conducting an insurance transaction.

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(2) An insurance institution may complete the verification of the identity of a customer or beneficial owner following the establishment of business relationship, when—

- (a) this can take place as soon as reasonably practicable ;
- (b) it is essential not to interrupt the normal business conduct of the customer ; and
- (c) the money laundering risks can be effectively managed.

(3) Identification and verification of the beneficiary may take place after the insurance contract has been concluded with the policy holder, provided the money laundering and financing of terrorism risks are effectively managed.

(4) Notwithstanding the provision of sub regulation (3) of this regulation, identification and verification shall be done on or before the time of payout or the time when the beneficiary intends to exercise vested rights under the policy.

(5) Where a policyholder or beneficiary is permitted to utilize the business relationship prior to verification, an insurance institution shall adopt risk management procedures concerning the conditions under which this may occur and such procedures shall include a set of measures like a limitation of the number, types or amount of transactions that can be performed and the monitoring of large or complex transactions being carried out outside the expected norms for that type of relationship.

(6) An insurance institution shall not only rely on the documents presented by a customer but shall verify the identity of such a customer, using other independent data or resources and to analyze and understand the ownership structure of a person who is being brought on board as a customer.

12.—(1) Where there is failure or inability to complete verification of a relevant information or data, or failure or inability to obtain information on the purpose and intended nature of the business relationship, an insurance institution shall in the circumstance—

Failure to
Complete
Customer
Due
Diligence.

- (a) not conclude the insurance contract ;
- (b) not perform the transaction ; or
- (c) terminate the business relationship and file an STR with NFIU.

(2) An insurance institution that has already commenced a business relationship before discovering the failure in sub - regulation (1) of this regulation shall upon discovering the failure, terminate the business relationship and render an STR to NFIU immediately.

Establishing a Business Relationship.	<p>13. — (1) Before taking a policy, an insurance institution shall carefully assess the specific background and other conditions and needs of a customer by collecting relevant information like source of funds, income, employment, medical history and family background among others, which may aid in establishing a customer’s risk profile and may serve as a reference to establish the purpose of the contract and for monitoring a subsequent transaction.</p> <p>(2) An insurance institution shall refer to a designated sanction list in order to ascertain whether the name of a person or entity is on the list prior to entering into a relationship with the person or entity and prior to conducting any transaction.</p> <p>(3) Where the name of a person or an entity is confirmed to be on a sanction list, an insurance institution shall freeze all funds or any other economic resources identified as belonging to or connected with such a person or entity immediately.</p> <p>(4) Where the provision of sub - regulation (3) of this regulation applies, an insurance institution shall ensure that the account is not operated and shall immediately prepare a suspicious transaction report (STR) including all actions taken to freeze the funds and other economic resources belonging to such person or entity and file STR with NFIU immediately.</p>
Existing Customers.	<p>14. An insurance institution shall apply CDD measures on an existing customer on the basis of materiality and risks, to conduct due diligence on such existing relationship at appropriate times, taking into account whether and when CDD measures have previously been undertaken and the adequacy of data obtained.</p>
Reinsurance.	<p>15. In view of the peculiar nature of reinsurance business which makes it impracticable for the reinsurer to carry out verification of the policy holder or the beneficial owner, reinsurers may deal with ceding companies that are licensed or otherwise authorized to issue insurance policies, and which have warranted or otherwise confirmed that they comply with AML/CFT/CPF standards.</p>
Foreign branches and subsidiaries	<p>16. Insurance institutions shall ensure that their foreign branches and majority-owned subsidiaries apply AML/CFT/CPF measures consistent with these Regulations where the minimum AML/CFT/CPF requirements in the host country are less strict, to the extent that the host country laws and regulations permit. If the host country does not permit the proper implementation of AML/CFT/CPF measures consistent with these regulations, the insurance institution shall apply appropriate additional measures to manage the ML/TF/PF risks, and inform the Commission.</p>
On-going Due Diligence	<p>17. (1) An insurance institution shall perform on-going due diligence on a business relationship and monitor all requested change to the policy or exercise of rights under the terms of the contract, and assess if such change or transaction does not fit the profile of the customer or beneficial owner or is for some other unusual or suspicious reason.</p> <p>(2) Where an insurance institution is convinced that if it performs additional CDD because of suspicion, it may unintentionally tip off the policy holder or beneficial owner or other subjects of an STR, the institution may decide not to conduct the additional due diligence activities but shall file an STR with NFIU immediately.</p>

possess the requisite competence and integrity required to perform their duties, taking into cognizance potential conflicts of interests and other relevant factors.

B 24 PART IV—SUSPICIOUS TRANSACTION REPORT (STR) AND CURRENCY TRANSACTION REPORT (CTR)—COMPLIANCE, RESPONSE, MONITORING AND REPORTING

Suspicious
Transaction
Report
(STR).

18. — (1) In these Regulations, a suspicious transaction is one which is unusual because of its size, volume, type or pattern or otherwise suggestive of known money laundering, financing of terrorism and proliferation financing methods, and may include ;

(a) transactions that are inconsistent with a policy holder's known legitimate or normal business transaction pattern, personal activities and activities that lack obvious economic rationale ;

(b) involves a frequency which is unjustifiable ; and

(c) is surrounded by conditions of unusual or unjustifiable complexity which in the opinion of the insurance institution involves the proceeds of crime, unlawful act, money laundering, terrorist financing, proliferation financing, that transaction shall be deemed to be suspicious.

(2) insurance institution shall within 24 hours after the transaction referred to in sub-regulation (1) of this regulation –

(a) draw up written report containing all relevant information on the matters mention in sub regulation (1) of this regulation together with the reasons and identity of the principal and, where applicable.

(b) take appropriate action to prevent the laundering of proceeds of illegal act and file STR to NFIU immediately. (3) Where in the process of establishing a business relationship, an insurance institution is unable to conclude the verification process because the customer or broker refused to provide the required documents or information, such conduct shall be considered suspicious and shall be reported to NFIU immediately.

(4) Where an insurance institution reasonably suspects or reasonable grounds to suspect that the source of funds is the proceeds of a criminal activity, it shall report its suspicion to NFIU immediately and all suspicious transactions including attempted transactions shall be reported regardless of the amount involved, and the report shall include any action taken on the suspicious activity.

(5) Where an insurance institution reasonably suspects that a transaction has a link with terrorism, it shall report its suspicion to NFIU immediately and without delay but not later than 24 hours.

(6) It shall amount to reasonable suspicion under sub - regulation (5) of this regulation where the insurance institution has sufficient reasons to suspect that the funds in question—

(a) are intended to be used for an act of terrorism, notwithstanding that such funds derive from either legal or illegal sources ;

(b) are proceed of a crime related to terrorism financing ; or

(c) belong to a person, entity or organization considered as a terrorist.

(7) Where an insurance institution makes a report to NFIU under sub - regulation (5) of this regulation, the report shall state—

(a) the information giving rise to the suspicion ;

(b) any information it has on a person through which the person can be identified ; and

(c) the nature or amount of funds or economic resources held by the insurance institution on behalf of the person at any time preceding five years to the time the suspicion in review arose.

(8) Where an insurance institution is unable to ascertain the identity of the beneficiary or beneficial owner of a life or other investment related insurance product or where it is unable to determine risk factors applicable to the beneficiary or beneficial owner, it shall file an STR with NFIU immediately.

(9) Structuring of financial transactions by an insurance institution or customer shall be reported as suspicious transactions to NFIU immediately after occurrence.

(10) No insurance institution, its directors, officers or employees shall disclose the fact that an STR or related information will be reported, or has been reported to NFIU or other appropriate authorities.

(11) where there is evidence of conspiracy with the owner of the funds, the insurance institution shall not be relieved of liability under these regulations and criminal proceedings for all offences arising there from, may be brought against a director and employees involved in the conspiracy

(12) An insurance institution shall ensure that—

(a) there is a clear procedure for staff to report suspicion of money laundering and the financing of terrorism without delay to the Compliance Officer or Money Laundering Reporting Officer ; and

(b) there is a clear procedure for reporting suspicion of money laundering and the financing of terrorism without delay to NFIU.

Currency
Transaction
Report
(CTR).

19. (1) An insurance institution shall immediately but not later than seven days file with NFIU, a Currency Transaction Report (CTR) on all transactions in excess of ₦5,000,000.00 or its equivalent in foreign currency for an individual and ₦10,000,000.00 or its equivalent in foreign currency for a corporate body.

(2) A transfer to or from a foreign country of funds by a policy holder or beneficiary/ies of a sum exceeding US\$10,000 or its equivalent shall be reported to the NFIU and the Commission, in writing within 7 days from the date of the transaction

(3) report made under subsection (1) of this section shall indicate the nature and amount of the transfer, the names and addresses of the sender and the receiver of the funds.

(4) An acknowledged copy from NFIU together with the copy of the report shall be properly documented and preserved for reference purposes.

(5) Where there are no instances of suspicious and currency transactions, an insurance institution shall file a nil report on weekly basis to NFIU and copy the Commission, for industry regulatory compliance purposes.

PART V— AML/CFT/CPF TRAINING

AML/CFT/
CPF
Training
Programme.

20. — (1) An insurance institution shall design and implement comprehensive AML/CFT/CPF training programme that will make employees and agents to be fully aware of their obligations and also equip them

with relevant skills required for the effective discharge of their AML/CFT/CPF compliance tasks.

(2) For the purpose of sub-regulation (1) of this regulation, an insurance institution shall consider the training that is appropriate for each category or level of its employees and ensure that each training shall be on-going and shall keep pace with the dynamism of money laundering and terrorism financing.

(3) Insurance operators and brokers shall ensure that their employees, agents, and any other person doing business with them, clearly understand the AML/CFT/CPF programme.

(4) The employee training programme shall be developed under the guidance of the AML/CFT/CPF Compliance Officer or Money Laundering Reporting Officer acting on the overall directive of the top management.

(5) All staff of an insurance institution shall—

(a) be trained to be aware of their legal responsibilities in relation to AML/CFT/CPF generally;

(b) be conversant with the company's AML/CFT/CPF policies and procedures and particularly understand—

(i) the client acceptance policies and all other relevant policies and procedures,

(ii) the requirements of verification and record keeping, and

(iii) the recognition and reporting of suspicious customers transactions and the financing of terrorism ; and

(c) be trained on how to identify and report suspicious transactions to the Compliance Officer or Money Laundering Reporting Officer in accordance with the institution's AML/CFT/CPF policies and procedures.

(6) Training covering all aspects of AML/CFT/CPF generally including among others, policy and procedures shall be provided to staff of insurance institutions.

(7) The Compliance Officer or Money Laundering Reporting Officer shall receive continuous in-depth training concerning all aspects of relevant legislation and local and international guidance on AML/CFT/CPF generally, including policies and procedures, validation and reporting of suspicious customers or transactions and freezing of assets.

(8) To ensure maximum compliance with the training requirements on AML/CFT/CPF legislation, all staff and agents of insurers shall undergo minimum of two AML/CFT/CPF training per year.

(9) All staff of brokers and loss adjusters shall undergo a minimum of one AML/CFT/CPF training in a year and presentation of the evidence of attendance of such training conducted by qualified and experienced AML/CFT/CPF Consultant or Officer shall be an additional condition for renewal of their annual operating license.

(10) Insurance institutions shall submit their annual AML/CFT/CPF employee training programme in respect of each successive year to the Commission and NFIU not later than the 31st of December every year.

PART VI—DESIGNATION OF CHIEF COMPLIANCE
OFFICER AND MONEY LAUNDERING REPORTING
OFFICER

Personal
Requirements and
Approval Process.

21. — (1) An insurance institution shall have designated AML/CFT/CPF Chief Compliance Officer at the level of Assistant General Manager and above in the case of (Re) Insurers and Money Laundering Reporting Officer at the level of Senior Officer and above in the case of Brokers, with the relevant competence, authority and independence to implement the company's AML/CFT/CPF compliance programme.

(2) To ensure a measure of authority and independence for the function, the Chief Compliance Officer and Money Laundering Reporting Officer shall report to the board of directors and on dotted line to the Chief Executive Officer, and the role shall be distinct from the functions of financial reporting, risk management and internal audit.

(3) A Compliance Officer shall, irrespective of his grade, satisfy the fit and proper persons' requirement.

(4) Pursuant to sub-regulation (3) of this regulation, a candidate for the position of Chief Compliance Officer and Money Laundering Reporting Officer shall go through the processes that may be specified by the Commission, from time to time, in determining whether he is fit and proper.

(5) An insurance institution shall—

(a) put adequate plans in place for the orderly succession of an exiting Chief Compliance Officer or Money Laundering Reporting Officer ;

(b) notify the Commission of the exit of a Chief Compliance Officer and Money Laundering Reporting Officer and the reasons for such exit, within seven (7) days of the exit ;

(c) in the case of a sudden exit of a Chief Compliance Officer and Money Laundering Reporting Officer, the institution shall appoint a person in an acting capacity for a maximum period of six months within which period the institution shall recruit or designate a suitable candidate for the position ;

(d) consider the ability of an individual to maintain appropriate balance in terms of AML/CFT/CPF skills and expertise before any acting appointment is made; and

(e) seek, in writing, the Commission's approval for the appointment of a Chief Compliance Officer and Money Laundering Reporting Officer, whether in acting or a substantive capacity.

(6) The duties of the CCO shall include:

- B 28**
- (a) Developing an AML/CFT/CPF compliance program
 - (b) Receiving and vetting suspicious transaction reports from staff
 - (c) Filing STRs reports with the NFIU
 - (d) Filing other regulatory returns with NAICOM and other relevant Regulatory and Supervisory authorities
 - (e) Rendering NIL reports to NAICOM and NFIU when necessary to ensure compliance
 - (f) Ensuring that the insurance institution's compliance program is implemented
 - (g) Coordinating the training of staff in AML/CFT/CPF awareness, detection methods and reporting requirements;
 - (h) Serving both as a liaison officer between his institution, NAICOM and NFIU and a point of contact for all employees on issues relating to money laundering, terrorism financing and proliferation finance
 - (i) Any other duty that might be imposed by the institution and pertaining to AML/CFT/CPF .

22. The Board shall:

- (a) have the primary responsibility for the AML/CFT/CPF compliance function, as it shall oversee the management of the institution's AML/CFT/CPF compliance risks;
- (b) approve the AML/CFT/CPF compliance policy of the institution;
- (c) set policy and guidelines for the appointment of a Chief Compliance Officer and Money Laundering Reporting Officer ; and
- (d) approve the appointment and if necessary, dismiss a Chief Compliance Officer and Money Laundering Reporting Officer in line with the guidelines set out pursuant to the provisions of paragraph (c) of this regulation.

Responsibilities of
the Board of
Directors

23.—(1) An Insurance institution shall—

- (a) be required to submit the condition of service or letter of employment of the Chief Compliance Officer and Money Laundering Reporting Officer to the Commission ;
- (b) not in any way delay or deny a Chief Compliance Officer and Money Laundering Reporting Officer his entitlement in terms of promotions, salary increases, commendations, trainings or any other form of compensation or reward ;
- (c) perform an un-biased appraisal of the Chief Compliance Officer and Money Laundering Reporting Officer on an annual basis and shall forward a copy of such appraisal to the Commission ;
- (d) have the burden of proof in the case of a negative assessment in paragraph (c) of this sub-regulation, to the Commission ; and
- (e) refer any salary review or incentive that will affect the Chief Compliance Officer and Money Laundering Reporting Officer negatively to the Commission for approval.

Protection
Code of the
Chief
Compliance
Officer and
Money
Laundering
Reporting
Officer

(2) No insurance institution shall dismiss or terminate the appointment of a Chief Compliance Officer and Money Laundering Reporting Officer without the prior written consent of the Commission.

(3) No insurance institution shall re-deploy a Chief Compliance Officer and Money Laundering Reporting Officer to handle other functions without the prior approval of the Commission.

(4) In the case of sub-regulation (2) and (3) of this regulation, the insurance institution shall furnish the Commission with concrete justification for its proposed actions.

(5) The Chief Compliance Officer and Money Laundering Reporting Officer shall have the right to make to the Commission, any such complaint, in writing, against his employer, as he may deem necessary.

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Training of
Chief
Compliance
Officer and
Money
Laundering
Reporting
Officer.

Record
Keeping.

24. — (1) An insurance institution shall ensure that the Chief Compliance Officer and Money Laundering Reporting Officer attends training programmes aimed at addressing identified knowledge gaps.

(2) An individual occupying the position of Chief Compliance Officer and Money Laundering Reporting Officer in an institution shall attend training workshops to be organised by the Commission for Compliance Officers.

25. — (1) An insurance institution shall maintain all records of transactions including account files and business correspondence, and results of any analysis undertaken, both domestic and international, for at least five years following completion of the transaction, and this requirement applies regardless of whether the contract or business relationship is on-going or has been terminated, provided that the Commission and NFIU may in specific cases, require such records for longer periods.

(2) The records of transaction required under sub-regulation (1) of this regulation, shall include the risk profile of each customer or beneficial owner and the data obtained through the CDD process and business correspondences.

(3) An insurance institution shall implement specific procedures for retaining internal records of transactions, both domestic and international, to enable them to comply swiftly, and not later than 48 hours, with requests for information from competent authorities and such other regulatory authorities or judicial persons as it may be specified from time to time, by order published in the Gazette.

(4) The records in sub-regulation (3) of this regulation shall be sufficient to permit reconstruction of individual transactions including the amount and type of currency involved so as to provide, where necessary, evidence for prosecution of criminal activities.

(5) In the case of long term Insurance, full documentary evidence shall be retained based on material completed at the initiation of the proposal of the contract, together with evidence of processing of the contract up to the point of maturity.

(6) Insurers shall retain the records of those contracts, which have been settled by claim, maturity or death, surrender or cancellation, for a period of a minimum of 10 years after such settlement.

(7) Where the records relate to an on-going investigation or transaction which has been the subject of a disclosure, they shall be retained for a minimum of 10 years after it is confirmed that the case has been closed where practicable.

(8) Where a policy holder identification data is obtained through the policy holder due diligence process, account files and business correspondence shall be retained for a minimum of 10 years after the business relationship is ended.

(9) An insurance institution shall ensure that documents, data or information obtained under the CDD process are kept up-to-date and relevant by undertaking reviews of existing records, particularly for higher risk categories of clients or business relationships.

(10) An insurance institution shall maintain records relating to sanctions for a minimum of 10 years.

(11) An insurance institutions shall maintain records on wire transfers for minimum of 10 years

Program
Audit

26.

(1) insurance institution shall on a regular basis, carry out independent review of its AML/CFT/CPF programme ;

(2) the review under sub-regulation (1) of this regulation maybe performed by the institution's internal audit or inspection department where it has the requisite AML/CFT/CPF knowledge which may be obtained through training or experience, provided that where an insurance institution has no internal audit or inspection department, it should use a qualified and experienced AML/CFT/CPF consultant for the review and report ;

(3) the report in sub-regulation (2) of this regulation shall comment on the robustness of the internal policies and processes, and make constructive suggestions, where necessary, to strengthen the policy and implementation aspect of the review ;

(4) the obligation to identify and report an STR shall apply to all insurance institutions, however, insurance Companies shall structure an implement their policies and procedures in such a way as to obtain customer related information necessary to detect an STR from all relevant sources including those from their agents and brokers, and to promptly report an STR to appropriate authorities based on such information ;

(5) an insurance company may rely on intermediaries and third parties to perform the necessary CDD or enhanced and simplified CDD measures required in these regulations

(6) where the reliance sub-regulation (5) of this regulation is made, the ultimate responsibility for customer or beneficial owner identification and verification shall remain with the insurance company relying on the intermediary or third party, provided that the insurance institution shall be satisfied that the AML/CFT/CPF measures are implemented and operating adequately ;

(7) in satisfying itself as provided in sub-regulation (6) of this regulation, an insurance company shall-

(a) include specific clauses in the agreement with the intermediaries or third parties ;

(b) ensure that the clauses in (a) of this sub-regulation include commitment for the intermediaries or third parties to perform the necessary CDD measures, granting access to client file and providing documents to the insurer upon request without delay and that the agreement include other relevant compliance issues and ;

(c) utilize any other appropriate means to do so ;

(8) where an insurance company fails to include the specific clauses in sub-regulation (7) of this regulation in an agreement, such conduct shall amount to non-compliance with the requirement of this regulation and such shall be subject to fines, penalties and other appropriate sanctions ;

(9) an insurance company shall undertake and complete its own verification of a customer and beneficial owner where it has any doubt on the ability of the intermediary or third party to undertake appropriate CDD ;

(10) an insurance company shall have in a place comprehensive manuals on the policies and procedures for selling insurance products, policy holder identification, record keeping, acceptance and processing of insurance proposals, issuance of insurance policies amongst others ;

(11) an insurance company shall when dealing with a non-compliant agent or insurance broker, in respect of conducting CDD, take necessary actions to secure compliance, including terminating its business relationship with the agent or broker and report same to the Commission and NFIU as a suspicious transaction, provided that this shall also apply when an agent or broker decides to terminate the business relationship with the company owing to his unwillingness to provide requested CDD or enhance CDD information or data.

PART VII—OTHER HIGH RISK ACTIVITIES

27. —(1) An insurance institution shall have policies in place or take such measures as may be needed to prevent the misuse of technological developments in money laundering or terrorist financing schemes such as internationally accepted Credit or Debit Cards and Mobile Telephone Bankingsystems for the purpose of money laundering and terrorist financing.

New
Technology
and Non-
Face-to-face
Transactions.

(2) An insurance institution shall have policies and procedures in place to address any specific risks associated with non-face-to-face business relationship or transactions, provided that such policies and procedures shall be applied automatically when establishing policy holder relationships and conducting on-going due diligence.

(3) Measures for managing and mitigating the risks in sub-regulation (2) of this regulation shall include specific and effective CDD procedures that apply to non-face- to-face policy holders.

(4) Prior to the launch or use of new products, business practices (including new delivery mechanisms) and the use of new or developing technologies, insurance institutions shall identify and assess the ML/TF/PF risks that may arise for both new and pre-existing products and take appropriate measures to manage and mitigate the risks

28. — (1) An insurance institution shall ensure that its subsidiaries located outside the country comply with AML/CFT/CPF measures contained in these Regulations, provided that where existing Nigerian laws or Regulations prohibit the implementation of any regulation in these Regulations, an insurance institution shall promptly inform the Commission and NFIU of such laws or Regulations in writing and of its inability to implement any provision of these Regulations.

Offshore
Operations.

(2) An insurance institution shall in addition to performing the normal CDD, take the following measures—

(a) collate sufficient information on an offshore institution to fully understand the nature of its business and to determine from publicly available information the reputation of the institution and the quality of supervision, including whether or not it has been subjected to a money laundering or terrorist financing investigation or regulatory action;

(b) assess the offshore institution's AML/CFT/CPF controls and ensure that the latter complies with the Financial Action Task Force standards;

(c) ensure that the local institution obtains approval from the Commission before establishing offshore or entering into any agreement with a foreign insurance company ; and

(d) document the AML/CFT/CPF responsibilities of such institution.

29. —(1) An insurance institution shall classify the policy holders into high, medium and low risk, based on the individual client's profile, product and services, distribution channels and geographical location in order to decide upon the extent of due diligence to be conducted.

Risk
Classification
of Policy
Holders.

(2) An insurance institution's strategic policies shall determine its exposure to risks such as underwriting risk, reputational risk and operational risk.

(3) Client acceptance policies shall be established, taking into account the client's risk factors and AML/CFT/CPF control measures shall be an integral part of the CDD and enterprise risk management of the insurance institution.

(4) The extent and specific form of the measures in sub-regulation (3) of this regulation, may be determined following a risk analysis using relevant factors such as the business relationship and the transaction.

(5) An insurance institution shall prior to the establishment of a business relationship, assess the characteristics of the required product, the purpose and nature of the business relationship and any other relevant factors in order to create and maintain a customer risk profile.

(6) No insurance institution shall establish a business relationship with a potential customer who uses a fictitious name or whose identity is kept anonymous.

(7) An insurance institution shall consider among others, the various relevant factors that will enable it to adequately create the risk profile for its customers.

(8) Having established the identity of a customer or beneficial owner with respect to an insurance contract, an insurance institution shall assess the risk to its business by conducting a search on the customer or beneficial owner against domestic and international information on known or suspected fraudsters, money launderers or terrorists, publicly available on sanctions lists such as those published by the Nigeria list and the United Nations Security Council consolidated list.

(9) An insurance institution shall apply enhanced due diligence, proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) from countries for which this is called for by the FATF.

10. 2. A financial institution shall implement countermeasures proportionate to the risks when called for by the Commission pursuant to section 41 of these regulations:

(2) Pursuant to section 8(f) of the National Insurance Commission Act, 1997, the Commission shall, proportionate to the risks, call for specific countermeasures to be applied by the reporting entities against high-risk countries, including the mandatory application of enhanced due diligence measures.

(3) Countermeasures may include, inter alia:-

(i). limiting business relationships or financial transactions with the high-risk countries or with persons located in the country concerned;

(ii). reviewing and amending or, if necessary, terminating the agreement or arrangement governing the correspondent banking or business relationships with financial institutions or other counterpart institutions in the country concerned;

(iii). conducting enhanced external audit, by increasing the intensity and frequency, for branches and subsidiaries of the reporting entity located in the country concerned;

(iv). prohibiting reporting entities from relying on third parties located in the country concerned to conduct elements of the due diligence process;

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and
(v).

conducting any other measures as may be specified by the Commission.

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f
- n, “high-risk countries” means
(i) countries which are subject to a call for application of countermeasures by the FATF.
(ii) countries identified by the Commission as having strategic deficiencies in their AML/CFT regimes and/or posing a risk to the AML/CFT regime of Nigeria.
(4) (i) The Commission shall publish the list of high-risk countries on its official website. The Commission shall also promptly publish any subsequent updates to the list on its official website.
(ii) The list of high-risk countries shall be promptly updated by the Commission as and when there are:
a) any amendments to the FATF’s list of countries subject to a call for countermeasures; or
any revisions to the list identified by the Commission as per clause (ii) of subsection 3.

- ML/FT/PFRisk Assessment**30. – (1) an insurance institution shall:
(a) take appropriate steps to identify, assess and understand its ML/TF/PF risks for products, services, customers, countries or geographical areas of its operations and distribution channels;
(b) document its risks assessment;
(c) consider all relevant risk factors before determining the overall level of risk and the appropriate level and type of mitigation to be applied;
(d) update regularly as the Board may decide but not later than once in three years
(e) keep the assessment in this regulation up to date; and
(f) have appropriate mechanisms to provide risk assessment reports to the Commission

Wire Transfer

31. (1) an insurance institution shall identify and verify the identity of beneficiary of cross border wire transfer if the identity has not been provided verified or maintained under regulation (7) of these regulations:

- (a) of more than \$1000 or its equivalent, insurance institutions shall ensure that the originator’s name accompanies them, account number (or a unique reference number where no account number exists) and address or identity number

(b) insurance institutions shall ensure that the beneficiary information always accompanies all cross-border wire transfers of USD/EUR 1000 or more

(c) for batch transactions, insurance institutions shall ensure that they contain the originator's account number or unique identifier and full beneficiary information that is fully traceable on each cross-border wire transfer. The batch file in which individual transfers are batched shall contain full originator information that is fully traceable within the recipient country to permit explicit traceability of the beneficiary information within the beneficiary country

(2) where an insurance institution suspects or has reasonable grounds to suspect that the amount involved in a transaction is the proceeds of a crime or an illegal act, it shall require identification of the customer notwithstanding that the amount involved in the transaction is less than US\$1,000 or its equivalent

(3) insurance institutions shall accompany domestic wire transfers with full originator information or the payment form accompanying the wire transfer, the originator's account number, or a unique identifier within the message or payment form

Complex or Unusually

Large Transactions

32. — (1) An insurance institution shall pay special attention to all complex, large transactions or unusual patterns of transactions that have no apparent or visible economic or lawful purpose, examine the background and purpose of such transactions and set forth the findings in writing.

(2) An insurance institution effecting a transfer, payment or remittance to a foreign insurance company, re-insurance company or other relevant company, shall obtain a written permission from the Commission before consummating such a transaction.

Payment under Life insurance.

33. — (1) Payment in respect of life insurance to a third party is prohibited except in cases like superannuation, gratuity accumulations or payment to a legal heir in a case of death benefits, provided that payments shall comply with appropriate CDD.

(2) Policy cancellations need particular attention of an insurer especially in situations where clients or agents indulge in policy surrender on more than one occasion.

PART VIII - INFORMATION SHARING AND COLLABORATION

Cooperation, Information
Sharing by Insurance Institutions

34. - (1) an insurance institution shall give undertaking that it shall comply promptly with all the requests made pursuant to the provisions of relevant AML/CFT/CPF laws and Regulations and provide all requested information to the Commission, NFIU, other supervisors that have shared responsibilities for financial institutions operating in the same group, and all other competent authorities.

(2) an insurance institution shall meet the following procedures when responding to authorized requests for information on AML/CFT/CPF:

- (a) searching immediately the insurance institution's record to determine whether it maintains or has maintained any policy for, or has engaged in any transaction with any individual, entity or organization named in the request;
- (b) reporting promptly to the requesting authority the outcome of the search;
- (c) protecting the security and confidentiality of such request.

Sharing of Information

with other Competent Authorities

Information sharing by the Commission

35. – (1) The Commission shall, when co-operating with other competent authorities and such other regulatory authorities or judicial persons or as may be specify from time to time, by order published in the Gazette:

(a) take appropriate measures to provide complete factual and legal information, indicating any need for urgency to enable a timely and efficient execution of requests, as well as the foreseen use of the information requested and shall send and receive requests using efficient and expeditious means;

(b) ensure that the Commission's staff maintain high professional standards, including standards concerning confidentiality of the information they give and receive, and they shall be of high integrity and appropriately skilled in order to protect the integrity of the investigation or inquiry;

(c) on requested information, provide feedback to the requested competent authority on the use and usefulness of the information obtained;

(d) when it knows that it cannot comply with the requirement of confidentiality, promptly inform the requesting authority.

(2) the Commission shall exchange the following types of information when relevant for AML/CFT/CPF purposes, in particular with other relevant supervisors that have a shared responsibility for financial institutions operating in the same group:

(a) regulatory information, such as information on the domestic regulatory system, and general information on the financial sectors;

(b) prudential information, in particular for Core Principle Supervisors, such as information on the financial institution's business activities, beneficial ownership, management, and fit and properness;

(c) AML/CFT/CPF information, such as internal AML/CFT/CPF procedures and policies of financial institutions, customer due diligence information, customer files, samples of accounts and transaction information.

(3) the Commission shall have the powers to conduct inquiries on behalf of foreign counterparts, and, as appropriate, to authorize or

facilitate the ability of foreign counterparts to conduct inquiries themselves in the country, in order to facilitate effective group supervision.

(4) (a) any dissemination of information exchanged or use of that information for supervisory and non- supervisory purposes, shall be subject to prior authorization by the Commission, unless the requesting financial supervisor is under a legal obligation to disclose or report the information. In such cases, at a minimum, the requesting financial supervisor shall promptly inform the Commission of this obligation.

(b) the prior authorization includes any deemed prior authorization under a Memorandum of Understanding or the Multi-lateral Memorandum of Understanding issued by a core principles standard-setter applied to information exchanged under a Memorandum of Understanding or the Multi-lateral Memorandum of Understanding.

Limitation of Secrecy and
Confidentiality Laws

36. — (1) financial institution's secrecy and confidentiality laws shall not in any way, be used to inhibit the implementation of the requirements of these Regulations having regard to the provisions of section 38 of Economic and Financial Crimes Commission Act, 2004; section 91 of Insurance Act, 2003 and the Money Laundering (Prevention and Prohibition) Act, 2022.

(2) the relevant laws cited in sub-regulation (1) of this regulation have given relevant authorities the powers required to access information to properly perform their functions in combating ML, TF and PF, sharing of information between competent authorities, either domestically or internationally, and the sharing of information between financial institutions necessary or as be required.

PART IX- TERRORISM OFFENCES AND TARGETED FINANCIAL SANCTIONS

Terrorism Financing and Offences

37. —(1) Terrorism financing offences extend to any person or entity who solicits, acquires, provides, collects, receives, possesses or makes available funds, assets or other services by any means, directly or indirectly, with the intention or knowledge or having reasonable grounds to believe that such funds or assets shall be used in full or in part to carry out terrorist act(s) by terrorist(s) or terrorist organization(s) in line with section 1 of the Terrorism (Prohibition and Prevention) Act, 2022, Regulation for the Implementation of Targeted Financial Sanctions on Terrorism Financing and Other Related Measures, 2022, regulation 41 of these regulations and any other relevant law or amendments.

(2) under this regulation, terrorism financing offences are predicate offenses for ML and shall apply regardless of whether the person or entity alleged to have committed the offense is in the same country or a different country from the one in which the terrorist(s) or terrorist organization(s) is located or the terrorist act(s) occurred or will occur.

Proliferation
Financing

38. — (1) Targeted financial sanctions relating to proliferation financing are applicable to persons and/or entities designated by the UN Security Council

- or the relevant committees set up by the Security Council. Listing criteria are:
- (a) persons or entities engaging in or providing support for, including through illicit means, proliferation sensitive activities and programmes;
 - (b) acting on behalf of or at the direction of designated persons or entities;
 - (c) owned or controlled by designated persons or entities; and
 - (d) persons or entities assisting designated persons or entities in evading sanctions, or violating resolution provisions
 - (e) other requirements in line with the Regulations for the Implementation of Targeted Financial Sanctions on Proliferation Financing, 2022 and any other relevant laws or amendments
- (2) insurance institutions shall:
- (a) terminate immediately, any intending or existing business relationship, funds, other financial assets and economic resources which are in their books or under their operations at the date of adoption of the resolution or at any time thereafter that are owned or controlled, directly or indirectly by the persons/entities mentioned in paragraph (1) above and immediately file an STR with the NFIU;
 - (b) further ensure that no funds or other assets and economic resources are made available to such persons and entities, except in specific situations, and under conditions specified in the UNSC resolutions.
 - (c) take measures to regularly advise their employees on the above and continue to monitor that they will be aware of any changes and update their procedures accordingly.

Targeted Financial
Sanctions

39. —(1) an insurance institution shall report to NFIU any asset frozen or actions taken in compliance with the prohibition requirement of the relevant UNSCR on terrorism/terrorism financing, financing of proliferation of weapons of mass destruction, any future successor resolutions, the Regulation for the Implementation of Targeted Financial Sanctions on Terrorism Financing and Other Related Measures, 2022 and Regulation for the implantation of Targeted Financial Sanctions on Proliferation Financing, 2022, Proceeds of Crime (Recovery and Management) Act, 2022 and any amendments that may be reflected by the competent authorities;
- (2) the report in sub-regulation (1) of this regulation shall include all transactions involving attempted and concluded transactions in compliance with the laws in (1) ;
- (3) the administrative sanctions contained in Regulation 41 of these Regulations or as contained in any other relevant AML/CFT/CPF Legislation or amendments, shall be imposed by the Commission on institutions under its regulatory purview for any breach of obligations on terrorism or financing of terrorism and proliferation of weapons of mass destruction contained in this Regulations or any other relevant AML/CFT/CPF Legislation and any amendments that may be reflected by the competent authorities.

Other offences

- 40.-Without prejudice to the penalties provided under regulation 41 of these regulations any person who-
- (a) being a director or employee of an insurance institution warns or in any other way intimates the policy holder or beneficiary of the funds involved in the transaction referred to in regulation 18 of these regulations about the report he is required to make or the action taken on it or who refrains from making the report as required;
 - (b) destroys or removes a register or record required to be kept under these regulations;
 - (c) carries out or attempts under a false identity to carry out any of the transactions in regulations 19 and 31 of these regulations
 - (d) makes or accepts cash payments exceeding the amount authorized under these regulations
 - (e) fails to report an international transfer of funds required to be reported under these regulations; or
 - (f) being a director or an employee of an insurance institution contravenes the provisions of these regulations commits an offence under these regulations

PART X—SANCTIONS

Sanctions.

41 — (1) Subject to the provisions of the Insurance Act, 2003, NAICOM Act, 1997 and subsisting AML/CFT/CPF legislations (Money Laundering (Prohibition and Prevention) Act, 2022, Terrorism (Prevention and Prohibition) Act, 2022, Regulation for the Implementation of Targeted Financial Sanctions on Terrorism Financing and Other Related Measures, 2022 and Regulation for the Implementation of Targeted Financial Sanctions on Proliferation Financing, 2022, Proceeds of Crime (Recovery and Management) Act, 2022), contravention of any of the provisions of these Regulations or any relevant laws therein or any other law or regulations issued by the Attorney General of the Federation and any amendments that may be reflected by the competent authorities on any of these laws by an insurance institution shall attract a fine of not less than One Million Naira (₦1,000,000.00) per transaction and an additional fine of Twenty Thousand Naira (₦20,000.00) for every day the offence subsists, and in addition, may include suspension or withdrawal of its operating license.

(2) Where a person being a director, senior management, manager or other employee of an insurance institution, either acting alone or in partnership with others, contravenes the provisions of these Regulations under any circumstance, he shall be subjected to any or all of the following sanctions—

- (a) have his appointment terminated on the direction of the Commission and be blacklisted from working in the insurance industry;
- (b) have the name of the officer penalized reflected in the institution's financial statements and published in the newspapers; and
- (c) report the defaulting officer to the Financial Reporting Council (FRC) and the professional body he belongs to, for appropriate

disciplinary action.

(3) In addition to sanctions in sub-regulations (1) and (2) of this regulation, particulars of a defaulting insurance institution or individual shall be forwarded to the relevant anti-graft authorities such as the Economic and Financial Crimes Commission (EFCC), Nigeria Police Force (NPF), Independent Corrupt Practices and other Related Crimes Commission (ICPC), among others, for possible criminal investigation and prosecution.

(4) A person who tips off a customer or discloses issues that are the subject matter of an ongoing investigation or regulatory sanction commits an offence and shall on conviction be punishable in accordance with the relevant provisions of the Money Laundering (Prevention and Prohibition) Act 2022.

(5) the administrative sanctions outlined in this regulation shall be imposed consequent upon the onsite examination or offsite site analysis of an insurance institution and observance of contraventions by the Commission and other competent authorities.

(6) in determining the sanctions to apply, all circumstances of the case, breach, infraction and contravention will be taken into account including actions taken by NAICOM or any other competent authorities in previous similar contraventions and any other relevant consideration

PART XI—MISCELLANEOUS

Revocation.

42. — (1) The Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT/CPF) Regulations for Insurance Industry, 2019 is revoked.

(2) The revocation of the Regulations specified in sub-regulation (1) of this regulation shall not affect anything done or purported to be done under or pursuant to that Regulations.

Interpretation.

43. — In these Regulations, unless the context otherwise indicates—

“*an applicant for business*” means a person or company seeking to establish a business relationship or an occasional policy holder undertaking a one-off transaction whose identity is verified;

“*Bank Verification Number (BVN)*” means the biometric identification system which gives a unique identity across the banking industry to each customer of Nigerian banks

“*beneficial owner*” means:

- (a) any person holding directly or indirectly at least 5% of shares in an insurance institution ;
- (b) the natural person who ultimately owns or controls a customer ;
- (c) the natural person on whose behalf a transaction is being conducted; and

(d) a person who exercises ultimate effective control over a legal person or arrangement ;

“*beneficiary*” includes a natural or legal person or any other form of legal arrangement identified by the originator as the receiver of the requested

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insurance contract benefits. In the context of life insurance or another investment linked insurance policy, a beneficiary is the natural or legal person, or a legal arrangement, or category of persons, who will be paid the policy proceeds when/if an insured event occurs, which is covered by the policy.

“*business relationship*” means an arrangement between a person and an insurance institution for the purpose of concluding a transaction;

“*client or customer*” includes policy holder;

“*competent authority*” means any agency or institution concerned with combating money laundering, the financing of terrorism and proliferation financing under these Regulations or under any other subsisting legislation;

“*covered product*” means an insurance contract that is vulnerable as a means of money laundering or terrorism financing and include among others the following—

(a) a permanent life Insurance policy, other than a group life insurance policy ;

(b) an annuity contract, other than a group annuity contract ;

(c) unit linked products which provide for withdrawals and unlimited top up premiums ;

(d) single premium products, where the money is invested in lump sum and surrendered at the earliest opportunity ; and

(e) any other insurance product with cash value or investment features ;

“*financing of terrorism*” has the same meaning as in the Terrorism (Prevention and Prohibition) Act, 2022 and in the Regulation for the Implementation of Targeted Financial Sanctions on Terrorism Financing and Other Related Measures, 2022;

“*funds*” mean assets of every kind whether tangible or intangible, movable or immovable, however acquired and legal documents or instruments in any form, including electronic or digital, evidencing title to or interest in such assets, including among others, cash, bank credits, traveller’s cheques, bank cheques, money orders, shares, securities, bonds, drafts or letter of credit;

“*immediately*” means spontaneous, instantly, rapid, straightaway, act in a timely manner, without delay but not later than 24 hours;

“insurance company, insurance operator or insurer” means a company that engages in the business of issuing or underwriting insurance products and is registered by the Commission;

“insurance institution” include insurance company, insurance broker, insurance agent, reinsurance company and loss adjuster;

“insurer” includes reinsurer;

“Legal arrangements” refers to express trusts or other similar legal arrangements. Examples of other similar arrangements (for AML/CFT purposes) include fiducie, treuhand and fideicomiso ;

“Legal persons” refers to any entities other than natural persons that can establish a permanent customer relationship with a financial institution or otherwise own property. This can include companies, bodies corporate, foundations, anstalt, partnerships, or associations and other relevantly similar entities

“Money laundering (ML)” shall have the same meaning as in the Money Laundering Prevention and Prohibition Act, 2022;

“National Identification Number (NIN)” means the unique number issued by the National Identity Management Commission (NIMC) ;

“Nigeria Financial Intelligence Unit (NFIU)” means the central unit responsible for receiving, requesting, analyzing and disseminating to the competent authorities disclosures of financial information concerning the suspected proceeds of crime and potential financing of terrorism ;

“offshore operations” means the branch offices and subsidiaries of an insurance institution located outside the country or foreign insurance companies;

“one-off transaction” means any transaction carried out other than in the course of an established business relationship;

“Non-Profit Organization/Non-Governmental Organization” means a legal entity or organization that primarily engages in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes, or for the carrying out of other types of good works ;

“Politically exposed persons (PEPs)” includes-

(a) Individuals who are or have been entrusted with prominent public functions by a foreign country, for example Heads of State or Government, senior politicians, senior government, judicial or military officials, senior executives of State owned corporations and important political party officials;

(b) individuals who are or have been entrusted domestically with prominent public functions, for example Heads of State or of Government, senior politicians, senior government, judicial or military officials, senior executives of State owned corporations and important political party officials; and

(c) persons who are or have been entrusted with a prominent function by an international organization and includes members of senior management such as directors, deputy directors and members of the board or equivalent functions;

Provided that the definitions in (a), (b) and (c) above include their family members and close associates

“*proceeds*” means property derived from or obtained, directly or indirectly through the commission of an offence;

“*property*” means assets of every kind, whether corporeal or incorporeal, moveable or immoveable, tangible or intangible and legal documents or instruments evidencing title to or interest in such assets;

“*risk*” all references to risk refer to the risk of money laundering, financing of terrorism and /or proliferation financing. This term shall be read in conjunction with the Interpretive Note to Recommendation 1 ;

“*sanction list*” means and includes—

(a) Nigeria List that contains names of persons or entities or groups declared by the President of the Federal Republic of Nigeria as suspected international terrorist ; and

(b) United Nation consolidated list prepared and adopted by the Sanctions Committee of the UN that contains names of persons, entities or groups identified or suspected as international terrorists ;

“*SCUML*” means Special Control Unit against Money Laundering in the Federal Ministry of Trade and Investment ;

“*Settlers*” means natural or legal persons who transfer ownership of their assets to trustees by means of a trust deed or similar arrangement ;

“*structuring*” means any act to breakdown a large currency transaction into smaller transactions, in one or more days for the purpose of evading filing requirements required by the AML/CFT/CPF Regulations;

“*subsisting AML, CFT and CPF legislations*” means and includes:

(a) Money Laundering (Prevention and Prohibition) Act 2022 ;

(b) Terrorism (Prevention and Prohibition) Act 2022; and

(c) Regulation for the Implementation of Targeted Financial Sanctions on Terrorism Financing and other Related Measures, 2022;

(d) Regulation for the implantation of Targeted Financial Sanctions on Proliferation Financing, 2022, and;

(e) Proceeds of Crime (Recovery and Management) Act, 2022);

“*suspicious*” means a matter which is beyond mere speculations but based on reasonable foundation;

“*transaction*” means and includes:

(a) life insurance ;

(b) non-life insurance ;

- (c) lending ;
- (d) financial leasing ;
- (e) financial guarantees and commitment; and
- (f) all other insurance related matters; and

"targeted financial sanctions" means both asset freezing and prohibitions to prevent funds or other assets from being made available, directly or indirectly, for the benefit of designated persons and entities.

"trust and trustee" should be understood as described in and consistent with Article 2 of the Hague Convention on the law applicable to trusts and their recognition⁸². Trustees may be professional (e.g. depending on the jurisdiction, a lawyer or trust company) if they are paid to act as a trustee in the course of their business, or nonprofessional (e.g. a person acting without reward on behalf of family).

"Unique Identifier" means any unique combination of letters, numbers or symbols that refers to a specific originator ;

"Virtual Asset (VA)" A digital representation of value that can be digitally traded, or transferred, and can be used for payment or investment purposes. Virtual assets do not include digital representations of fiat currencies, securities and other financial assets that are already covered elsewhere in the FATF Recommendations.

"Virtual Asset Service Provider (VASP)" means any natural or legal person who is not covered elsewhere under the Recommendations, and as a business conducts one or more of the following activities or operations for or on behalf of another natural or legal person:

- i. exchange between virtual assets and fiat currencies;
- ii. exchange between one or more forms of virtual assets;
- iii. transfer of virtual assets;
- iv. safekeeping and/or administration of virtual assets or instruments enabling control over virtual assets; and participation in and provision of financial services related to an issuer's offer and/or sale of a virtual asset.

"wire transfer" means any transaction carried out on behalf of a natural person or legal originator through a financial institution by electronic means with a view to making an amount of money available to a beneficiary person at another financial institution, irrespective of whether the originator and the beneficiary are the same person.

Citation

44. These Regulations may be cited as National Insurance Commission (Anti-Money Laundering, Countering the Financing of Terrorism and Proliferation of Weapons of Mass Destruction for Insurance Institutions in Nigeria) Regulations, 2022.

Made at Abuja on the ^{12th} day of ^{May} 2022.


ABUBAKAR MALAMI (SAN)

Hon. Attorney-General of the Federation and Minister of
Justice

EXPLANATORY NOTE

(This note does not form part of the above Regulations but is intended to explain its purports)

These regulations seek to regulate and ensure that the insurance industry complies with subsisting Anti-Money Laundry and Countering the Financing of Terrorism Legislations.

