



**GUIDELINES: AML/01/2021**

**TO: LONG-TERM INSURERS**

**SUBJECT: EFFECTIVE APPLICATION OF AML/CFT/CPF MEASURES TO  
DETECT SUSPICIOUS PATTERNS OF BEHAVIOUR IN CLIENTS AT  
ONBOARDING AND IN THE COURSE OF BUSINESS  
RELATIONSHIPS**

**DATE: NOVEMBER 2021**

## 1. ACRONYMS AND DEFINITIONS

**“AIs”** Refers to Accountable Institutions as described under Schedule 1 of the Financial Intelligence Act, 2012 (Act No.13 of 2012).

**“AML/CFT/CPF”** Refers to Anti-Money Laundering, Combating Financing of Terrorist and Combating Proliferation Financing.

**“The FIA”** Refers to the Financial Intelligence Act, 2012 (Act No. 13 of 2012) as amended.

**“Insurance Broker”** Refers to a person who on behalf of any other person negotiates long-term or short-term insurance business other than reinsurance business with one or more insurers, but does not include an insurance agent or an employee of an insurer. It is an independent intermediary who represents the interest of a client<sup>1</sup>.

**“ML”** Refers to Money Laundering.

**“NAMFISA”** Refers to the Namibia Financial Institutions Supervisory Authority established in terms of section 2 of the Namibia Financial Institutions Supervisory Authority Act, 2001 (Act No. 3 of 2001).

**“PF”** Proliferation Financing.

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<sup>1</sup> In terms of FATF Guidance on the risk based approach for the long -term insurance sector issued in 2018, a “Broker” refers to an independent intermediary who represents the interest of a client.

**“PACOTPAA”** Prevention and Combating of Terrorist and Proliferation Activities Act, 2014 (Act No. 4 of 2014)

**“TF”** Refers to Terrorist Financing.

**“UNSC”** Refers to the United Nations Security Council.

## **2. INTRODUCTION**

2.1. The Namibia Financial Institutions Supervisory Authority (hereinafter referred to as NAMFISA) is a Supervisory Body in terms of Schedule 2 of the Financial Intelligence Act, 2012 (Act No. 13 of 2012) (the FIA).

2.2 In terms of the FIA a Supervisory Body is responsible for supervising, monitoring and enforcing compliance with the provisions of the FIA or any regulation, order, circular, notice, determination or directive issued in terms of the FIA, in respect of all accountable and reporting institutions supervised by it.

2.3 A Supervisory Body has powers in terms of section 35(15)(d) of the FIA to issue guidelines to assist accountable and reporting institutions (AIs and RIs) to effectively apply AML/CFT/CPF measures to be able to detect suspicious patterns of behaviour in their clients.

2.4 Therefore, NAMFISA issues these guidelines to long-term insurers (insurers), in terms of section 35(15)(d) of the FIA to take the actions prescribed herein to be able to detect suspicious patterns of behaviour in their clients at onboarding and in the course of business relationships.

### **3. BACKGROUND**

3.1. The long-term insurers being accountable institutions in terms of Schedule 1 of FIA, conduct part of their business using insurance brokers. This practice makes insurance brokers part of the distribution channels of insurers.

3.2. While some insurers have entered into service agreements with insurance brokers in terms of which they require insurance brokers to apply relevant AML/CFT/CPF measures in order to mitigate the risks of ML/TF/PF, NAMFISA has noted that not all insurers have taken this approach and therefore, insurance brokers who form part of their distribution channels, have not been applying relevant AML/CFT/CPF measures in order to detect suspicious patterns of behaviour in clients.

### **4. PURPOSE**

The purpose of these guidelines is to assist insurers, who make use of insurance brokers in their delivery channel, to adopt effective AML/CFT/CPF measures to be able to detect suspicious patterns of behaviour in their clients and potential clients at on boarding and in the course of business relationships.

### **5. APPLICATION**

These guidelines are applicable to insurers whose distribution channels involve insurance brokers.

### **6. GUIDELINES**

6.1 The following actions can assist insurers, who make use of insurance brokers in their delivery channel, to effectively detect suspicious patterns of

behaviour in clients and potential clients at on-boarding and in the course of business relationships:

6.1.1 Insurers could include clauses in their service agreements with insurance brokers that require insurance brokers to apply measures adopted by insurers, such as, to ensure that –

- a) information that must be obtained from clients and potential clients, as prescribed in the FIA and the FIA regulations is obtained so as to enable insurers to establish and maintain an adequate customer profile that will assist in detecting suspicious patterns of behaviour in clients and potential clients at onboarding and in the course of business relationships;
- b) suspicious behaviours of clients and potential clients are also detected at the insurance brokers' level when –
  - i) advising clients and potential clients about long-term insurance products available in the market; and
  - ii) facilitating the submission of claims by clients in the course of business relationships;
- c) alerts on clients and potential clients' suspicious behaviours are timely communicated to insurers by insurance brokers.

6.1.2 Insurers and the insurance brokers should agree on what other AML/CFT/CPF measures can be applied at the level of insurance brokers so as to enable timely detection of suspicious patterns of behaviour in clients and potential clients.

6.1.3 Insurers should give training to insurance brokers on their (insurers) AML/CFT/CPF measures to be applied by insurance brokers to enable them to detect suspicious patterns of behaviour in clients and potential clients.

6.1.4 Insurers should monitor the application of the agreed AML/CFT/CPF measures by insurance brokers to enable detection of suspicious patterns of behaviour in clients and potential clients.

6.1.5 Insurers should ensure that service agreements sufficiently enable them (insurers) to take actions against insurance brokers, who fail to honour the terms and conditions of the service agreements which are aimed at the application of AML/CFT/CPF measures designed for detection of suspicious patterns of behaviours in clients and potential clients.

## **7 GENERAL**

These guidelines are not exhaustive and can be supplemented and/or amended by NAMFISA when necessary.

## **8 NON-COMPLIANCE WITH THESE GUIDELINES**

Any insurer who fails to comply with these guidelines commits an offence in terms of section 63 (f) of the FIA and is liable to a fine not exceeding N\$100 million or to imprisonment for a period not exceeding 30 years, or to both such fine and such imprisonment.

ISSUED BY:

DATE: 10 November 2021

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