

# Agenda



- I. Introduction (meet the regulator)
- II. License requirements and application process
- III. Prudential requirements “Richtlijnen periodieke rapportages & bijlage”



# Insurance brokers



## Meet the Regulator!

**Mr. Bas Jennen, Manager Integrity Supervision Department**



CENTRALE BANK VAN ARUBA

March 19, 2014

2

# Content



1. Supervision
2. Supervisory task and scope
3. CBA organization
4. Supervisory authority
5. Enforcement



# Supervision



*Safeguarding the confidence in the financial system by promoting the (financial) soundness and integrity of the supervised sectors and institutions*

- Asses compliance with laws and regulations
- Focus on design, existence and implementation of adequate policies, procedures and measures
- If necessary, (corrective) measures are taken



## Supervisory task



Supervision by virtue of:

- Sectoral Supervisory State Ordinances
- AML/CFT State Ordinance
- Sanctions State Ordinance, and
- Subordinate state decrees and regulations



# Supervisory scope



Sectoral Supervisory State Ordinances	Scope
State Ordinance on the Supervision of the Credit System (SOSCS)	<ul style="list-style-type: none"> <li>✓ Banks (including banklike institutions)</li> <li>✓ Electronic money institutions</li> <li>✓ Article 48 institutions (including pawnshops)</li> </ul>
State Ordinance on the Supervision of the Insurance Business (SOSIB)/ State Decree on the Supervision of Insurance Brokers (SDSIB)	<ul style="list-style-type: none"> <li>✓ Insurance companies</li> <li>✓ <b>Insurance brokers</b></li> </ul>
State Ordinance on Company Pension Funds (SOCPF)	<ul style="list-style-type: none"> <li>✓ Company pension funds</li> </ul>
State Ordinance Supervision Money Transfer Companies (SOSMTC)	<ul style="list-style-type: none"> <li>✓ Money transfer companies</li> </ul>
State Ordinance on the Supervision of Trust Service Providers (SOSTSP)	<ul style="list-style-type: none"> <li>✓ Trust service providers</li> </ul>



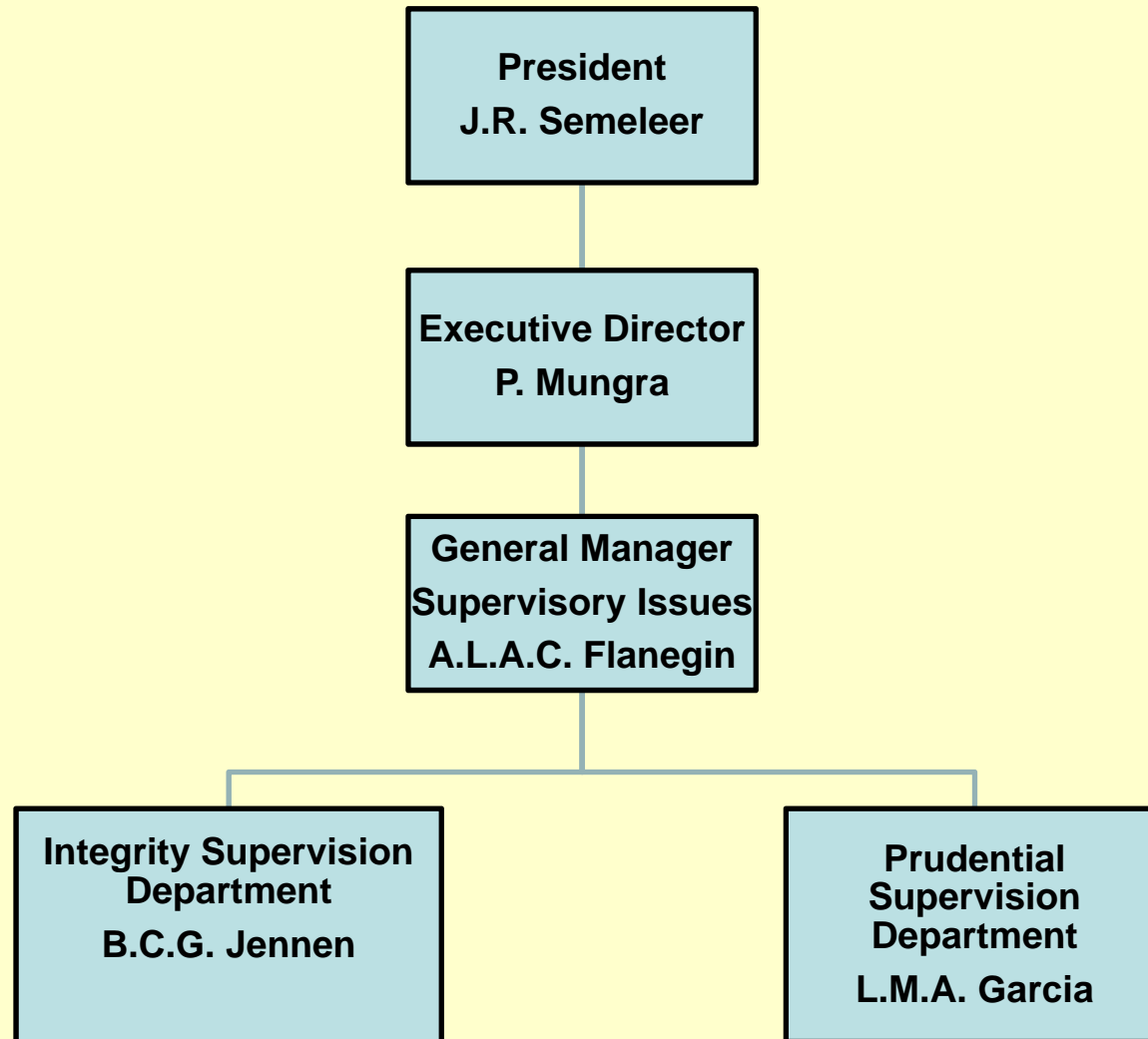
## Supervisory scope (2)



AML/CFT framework	Scope
AML/CFT State Ordinance	<ul style="list-style-type: none"> <li>✓ Banks (including banklike institutions), electronic money institutions, article 48 of the SOSCS institutions (including pawnshops)</li> <li>✓ Life insurance companies / <b>life insurance brokers</b></li> <li>✓ Money transfer companies</li> <li>✓ Trust service providers</li> <li>✓ Designated non-financial service providers (DNFBP) (lawyers, notaries, tax advisors, accountants, real estate agents, jewelers, car dealers, casino's)</li> </ul>
Sanctions State Ordinance	<ul style="list-style-type: none"> <li>✓ Banks (including banklike institutions), electronic money institutions, article 48 of the SOSCS institutions (including pawnshops)</li> <li>✓ Insurance companies, <b>insurance brokers</b></li> <li>✓ Company pension funds</li> <li>✓ Money transfer companies</li> <li>✓ Trust service providers</li> </ul>



# CBA Supervision





# Supervision departments



## Prudential Supervision Department:

- Financial soundness
- Supervision of banks, electronic money institutions, insurance companies, company pension funds
- 10 FTE

## Integrity Supervision Department:

- Integrity, including AML/CFT
- Supervision of trust service providers, money transfer companies, pawn shops, **insurance brokers**
- AML/CFT oversight
- 8 FTE



## Supervisory authority



- CBA is authorized to:
  - Request all necessary information
  - Inspect books and records and make copies
  - Enter offices (on-site examination)
- Supervised institutions must:
  - Grant all cooperation requested
- CBA must:
  - Ensure confidentiality



## Enforcement measures



- Informal measures, inter alia:
  - Letter requiring corrective action
  - Normative conversation with senior management
- Formal measures (based on the law), among others:
  - Direction (*aanwijzing*)
  - Penalty charge order (*last onder dwangsom*)
  - Administrative fine (*bestuurlijke boete*)
  - Withdraw license





# Questions?



# Thank you!



# Insurance brokers

## License requirements and application process



**Mrs. Roixian Oleana-Janzen, Examiner Integrity Supervision Department**  
**Mrs. Kathy Scholliers, Deputy Manager Prudential Supervision Department**

## Legal framework



- I. State Ordinance Supervision Insurance Business (SOSIB)
- II. State Decree Supervision Insurance Brokers (SDSIB)
- III. State Ordinance on the Prevention and Combating of Money Laundering and Terrorist Financing (AML/CFT State Ordinance)
- IV. AML/CFT Handbook
- V. Sanctions State Decree

**Note:** *non-life (general) insurance companies do not fall under the scope of the AML/CFT State Ordinance*



## Market entry



Art. 27a SOSIB/ art. 2 SDSIB:

- Insurance brokers under supervision
- Exemption for insurance companies, credit institutions and travel agencies insofar it concerns travel insurance
- Transitional period for existing insurance brokers



**Note:** *prohibition to provide brokerage services for (foreign) insurance companies without a license (art. 27b SOSIB)*



## License requirements



- Legal entity with full legal capacity (*volledige rechtsbevoegdheid*)
- One of the day-to-day policy makers must be an Aruban resident
- Integrity and suitability of directors, other day-to-day policymakers and supervisory board members (if any)
- Integrity of qualifying shareholders (>10%)
- Minimum equity requirement (Afl. 50,000)
- Compliance with applicable laws and regulations





## Application process (1)



- Application form, including:
  - ✓ Extract of the Chamber of Commerce and Articles of incorporation
  - ✓ Filled out Personal Questionnaires (PQ)
  - ✓ Audited financial statements
  - ✓ organizational structure and shareholding structure
  - ✓ Business plan
  - ✓ Written procedures and measures for sound business operation



## Application process (2)



- ✓ AML/CFT business risk assessment and AMLCFT Strategy
- ✓ Written AML/CFT policies, procedures and measures
- ✓ Sample agreements
- Decision on application: 13 weeks after all required documents and information has been received.

**Note:** *the CBA is authorized to request for additional information if deemed necessary for the assessment of the application*



## Prudential requirements



- Reporting requirements:
  - yearly submission of audited financial statements; and
  - yearly/ quarterly reporting of insurance premiums due (depending on whether or not the broker collects premiums)
- Minimum Equity of Afl. 50,000



## AML/CFT State Ordinance



- Customer Due Diligence (CDD) - risk based approach
- Reporting to the MOT
- Record Keeping
- AML/CFT Policies, procedures & Measures

***Note: not applicable for non-life (general) insurance companies***



# AML/CFT Handbook (1)



- Statutory requirements
- Regulatory requirements
- Guidance notes



***Note: not applicable for non-life (general) insurance companies***

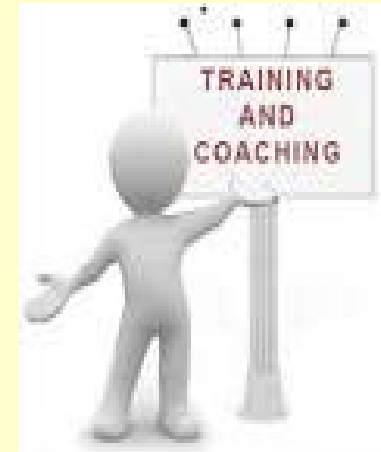


## AML/CFT Handbook (2)



- AML/CFT Business Risk Assessment and AML/CFT Strategy
- MLCO/MLRO function
- Review effectiveness AML/CFT policies, procedures and measures by internal audit

***Note: not applicable for non-life (general) insurance companies***



## Sanctions State Decree



Based on the Sanctions State Ordinance 2006

- Freezing of funds/ no provision of services
- Freezing lists
- Report to MOT/CBA



Thank you

**Thank you!**





# Questions



Questions?

