I. Introduction (meet the regulator)

II. License requirements and application process

III. Prudential requirements “Richtlijnen periodieke rapportages & bijlage”
Meet the Regulator!

Mr. Bas Jennen, Manager Integrity Supervision Department

March 19, 2014
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

<table>
<thead>
<tr>
<th>Sectoral Supervisory State Ordinances</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Ordinance on the Supervision of the Credit System (SOSCS)</td>
<td>☑️ Banks (including banklike institutions)</td>
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<tr>
<td></td>
<td>☑️ Electronic money institutions</td>
</tr>
<tr>
<td></td>
<td>☑️ Article 48 institutions (including pawnshops)</td>
</tr>
<tr>
<td>State Ordinance on the Supervision of the Insurance Business (SOSIB)/ State Decree on the Supervision of Insurance Brokers (SDSIB)</td>
<td>☑️ Insurance companies</td>
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<td></td>
<td>☑️ <strong>Insurance brokers</strong></td>
</tr>
<tr>
<td>State Ordinance on Company Pension Funds (SOCPF)</td>
<td>☑️ Company pension funds</td>
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<tr>
<td>State Ordinance Supervision Money Transfer Companies (SOSMTC)</td>
<td>☑️ Money transfer companies</td>
</tr>
<tr>
<td>State Ordinance on the Supervision of Trust Service Providers (SOSTSP)</td>
<td>☑️ Trust service providers</td>
</tr>
</tbody>
</table>
## Supervisory scope (2)

<table>
<thead>
<tr>
<th>AML/CFT framework</th>
<th>Scope</th>
</tr>
</thead>
</table>
| AML/CFT State Ordinance | ✓ Banks (including banklike institutions), electronic money institutions, article 48 of the SOSCS institutions (including pawnshops)  
✓ Life insurance companies / **life insurance brokers**  
✓ Money transfer companies  
✓ Trust service providers  
✓ Designated non-financial service providers (DNFBP) (lawyers, notaries, tax advisors, accountants, real estate agents, jewelers, car dealers, casino’s) |
| Sanctions State Ordinance | ✓ Banks (including banklike institutions), electronic money institutions, article 48 of the SOSCS institutions (including pawnshops)  
✓ Insurance companies, **insurance brokers**  
✓ Company pension funds  
✓ Money transfer companies  
✓ Trust service providers |
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!

March 19, 2014
Insurance brokers

License requirements and application process

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

March 19, 2014
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
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 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 AML/CFT 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

March 19, 2014
AML/CFT Handbook (1)

- Statutory requirements
- Regulatory requirements
- Guidance notes

Note: not applicable for non-life (general) insurance companies
• 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
Based on the Sanctions State Ordinance 2006
- Freezing of funds/ no provision of services
- Freezing lists
- Report to MOT/CBA

March 19, 2014
Thank you

Thank you!

March 19, 2014
Questions?

March 19, 2014