



# NATIONAL INSURANCE COMMISSION

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NAICOM/INSP/AML/CFT/007

November 24, 2022

**The Managing Director/Chief Executive Officer  
All Insurance Institutions**

Dear Sir/Madam,

## **AML/CFT/CPF DUE DILIGENCE GUIDELINES FOR LICENSING INSURANCE INSTITUTIONS IN NIGERIA**

In line with the on-going Post Observation Period and part of the remedial actions of the Mutual Evaluation, it has become imperative for the Commission to issue this guideline that will direct promoters of insurance intuitions in complying with AML/CFT/CPF due diligence requirements for intending insurance institutions before any license is issued by the Commission.

This guideline becomes effective 24th November, 2022.

Please accept the assurances of the esteemed regards of the Commissioner for Insurance.

Yours faithfully,

**Agboola T. Pius**  
**Director Inspectorate**  
**For: Commissioner for Insurance**

# **NATIONAL INSURANCE COMMISSION**



## **ANTI-MONEY LAUNDERING, COMBATING THE FINANCING OF TERRORISM AND COUNTERING THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION DUE DILIGENCE GUIDELINES FOR LICENSING INSURANCE INSTITUTIONS IN NIGERIA**

**NOVEMBER, 2022**

## ACRONYMS

AML	Anti-Money Laundering
BO	Beneficial Owner
BOI	Beneficial Ownership Information
CFT	Combating the Financing of Terrorism
CPF	Countering Proliferation Financing
CDD	Customer Due Diligence
CTR	Currency Transaction Report
CRMS	Credit Risk Management System
CAMA	Companies and Allied Matters Act
WMD	Weapons of Mass Destruction
KYC	Know Your Customer
STR	Suspicious Transaction Report
ML	Money Laundering
TF	Terrorism Financing
PEPs	Politically Exposed Persons
PF	Proliferation Financing
OFAC	Office of Foreign Assets Control
UNSCR	United Nations Security Council Resolution

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## **1. INTRODUCTION**

In consonance with the authority conferred on National Insurance Commission (NAICOM) by S.101 insurance Act 2003, NAICOM hereby issues the Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation of Weapons of Mass Destruction (AML/CFT/CPF) Guidelines for Licensing of the Insurance Institutions in Nigeria

This Guidelines will assist promoters of Insurance institutions to comply with AML/CFT/CPF requirements while applying for operational licences.

The provisions specified in these Guidelines are minimum requirements and shall be read in conjunction with AML/CFT/CPF laws and regulations.

This guideline covers the minimum AML/CFT/CPF requirements for licence applications for Insurance institutions under the regulatory purview of the NAICOM.

## **2. OBJECTIVES**

The objectives of this Guidelines are to:

- a. Guide promoters in complying with AML/CFT/CPF requirements in licence applications for Insurance institutions.
- b. Ensure that proceeds of crimes are not used to establish Insurance institutions.
- c. Ensure that criminals do not own or control Insurance institutions in Nigeria.
- d. Identify and verify the beneficial owners of Insurance institutions.
- e. Ensure that promoters and managers of Insurance institutions put in place appropriate and effective measures to mitigate ML/TF/PF risks.
- f. Prevent the use of insurance institutions resources in the promotion of ML/TF/PF activities in Nigeria and other part of the World.
- g. guides the promoter on minimum requirements to put in place in the set up and management of the companies

## **3. LICENSING AND APPLICATION REQUIREMENTS**

Promoters of Insurance institutions are required, in addition to complying with other licensing requirements specified either in the Market Conduct Guidelines for insurance and reinsurance institutions in Nigeria or other guidelines or regulations, to submit the following with the application for Approval-in-Principle:

- a. Completed and personally signed BOs Declaration Form (Appendix A)
- b. Notarised statement of net worth for all BOs.
- c. Completed and personally signed (PEPs) Declaration Form (Appendix B)
- d. AML/CFT/CPF Compliance policy, which shall at a minimum cover:
  - i. Compliance Unit/Department structure;
  - ii. designation and status of a compliance officer;
  - iii. Employee screening and monitoring;
  - iv. Customer identification and verification;
  - v. Customer due diligence measures;
  - vi. ML/TF/PF Risk Assessment;
  - vii. AML/CFT/CPF Training of the board, Executive / senior management, and other employees;
  - viii. Independent assessment of the AML/CFT/CPF Programme;
  - ix. Record Keeping, Suspicious transaction monitoring and reporting.
  - x. Oversight functions over Compliance activities.

#### **4. AML/CFT/CPF Conditions for Rejection of Application for Licence or Parties to the application**

The conditions for rejection of an application for a licence or a party to an application shall include:

- a) Failure to demonstrate understanding of the ML/TF/PF risks inherent in the business;
- b) Inability to address the AML/CFT/CPF licensing requirements satisfactorily;
- c) Misrepresentation of facts, concealment and false declaration;
- d) Previous conviction of any financial crimes by any person to the application and/or management staff so proposed;
- e) Opaque / very complex ownership structure;
- f) Discovery that a party to the application is on the sanctions lists;
  - i. United Nations Security Council (UNSC);
  - ii. United States Office of Foreign Assets Control (OFAC);
  - iii. His Majesty's Treasury, United Kingdom (HMT);
  - iv. European Union (EU);
  - v. French Ministry of Economy, Finance and Industry (MINEFI);
  - vi. Nigerian sanction list; and



- i. Any other sanctions list as may be advised from time to time
- g) Any other condition that the NAICOM may specify.

**NOTE: Parties to an application include beneficial owners, shareholders, proposed directors, proposed senior management staff and related parties.**

#### **5. BENEFICIAL OWNERSHIP (BO) INFORMATION**

The promoters of Insurance institutions are required to provide the following information/documents for the identification and verification of beneficial owners:

Shareholding structure of the institution for which license is sought.

- a. Where a shareholder or prospective shareholder is a legal person or legal arrangement, relevant incorporation documents, detailing the current shareholding structure and directorship/trustee/fiduciary information.
- b. List of the natural persons represented by the legal person in (ii) above
- c. Resume of the Beneficial Owners.
- d. Proper Completed Beneficial Ownership Declaration Form.

#### **6. OTHER REQUIREMENTS**

- a) The proposed Insurance institution shall demonstrate capability for screening customers and transactions for ML/TF/PF.
- b) The proposed Insurance institutions shall demonstrate capability for monitoring, collating, and filing of suspicious transactions reports (STRs) and other regulatory returns as required by NAICOM and NFIU.

This Guideline is issued by the National Insurance Commission on the 24 day of NOVEMBER, 2022



**Agboola T. Pius**  
**Director (Inspectorate)**  
**For: Commissioner for Insurance**

(APPENDIX A)

**BENEFICIAL OWNERS DECLARATION FORM**

To be completed by each Beneficial Owner<sup>1</sup> of an existing or proposed institution

**1. BIODATA**

Name: õ ..  
(First Name) (Middle Name) (Last/Surname)

Date of Birth: õ .

Place of Birth: õ

Nationality: õ .

Bank Verification Number: õ .

National Identity Number.....

Address of Residence: õ

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õ õ

Country of Residence: õ ..

**2. IDENTIFICATION DOCUMENTS**

(International Passport/National Identity/Drivers Licence/Voters Card)

Means of Identification: õ õ õ õ õ õ õ . õ õ õ õ õ õ õ õ õ õ õ õ õ õ õ õ õ

Issuing Authority: õ ..

Identity Number: õ ...

Date of Issuance: õ .

Expiry Date: õ ..

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<sup>1</sup>Beneficial Owner includes [the natural person(s) who ultimately owns or controls a customer and/or the person on whose behalf the transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement and relevant third parties.]



**3. OWNERSHIP DETAILS**

Name of Company Owned: \_\_\_\_\_

Effective Date of Ownership: \_\_\_\_\_ ..

Percentage of Ownership: \_\_\_\_\_ ..

**State the nature of control:**

**Direct**

**Indirect** \_\_\_\_\_

**Declaration:**

I, \_\_\_\_\_ hereby declare that all information provided on this form is true and factual.

I undertake to promptly [or within a reasonable period and in any event not less than two weeks] inform the National Insurance Commission in writing about any changes in the information provided above.

I understand that it is a criminal offense to provide false information on this form

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_ ..

(Appendix B)

**POLITICALLY EXPOSED PERSONS DECLARATION FORM**

Politically Exposed Persons (PEP) are individuals or international entities who are or have been entrusted with prominent public functions and their immediate family members and close associates. PEP means any of the following: .

**A) A natural person who is or has been entrusted with prominent public functions (“P”), including: –**

Tick as appropriate

	YES	NO
(i) a head of state, head of government, minister or minister of state;	<input type="checkbox"/>	<input type="checkbox"/>
(ii) a senior government official;	<input type="checkbox"/>	<input type="checkbox"/>
(iii) a member of National Assembly;	<input type="checkbox"/>	<input type="checkbox"/>
(iv) a senior politician;	<input type="checkbox"/>	<input type="checkbox"/>
(v) an important political party official;	<input type="checkbox"/>	<input type="checkbox"/>
(vi) a senior judicial official;	<input type="checkbox"/>	<input type="checkbox"/>
(vii) an ambassador or other high-ranking officer in a diplomatic service;	<input type="checkbox"/>	<input type="checkbox"/>
(viii) a high-ranking officer in an armed force;	<input type="checkbox"/>	<input type="checkbox"/>
(ix) a senior member of an administrative, management or supervisory body of a state owned enterprise; or	<input type="checkbox"/>	<input type="checkbox"/>
(x) a senior member of management of, or a member of, the governing body of an international entity or organisation.	<input type="checkbox"/>	<input type="checkbox"/>

**B) Any of the following family members of P, including: –**

(i) a spouse;	<input type="checkbox"/>	<input type="checkbox"/>
(ii) a partner considered by national law as equivalent to a spouse;	<input type="checkbox"/>	<input type="checkbox"/>
(iii) a child	<input type="checkbox"/>	<input type="checkbox"/>
(iv) a spouse or partner of a child;	<input type="checkbox"/>	<input type="checkbox"/>
(v) a brother or sister (including a half-brother or half-sister);	<input type="checkbox"/>	<input type="checkbox"/>
(vi) a spouse or partner of a brother or sister;	<input type="checkbox"/>	<input type="checkbox"/>
(vii) a parent;	<input type="checkbox"/>	<input type="checkbox"/>

(viii) a parent-in-law;

 

(ix) a grandparent; or

 

(x) a grandchild;

 

**C) Any natural person known to be a close associate of P, including: –**

(i) a joint beneficial owner of a legal person or legal arrangement, or any other close business relationship, with P;

 

(ii) the sole beneficial owner of a legal person or legal arrangement known to have been set up for the benefit of P;

 

(iii) a beneficiary of a legal arrangement of which P is a beneficial owner or beneficiary; or a person in a position to conduct substantial financial transactions on behalf of P.

 

**D) Any person working with an international organisations including, but are not limited to:**

i) the United Nations (UN) and any affiliated international organisations;

 

ii) institutions of the European Union;

 

iii) the World Trade Organisation (WTO);

 

iv) the International Monetary Fund (IMF);

 

v) the World Bank; and

 

vi) Others

 

**E) PEP Identification**

If any of the above is **Yes**, then a PEP is established.

 

**F) Attestation**

a. I, undersigned, for and on behalf of the Insurance Institution confirm that all information provided in this Political Exposed Persons Declaration Form is accurate and reliable.

Name of Promoter /Director \_\_\_\_\_(Signature)\_\_\_\_\_

Position. \_\_\_\_\_Date (ddmmyyy) \_\_\_\_\_

- b. I, undersigned, for and on behalf of the Insurance Institution confirm that all information provided in the above Political Exposed Persons declaration is accurate and reliable.

Name of Company Secretary \_\_\_\_\_ (Signature) \_\_\_\_\_

Position. \_\_\_\_\_ Date (ddmmyyyy) \_\_\_\_\_