
**ALTERATION OF THE REGULATION OF THE CONDITIONS OF ACCESS AND EXERCISE OF INSURANCE
THE ACTIVITY AND RESPECTIVE MEDIATION**

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Approved by Decree No. 24/2023 of May 19, entered into force on the date of its publication the Amendment to the Regulation of the Conditions of Access and Exercise of Insurance Activity and Respective Mediation (hereinafter the "New Decree"), revoking and modifying certain provisions previously established by the Decree No. 30/2011 of August 11 (hereinafter the "Previous Decree"), and adjusting it to the measures of Preventing and Combating Money Laundering, Financing Terrorism and Financing Proliferation of Mass Destruction Weapons foreseen by Law No. 11/2022 of July 7.

In the New Decree, the changes and or obligations applicable, to the applicants for exercising insurance activity, the entities qualified to exercise insurance activity, and the entities qualified to exercise the mediation activity, are worth being highlighted as follows:

1. Applicants for Exercising Insurance Activity

1.1. Instruction of the Process for Authorization for Exercising Insurance Activity

Under the New Decree, companies in which the founding shareholders hold qualifying shareholdings are now required to specify the beneficial owners of the shareholding. Furthermore, when the applicants relate to other entities, including investment entities, they are now obliged to take appropriate measures to verify their identity through confirmatory documents.

Still on the subject of the authorisation process, the declaration of the founding shareholders that neither they nor the companies whose management they have ensured or of which they have been directors, managers or managers, have been declared insolvent or bankrupt for reasons attributable to them, is waived, without prejudice, of course, to the verification of their suitability in the manner described below.

1.2. Good standing of Shareholders and Managers

As opposed to the Previous Decree, which set out the situations constituting good standing, the New Decree sets out the indicators of lack of good standing, which means that good standing is now determined according to whether the behavior of the shareholders and/or managers falls within the situations provided for under Article 9(3) of the New Decree. The assessment of good standing is made on the basis of objective criteria by the Insurance Supervisory Authority, based on complete information on the previous functions of the person concerned as a professional, and taking into account the circumstances provided for in Article 9(4) of the New Decree, depending on their seriousness or reputational impact.

2. Entities Qualified to Exercise Insurance Activity

2.1. Acquisition or Increase of Qualified Shareholding in Insurance Company

Natural or legal persons who intend to hold, directly or indirectly, qualifying shareholdings in insurance companies are now required to maintain adequate, accurate and up-to-date information on the beneficial owners and the identity of the management bodies. This obligation arises from the provisions of Article 22 of Law no. 11/2022, of 7 July, on Preventing and Combating Money Laundering, Terrorist Financing and the Financing of Proliferation of Weapons of Mass Destruction (hereinafter "Law no. 11/2022").

2.2. Communication by the Insurance Company

Entities authorized to carry out insurance activities are now obliged to collect the information required to comply with the duty to identify beneficial owners. In addition, they must adopt the means and mechanisms necessary to ensure compliance with the restrictive measures of the United Nations Security Council Resolutions freezing all assets and economic resources owned or controlled, directly or indirectly, by a designated person or entity. This obligation exists even if such assets and resources are not linked to an act, plan or threat of terrorism, proliferation of weapons of mass destruction, and their financing in particular.

2.3. Registration of Members of the Corporate Bodies

Members of corporate bodies of the entities qualified to exercise insurance activity, must observe the appropriate measures to verify the identity of the beneficial owners, by means of

confirmative documents, their respective identification elements, the duty to abstain, the duty to communicate, the duty of examination and the duty to collaborate foreseen in articles 19, 20, 41, 43, 47 and 51 of Law no. 11/2022.

2.4. Organization and Internal Control

The entities qualified to exercise insurance activity are now required to:

- a. ensure specific, adequate and regular training to their managers and employees with the aim of improving their knowledge of operations and actions that may be linked to money laundering, financing terrorism and financing proliferation of mass destruction weapons and instruct them on the procedures that they must adopt, under the terms provided for in article 50 of Law no. 11/2022; and
- b. retain for 5 years the copies of the evidence of the trainings provided.

3. Entities Qualified to Exercise the Mediation Activity

Companies to be incorporated in the context of a foreign direct investment must ensure compliance with the prevention and combating of money laundering, financing of terrorism and financing of proliferation of weapons of mass destruction.

In addition, in order to ensure compliance with the matters on preventing and combating money laundering, terrorist financing and financing the proliferation of weapons of mass destruction, insurance and reinsurance brokers, as well as insurance agents, are now subject to the duties provided for in Law no. 11/2022.

In the case of insurance agents who are natural persons, in addition to basic training in insurance, they must receive basic training in the prevention and combating of money laundering, terrorist financing and financing of the proliferation of weapons of mass destruction.

4. Supervisory Powers

The Insurance Supervisory Authority now has powers to ensure compliance by insurance companies, reinsurance companies, and insurance intermediaries and other related investment

entities of the measures for preventing and combating money laundering, financing terrorism, and financing the proliferation of mass destruction weapons.

In addition to this new competence, the Insurance Supervisory Authority now has complementary competencies for assessment of good standing, among other functions that result mostly from the foreseen under its statutory rules.

5. Duty of Information

The entities subject to supervision must send to the Insurance Supervisory Entity the information elements that are requested, within the scope of preventing and combating money laundering, financing terrorism, and financing the proliferation of mass destruction weapons.

6. Exchange of Information between Competent Authorities

The facts or elements related to the relationship of the entities subject to supervision with their clients may be disclosed, to the Insurance Supervisory Entity upon the client's written authorization.

The information, facts, or documents subject to professional secrecy can only be disclosed in the cases foreseen in number 2 of article 136 of the New Decree.