

By Email

11 February 2025

To: Senior Executive Officers, Compliance Officers, and Money Laundering Reporting Officers of DFSA Relevant Persons

Re: Findings from the 2024 Thematic Review – Targeted Financial Sanctions Compliance: DIFC Insurance Sector

The purpose of this letter is to share the key findings and observations from the 2024 Thematic Review on Targeted Financial Sanctions (**TFS**) Compliance in the DIFC Insurance Sector (the **Review**). Whilst focused on the insurance sector in the DIFC, the findings from the Review should be of interest to all Relevant Persons.

TFS are a key tool used to combat terrorism and proliferation financing, and the effectiveness of the controls applied by Relevant Persons in complying with their corresponding TFS obligations is critical.

In line with the DFSA's regulatory objectives and its 2024 financial crime supervisory priorities, the Review assessed compliance with the TFS obligations contained in Article 21 of Cabinet Decision No 74 of 2020, the related DFSA Anti-Money Laundering (AML) Rules, and the supporting sector-specific guidance issued by the Executive Office for Control & Non-Proliferation (**EOCN**) in collaboration with the Supervisory Authorities.

Methodology

The Review was conducted in three phases:

- Phase 1: Analysis of data from the 2023 AML Returns for firms in the insurance sector, following which a representative sample of firms was selected to provide additional documents and information for a desk-based review.
- Phase 2: On-site visits to these firms to assess their operating practices.
- Phase 3: Consolidation of all observations, findings, data, and actions into this Review report. Firm-specific observations and findings are being addressed on a bilateral basis with each Firm directly.

Key findings

The key findings and observations from the Review are summarised below and detailed further in the Review report available on the [DFSA's website](https://www.dfsa.ae).

While the findings were broadly positive, with most areas identified for improvement being in the documented control frameworks rather than the practical application of screening controls, there were areas requiring enhancements. These include:

1. enhancing Business and Customer Risk Assessments to explicitly document jurisdiction risk factors and the underlying insured risk;



2. ensuring that policies and procedures and related training material, explicitly reference all the United Arab Emirates TFS obligations;
3. considering more granular Management Information to capture data on screening control and alert handling performance beyond exception reporting; and
4. ensuring that gap analyses are completed and adequately documented.

Next steps

We expect all firms in the insurance sector to consider the key findings and observations from the Review and determine whether improvements are needed for their TFS systems and controls.

The DFSA may request evidence of any remedial actions taken when engaging with firms in the sector.

If you have any questions about this letter, or more generally, please contact us via the Supervised Firm Contact Form found on the [DFSA's website](http://www.dfsa.ae).

Yours sincerely,

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