## BIPAR 2026 MID-TERM MEETING

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CHECK AGAINST DELIVERY

# Keynote address by Bruna Szego

**Chair, Authority for Anti-Money Laundering and Countering the Financing of Terrorism**

Good afternoon everyone,

It's my pleasure to join you at this year's mid-term meeting. This is my first time speaking at BIPAR and I'd like to thank the organizers for inviting me.

Life insurance intermediaries play a vital role in the EU insurance market. You connect consumers with products that protect citizens and build long-term financial stability. And you serve as gatekeepers to the financial system.

As Chair of AMLA, I find it important to engage directly with gatekeepers – in both the financial and non-financial sectors – about the risks you see, the challenges you face, and how we can work together to build a more robust system for Europe.

**Where AML applies**

Let me begin by clarifying the scope of the application of the anti-money laundering framework. EU rules on anti-money laundering and countering the financing of terrorism apply to insurance intermediaries when you work with life insurance and other investment-related services. This is a subset of the work you do, and a significant one.

**Why the insurance sector matters**

It's also worth noting the insurance sector's economic importance. It is a major pillar of the EU economy and a long-term investor that contributes significantly to the Commission's Savings and Investments Union vision.

According to EIOPA, premiums paid for insurance in Europe amount to about 1.15 trillion euro per year, most of which comes from life insurance. More than half of these life insurance premiums flow through intermediaries. BIPAR's own estimations indicate that there are some

800,000 intermediaries across the EU. This makes you important gatekeepers and the 'first line of defence' - you onboard clients, verify identities, spot red flags in payments or policies, and report suspicions to authorities.

The life insurance sector is generally faces a moderate or lower level of money laundering and terrorist financing risks compared to other financial sectors. This is because life insurance products lack the flexibility and liquidity that make other financial transactions attractive to money launders. These policies generally require steady, long-term premium payments with limited early cash-out options and fixed beneficiaries.

However, higher-risk cases do exist: complex products with multiple investment accounts, products with returns linked to underlying financial asset, private life insurance of high-net-worth individuals, or bancassurance groups combining insurance with riskier banking activities. These cases naturally require closer scrutiny.

**The Risks in practice**

To illustrate, I would like to give you some examples of how the insurance sector can be, and has been, exploited to launder money.

1. First, high-value single-premium and investment-linked life insurance. Illicit funds can be placed into a policy through a large upfront payment, and later withdrawn. When the policy is surrendered or matures, the money appears legitimate.

2. Second, third-party beneficiaries or owners. Criminals purchase life insurance naming an unrelated third party as the beneficiary, obscuring the link between the payer and the recipient. They can also transfer policy ownership to move funds if the beneficiary or new owner is not properly identified.

3. Third, they engage in what is known as "insurance wrapping" of illicit funds. This involves layering transactions via complex schemes or as part of a broader laundering chain. Once illicit funds enter the legitimate insurance system, criminals can set up reinsurance arrangements or back-to-back policies where companies "insure" each other, creating a circular flow of funds that appears normal but is in reality the movement of illicit money, often across borders.

What do all these examples have in common? Weak Know Your Customer and Customer Due Diligence measures, and weak transaction monitoring. The new framework aims to strengthen our capacity to protect the system with more detailed rules that apply in the same way across the EU and are proportionate and rooted in a risk-based approach.

**Key features of the new AML framework**

In July 2024, the EU adopted a comprehensive new Anti-Money Laundering and Countering the Financing of Terrorism package. AMLA was established as part of that package. This new approach has three key strengths.

**Harmonization**

The first is harmonization. Today, we have 27 national approaches - different rules, supervision, financial intelligence sharing. This created gaps and inconsistencies that could be exploited. With the new AML regime, we are moving towards a unified framework.

One of AMLA's tasks is to complete the Single Rulebook, so that for the first time, one set of rules will apply consistently across all Member States. AMLA is developing the technical standards and guidelines that translate the AML Regulation into concrete requirements. We have started with the mandates most relevant to the industry, including Customer Due Diligence procedures.

However, rules alone do not suffice. They need to be interpreted and applied consistently. This is why one of AMLA's core tasks is to promote supervisory convergence, ensuring that supervisory practices align and are robust across the EU so that obliged entities can expect to be assessed and supervised in a consistent manner, no matter where in the EU they may operate.

By harmonizing rules and reducing regulatory differences, we strengthen the integrity of our financial system, creating a level playing field and fairer competition.

Finally, we need good intelligence and efficient information sharing mechanisms. Money laundering does not stop at borders, and our response cannot be fragmented along national lines. For this reason, one of AMLA tasks is to support and coordinate national Financial Intelligence Units—the agencies that receive and analyse your suspicious transaction reports. Our objective is to ensure quality intelligence and effective information sharing, which would better support law enforcement agencies in detecting and prosecuting financial crime.

**Risk-based, proportionate approach**

The second key feature of the new framework as I alluded earlier, is that is it risk-based and proportionate.

Not all sectors face the same level of risk. Not all entities within a sector face the same challenges. And not all products and services carry the same money laundering risk, for instance private life insurance with high-net-worth clients, as I just mentioned. The new system recognizes this. Supervision is tailored to reflect the level of risk, and requirements are proportionate to the business model.

Let me give you concrete examples of how proportionality feeds into our work. National supervisors will use a harmonized model to assess the AML/CFT risks at entity-level, and plan their supervisory actions accordingly. This model is based on a data collection from obliged entities, which is itself risk-based. While more complex and risky financial institutions must provide up to 150 data points, the insurance sector is required to provide only 33. Insurance intermediaries are asked to report even fewer data points, since some requirements that apply to insurance companies do not apply to you. This means that the way you will be supervised already reflects the lower risk profile and smaller size of your business.

Another example is the RTS on Customer Due Diligence, where we are exploring areas for greater proportionality. This RTS will soon be under public consultation, and I would encourage your concrete input. This kind of engagement, from all affected entities, including those from lower risk sectors, contributes to informed policy making.

Lower risk does not mean no risk. And a risk-based approach does not mean that we can look past the lower-risk sectors. On the contrary, building a robust system means ensuring adequate protections everywhere—across financial and non-financial sectors, for large and small entities alike. Insurance intermediaries are in the framework precisely because risks exist. And these risks must be managed proportionately.

**AMLA's supervisory model**

Before concluding, I would like to turn to the third strength of the new AML framework—AMLA's supervisory model, which combines direct and indirect supervision.

Starting in 2028, AMLA will directly supervise 40 of the most complex cross-border financial institutions in Europe. One of the benefits of this is that AMLA brings a European view and can see cross-border patterns and risks from a different vantage point than single national supervisors. Another benefit is that the obliged entities selected for direct supervision, all of which operate in at least six Member States, will have one supervisor instead of multiple national ones, and reporting obligations only to AMLA, which will simplify their work.

The vast majority of obliged entities in the financial sector will remain under national supervision. They too can expect greater harmonization. AMLA is developing a common methodology to assess risks and a manual to instruct supervisors on how to run supervision. This means that all obliged entities, whether supervised by AMLA or by one or more national supervisors, will be subject to consistent supervisory expectations and approaches, no matter where in the EU they are based.

**Concluding remarks**

Ladies and gentlemen, the new AML system represents a real change for Europe. It's ambitious, comprehensive, and it will require effort and time to fully realize. But it's necessary. As risks evolve and criminal activity becomes increasingly sophisticated, we need a coordinated response to protect Europe's financial system.

AMLA is deeply committed to this this goal. And you – insurance intermediaries – are essential partners in this effort. You are the first line of defense. AMLA is here to build a framework that is robust and effective. But we cannot do it alone. All of us—AMLA, national supervisors, and the private sector, have a role to play.

I am aware that BIPAR is very active in supporting its members and has developed practical guidance for the sector. I encourage you to remain engaged: Know the risks to which you are exposed. Know what is expected of you and prepare to meet those requirements. That is how we will build a system that actually works, not only as a vision, but in practice.

Thank you for your attention today. I look forward to our continued collaboration as we build a more robust AML system for Europe