Prohibition on Money Laundering (Requirements Regarding Identification, Reporting and Record-Keeping by Insurer and Insurance Agent) Order, 5762-2001

By virtue of the authority vested in me under sections 7 and 32(c) of the Prohibition on Money Laundering Law, 5760-2000 (hereinafter - “the Law”), after consultation with the Minister of Justice and the Minister of Internal Security, and with the approval of the Constitution, Law and Justice Committee of the Knesset, I order as follows:

Definitions

1. In this Order –

“Life insurance” has the same meaning as in section 41 of the Insurance Contract Law, 5741-1981 (hereinafter - “the Insurance Contract Law”), excluding life – all-risk insurance and an insurance scheme authorized under Regulation 42(1) to (4) of the Income Tax (Rules for Authorization and Management of Benefit Funds) Regulations, 5724-1964 (hereinafter - “the Income Tax Regulations”);

“Life insurance- risk only” - insurance classified as life – all-risk insurance pursuant to the Insurance Business (Control) (Insurance Branches) Notice, 5745-1985;

“Policy holder” - whoever purchases a life insurance contract from an insurer;

“Controlling shareholder” - whoever holds a controlling interest in a corporation, within the definition in section 7(a)(1)(b) of the Law;

“The supervisor”, “insurer” and “insurance agent” - as defined in the Insurance Business (Control) Law, 5741-1981 (hereinafter - “the Control Law”);

“The competent authority” has the same meaning as in section 29 of the Law;

“Low-premium insurance contract” - a life insurance contract for which the annual premium for savings therein, in each of the years in which the contract is in force, does not exceed 20,000 New Israeli Shekels;

“Individual” whoever is not a corporation, public institution or a corporation incorporated abroad under statute;

“Insured” - whoever his life is insured under a life insurance contract;

1Sefer Ha-Chukkim of 5760, p. 293.
2Sefer Ha-Chukkim of 5741, p. 94.
3Kovetz Hatakanot of 5724, p. 1302.
4Kovetz Hatakanot of 5745, p. 1416.
5Sefer Ha-Chukkim of 5741, p. 208.
“Public institution” - government ministries, the Jewish Agency, local authorities, and other authorities, corporations or institutions established in Israel under statute;

“Beneficiary in the case of life” - whoever is entitled to receive the insurance benefits upon the occurrence of an insurance event during the life of the insured;

“Beneficiary in the case of death” whoever is entitled to receive the insurance benefits after the death of the insured;

“Beneficiary designated according to relationship” - beneficiary in the case of life or a beneficiary in the cases of death designated without being named, pursuant to section 44 (a) of the Insurance Contract Law;

“Kin beneficiary” -a beneficiary in the case of life or a beneficiary in the case of death, who is a spouse, child or grandchild of the insured and who is not a beneficiary designated according to relationship;

“Proxy” whoever is authorized by an insured, policy-holder, beneficiary in the case of life or beneficiary in the case of death to perform transactions on his behalf within the scope of a life insurance contract;

“Identity number” –

(1) of an individual who is a resident – his identity number in the Population Registry;

(2) of an individual who is a foreign resident – his passport number or *laissez passer* number and the name of the state in which the passport or *laissez passer* was issued; of an individual identified by a document as stated in section 3(a)(6) – his identification number in such document and the name of the state in which the document was issued; where there are letters or more than 9 digits in the identification number, the insurer shall record only the last nine digits and disregard the letters;

(3) of a corporation registered in Israel – the registration number at the appropriate registry;

(4) of a corporation that is not registered in Israel – the registration number in the state of incorporation, if any, and its name, and where there is no registration of corporations of this category – the registration number that shall be allocated to it by the insurer upon coordination with the competent authority; of a corporation identified by a document as stated in section 3(a)(6) – the identification number on such document and the name of the state in which the document was issued; where the identification number
has letters or more than 9 digits, the insurer shall record only the last 9 digits and disregard the letters;

(5) of a public institution and a corporation incorporated abroad under statute – the registration number that shall be allocated to it by the insurer upon coordination with the competent authority;

“Address” –

(1) of an individual – his registered address in the document as stated in section 3(a)(1), (2) or (6) as the case may be, and where he has submitted another address – the address submitted;

(2) of a corporation- its registered address in the document as stated in section 3(a)(3) or (4), as the case may be, and where it has submitted another address – the address submitted;

(3) of a public institution and a corporation set up abroad under statute – the address submitted;

“Service recipient ” -the policy holder, an insured, whoever made the insurance agreement for the aforesaid, an proxy, a beneficiary in the case of life, whoever is performing a transaction as stated in section 2(f) or, after the death of an insured – a beneficiary in the case of death;

“Transaction” - a single transaction, unless provided otherwise in this Order;

“Name” –

(1) of an individual – the surname and given name, including additional names, if any;

(2) of a corporation – its registered name, and where incorporated in a state in which there is no registration in respect of the particular category of corporations – its name as provided;

(3) of a corporation established under statute – the name prescribed in the statute, either in Israel or abroad;

(4) of a public institution, excluding a corporation established under statute – its name as provided;

“Corporation” –

(1) a company, partnership, cooperative society, Ottoman society, association or political party registered in Israel (hereinafter referred to as “an Israeli corporation”);

(2) a body registered as a corporation abroad or a body incorporated in a state in which there is no registration in respect of this category of
bodies, provided however that it presented a document providing evidence of its being a corporation (hereinafter referred to as “a foreign corporation”);

“Resident” has the same meaning as in the Population Registry Law, 5725-1965, including an Israeli national who is not such a resident, registered in the population registry;

“Foreign resident- whoever is not a resident.

Chapter Two: Obligations of Identification

Registration of identifying particulars

2. (A) An insurer shall not enter into a life insurance contract and shall not perform any transaction under a life insurance contract –

(1) without making a record of the following identifying particulars in respect of the policy holder, an insured, whoever entering into the insurance contract for the aforesaid, the proxy and the beneficiary in the case of life who is not a beneficiary designated according to relationship or a kin beneficiary:

(a) name;

(b) identity number;

(c) of an individual – the date of birth and sex, of a corporation – the date of incorporation;

(d) address.

(2) without authenticating the identifying particulars as stated in paragraph (1), as specified in section 3.

(B) An insurer shall not enter into a life insurance contract, perform any transaction under a life insurance contract or add a beneficiary in the case of life who is a kin beneficiary to a life insurance contract, without recording in respect thereof the identifying particulars as stated in subsection (a)(1).

(C) An insurer shall not add to a life insurance contract a proxy or beneficiary in the case of life who is not a beneficiary designated according to relationship or a kin beneficiary, without recording in respect thereof the identifying particulars as stated in subsection (A)(1) and authenticating them as specified in section 3.

*Sefer Ha-Chukkim of 5725, p. 270.*
(D) An insurer shall not perform any transaction under a life insurance contract under an instruction given by a proxy or beneficiary, without recording in respect thereof the identifying particulars as stated in subsection (A)(1) and authenticating them as specified in section 3.

(E) An insurer shall not perform any transaction under a life insurance contract without recording the identifying particulars of whoever is performing such a transaction, as stated in subsection (A)(1), and authenticating them as specified in section 3; in this subsection, “transaction” - a transaction in the amount of at least 50,000 New Israeli Shekels, excluding a bank transfer where whoever is performing the transfer is not the policy holder, the insured, a proxy, beneficiary in the case of life, or after the death of the insured – the beneficiary in the case of death.

(F) An insurer shall not pay insurance benefits to a beneficiary that is a corporation without recording the particulars of the controlling shareholder therein under subsection (A)(1)(a) and (b); recording of the particulars shall be done according to the declaration appearing in section 4; where the insurer does not have the identity number, after having made reasonable efforts to obtain such number, he shall record instead the particulars in subsection (a)(1)(c) and (d), and the state of nationality.

(G) An insurer shall not pay insurance benefits under a low-premium insurance contract without recording the identifying particulars of the beneficiary as stated in subsection (A)(1) and authenticating them under section 3.

Authentication of particulars and demand for documents

3. (A) An insurer shall obtain identifying documents of the service recipient in the transactions stated in section 2(a), (c) to (e) and (g) and shall authenticate the identifying particulars on the date of performance of the transaction, or within 30 days of the date of making the life insurance contract, as the case may be, and in any case, prior to payment of the insurance benefits or provision of the loan to the insured against a charge on the life insurance contract, all as specified hereunder:

1) of an individual who is a resident – for the purposes of recording the identifying particulars in section 2(a)(1)(a) to (c) - according to an identity card, a copy of which, insofar as it relates to the aforesaid identifying particulars, shall be kept with the insurer; the insurer shall authenticate the identifying particulars with the Population Registry at the Ministry of the Interior and shall compare the date of issue of the card presented on the card with the last date of issue of the card as registered at the population registry; in this paragraph, “identity card” includes an immigrant’s card within 30 days of its issue, and an Israeli passport, where the identification is made outside of Israel;

2) of an individual who is a foreign resident, for the purposes of recording the identifying particulars in section 2(a)(1)(a) to (c) –
according to a foreign passport or *laissez passer*; the insurer shall compare the identifying particulars with another document bearing a photograph and identity number, and, in its absence, with a document bearing the name and identity number, in addition to the address or date of birth, and in its absence, with a credit card; the insurer shall obtain possession of photocopies of the documents stated in this paragraph, insofar as they relate to the identifying particulars;

(3) of an Israeli corporation, for the purposes of recording the identifying particulars of a corporate body as stated in section 2(a)(1)(a) to (c) – according to the certificate of registration; where one of the aforesaid particulars is missing in the certificate – according to a certification from an advocate; the insurer shall obtain the following documents:

(a) a certified copy of the certificate of registration of the corporation;

(b) a certification from an advocate of the existence, name and identity number of the corporation;

Alternatively, the insurer may authenticate the fact of registration of the corporation in the appropriate registries; in this paragraph, “advocate” - holding a license to practice law in Israel;

(4) of a foreign corporation, for the purposes of recording the identifying particulars of a corporation as stated in section 2(a)(1)(a) to (d) – according to a certified copy of a document evidencing registration thereof, insofar as these particulars appear on the document; where one of the aforesaid particulars is missing from the document – according to a certification from an advocate; the insurer shall obtain a document evidencing the registration of the corporation and an authorization as specified in paragraph (3)(b); of a corporation in a state in which there is no registration of corporations of this category – the insurer shall obtain certification from an advocate of the fact that no registration exists in the state of incorporation;

(5) of a public institution and a corporation established abroad under statute, for the purposes of registering the name – according to a declaration from the service recipient , of a corporation established under statute – according to a copy that the insurer shall receive of the statute under which the corporation was established or a certification that the insurer shall receive from an advocate of the existence of the statute;

(6) notwithstanding the provisions of paragraphs (2) and (4), where transactions to enter into a life insurance contract have been made abroad, the insurer may record the identifying particulars according
to the identifying documents customary in the state in which the identification is performed, provided that legislation requiring the identification of customers exists in that state; the insurer shall retain photocopies of the identifying documents.

(B) Where an insurer has obtained identifying particulars of a beneficiary as stated in section 2 (g), and the sum of benefits originating in savings contributions owed to such insurer under the life insurance contract does not exceed 200,000 New Israeli Shekels, it shall not be required to authenticate these particulars as specified in subsection (a).

(C) In this section, “certified copy” - a true copy of the original certified by one of the following persons:

(1) the authority issuing the original document;
(2) an advocate holding a license to practice law in Israel;
(3) a clerk of the insurer before whom the original document had been presented;
(4) an authority as noted in section 6 of the Convention Abolishing the Requirement of Legalization for Foreign Public Documents;7
(5) an Israeli diplomatic or consular representative abroad.

Declaration of controlling person or other

4. (A) At the time of entering into a life insurance contract the insurer shall demand a declaration from the policy holder and insured party that he is acting on his own behalf.

(B) As a condition for payment of insurance benefits in accordance with a life insurance policy, the insurer shall demand a declaration from the beneficiary, where he is acting on his own behalf, or on behalf of another person; where a beneficiary has made such a declaration that he is acting on behalf of another person, the declaration shall include the particulars stated in section 2(a)(1)(a) and (b) in respect of the other person; where the insurer does not possess an identity number, after having made reasonable efforts to obtain such number, he shall record in its place the particulars in subsection (a)(1)(c) and (d), in addition to the state of nationality; the insurer shall authenticate the aforesaid particulars, as specified in section 3.

(C) As a condition of payment of the insurance benefits under a life insurance contract, the insurer shall demand from a beneficiary that is a corporation, a declaration of the authorized signatories on the identifying particulars, as stated in section 2(f), in respect of a controlling person of the corporation.

7Kitvei Amanot, vol 25, p. 493.
(D) Declarations as stated in subsections (b) and (c) shall be made in accordance with the form in the First Schedule.

Preservation of identifying documents

5. The insurer shall keep the identifying documents for a term of at least seven years commencing on the year in which its liability under the life insurance contract expired; for this purpose, “identifying documents” - any document delivered for the purpose of identification and authentication.

Chapter Three: Obligations of Reporting

Reporting transactions or events

6. (A) An insurance agent shall report to an insurer who is a party to a life insurance contract of a transaction of payment of insurance monies in cash or travelers’ checks under a life insurance contract, in an amount equivalent to at least 100,000 New Israeli Shekels.

(B) An insurer shall report the transactions and events specified hereunder to the competent authority:

(1) a transaction of payment of insurance monies under a life insurance contract reported under subsection (A);

(2) a transaction of payment of insurance monies under a life insurance contract of an amount equivalent to at least 100,000 New Israeli Shekels;

(3) where the total amount of insurance monies paid to an insurer from the beginning of the year, pursuant to all the life insurance policies of the insured party at the insurer, is in excess of an amount equivalent to 500,000 New Israeli Shekels;

(4) a transaction of receipt of insurance benefits originating in savings contributions, pursuant to a life insurance contract, in an amount equivalent to at least 1,000,000 New Israeli Shekels, transferred abroad upon instruction to the insurer;

(5) a transaction of receipt of insurance benefits originating in savings contributions pursuant to a life insurance contract, in cash or by check not made solely to the beneficiary, in an amount equivalent to at least 200,000 New Israeli Shekels;

(6) a transaction of receipt of insurance benefits under a life insurance contract in the possession of a beneficiary in the case of life in an amount equivalent to at least 1,000,000 New Israeli Shekels, where the current Shekel account for credit delivered to the
beneficiary is not in the name of the beneficiary in the case of life;

(7) a transaction of receipt of insurance benefits under a life insurance contract in the possession of a beneficiary in the case of life, who is not an insured person or kin beneficiary, in an amount equivalent to at least 200,000 New Israeli Shekels;

(8) a transaction of receipt of insurance benefits under a life insurance contract in the possession of a beneficiary in the case of life, who is a kin beneficiary, in an amount equivalent to at least 1,000,000 New Israeli Shekels;

(9) a transaction of receipt of insurance benefits originating in savings contributions under a life insurance contract in the possession of a beneficiary in the case of death, in an amount equivalent to at least 1,000,000 New Israeli Shekels;

(10) a transaction of receipt of insurance benefits originating in savings contributions under a life insurance contract which was not reported under paragraphs (4) to (9), in an amount equivalent to at least 1,000,000 New Israeli Shekels;

(11) the total sum of insurance benefits originating in savings contributions paid cumulatively from the beginning of the year, unless they were paid in separate transactions, under all the life insurance contracts of the beneficiary at the insurer, in excess of an amount equivalent to 1,000,000 New Israeli Shekels;

(12) receipt of a loan by a beneficiary against a charge on a life insurance contract in an amount equivalent to at least 1,000,000 New Israeli Shekels.

(C) An insurer and insurance agent shall report to the competent authority any transaction under a life insurance contract which, in view of the information found in their possession, appears to be unusual in their opinion, including any transaction apparently intended to circumvent the obligation of reporting prescribed in subsections (A) and (B), but without need to present questions and examine the facts with the service recipient of the and the executor of the transaction.

Particulars of reporting

7. Reporting under section 6 shall include the following particulars:

(1) in respect of a reported life insurance contract –

(a) the policy number;

(b) the date of commencement of the policy;
(c) the date of termination of the insurance term;

(d) the value of the balance of the saving as of the final date of assessment; this section shall only be filled out in the report of the insurer;

(e) in a report under section 6(B)(4) to (10) – the qualifying event as specified in the Second Schedule;

(2) in respect of the reported transaction or event –

(a) the name and address of the insurer and insurance agent;

(b) the date of performance of the transaction, as recorded in the records of the insurer in the report under section 6(B)(2) to (12) or (C), or as recorded in the records of the insurance agent, in the report under section 6(A), (B)(1) or (C);

(c) the transaction amount in Israeli currency; in a transaction in foreign currency, the transaction amount shall be calculated according to the representative rate known on the date of recording the transaction;

(d) the type of foreign currency in which the transaction was performed;

(e) in a report under section 6(B) – the paragraph number relating to the transaction or event;

(f) in a report under section 6(C) – the ground for reporting, including a description of the transaction on account of which the report was filed and the surrounding circumstances;

(g) in a report under section 6(B)(4) and (6) to (12) – also the bank number, branch number and account number of the financial institutions involved in the transaction and the name and address of the financial institutions on the other side, if known;

(8) particulars of the court file or execution office file, as the case may be, in a transaction of receipt of insurance benefits in realization of a charge or attachment.

(3) In respect of a policy holder, insured person, a proxy who is not a random proxy, and where the person performing the transaction is a random proxy also in respect of a random proxy, the beneficiary in the case of life, and where the insured person has died, also the beneficiary in the case of death, a controlling person and any other person in respect of whom it has been declared as stated in section 4, as well as in a report under section 6(C), in respect of the person performing the transaction –
(a) name;
(b) identity number;
(c) address;
(d) up to two telephone numbers, if known;
(e) of an individual – date of birth; of a corporation – the date of incorporation;
(f) of an individual – sex;
(g) status (resident, foreign resident, Israeli corporation, foreign corporation).

In this paragraph, “random proxy” is a proxy that has been authorized to perform a one-time transaction.

Prohibition of disclosure and inspection

8. An insurer and an insurance agent shall not disclose the fact of the existence or non-existence of a report under section 6(C) and shall not allow inspection of documents evidencing any such report, except to the supervisor under section 12 of the Law, the competent authority or pursuant to a court order.

Preserving documents

9. An insurer and insurance agent shall preserve the document of instruction for performance of the transaction reported to the competent authority for a term of at least seven years from the completion of the year in which the transaction was performed.

Chapter Four: Miscellaneous

Maintaining and record keeping

10. (A) An insurer shall maintain a computerized database of all the life insurance contracts, and shall include identifying particulars of the policy holders, insured persons, beneficiaries in the case of life, beneficiaries in the case of death and proxy.

    (B) An insurer shall keep accessible information on each financial transaction performed under a life insurance policy, for a period of seven years after the conclusion of the year in which its liability expired under the life insurance contract.

Delivery of documents and information
11. An insurer and an insurance agent shall deliver to the supervisor or to any person authorized by him, upon demand, documents, information and explanations in connection with the fulfillment of its obligations under this Order.

Saving of rights

12. A breach of any of the provisions of this Order shall not derogate from any rights arising from a life insurance contract.

Restriction of application

13. The provisions of sections 2(a) to (g), 4 and 10 shall not apply to a low-premium insurance contract.

Commencement and application

14. This Order shall come into effect on the date determined by the Minister of Justice as stated in section 35 of the Law (hereinafter referred to as “the date of commencement”) and shall apply in respect of life insurance contracts in force on the date of commencement or thereafter.

Transitional provisions

15. (A) Notwithstanding the provisions of section 14, the provisions of sections 2, 3 and 10(A) shall apply to life insurance contracts entered into prior to the date of commencement upon the performance of the first transaction under one of the life insurance contracts of the policy holder or the insured person at the insurer made beginning 12 months after the date of commencement.

(B) In the case of a resident and Israeli corporation – inspection of identifying particulars against the appropriate registries shall be deemed authentication pursuant to section 3.

(C) In this section, “transaction- an initiated transaction which is not the receipt of any insurance benefits under a life insurance contract, including entering into a new life insurance contract with the same policy holder or insured person.

First Schedule
(section 4(D)
Beneficiary Declaration Form
Policy No……………..

I, ……………….[name of beneficiary, and in the case of a corporation beneficiary, the name of the corporation], holder of identity number ………………., do hereby declare:
☐ I am acting on my own behalf.

☐ I am acting on behalf of another person/persons who is/are:

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<tr>
<th>Name</th>
<th>Identity Number*</th>
<th>Date of Birth or of Incorporation**</th>
<th>Address</th>
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☐ Controlling persons in the corporation are the following (to be completed where the declarant is a corporation):

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<thead>
<tr>
<th>Name</th>
<th>Identity Number*</th>
<th>Date of Birth or of Incorporation**</th>
<th>Address</th>
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I undertake to notify the insurer of any change in the particulars provided by me above.

__________________________________________  ____________________________
name of authorized signatory               identity number
(corporation beneficiary)

__________________________________________  ____________________________
name of authorized signatory               identity number
(individual beneficiary)

(where the beneficiary is a corporation, the declaration must be stamped with the corporate seal and the signature of those persons authorized to sign on its behalf)

*including the name of the state in which the identifying document was issued

** to be completed where name or identity number is missing
### Second Schedule  
*(section 7(1)(e)*  
**Symbol of Qualifying Event**

<table>
<thead>
<tr>
<th>Serial number</th>
<th>Qualifying Event</th>
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<tbody>
<tr>
<td>1</td>
<td>Death</td>
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<td>2</td>
<td>End of Term</td>
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<tr>
<td>3</td>
<td>Early Redemption</td>
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<td>4</td>
<td>Benefit Capitalization</td>
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<tr>
<td>5</td>
<td>Other – stating the event</td>
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</tbody>
</table>

____________________ 5762  
(*__________________2001*)

Silvan Shalom  
Minister of Finance