

## IFA deems new Lux life policy laws 'ludicrous'

23 May 2011 by Simon Danaher

**A Belgium-based IFA has written an open letter to Luxembourg regulators questioning the need for new laws requiring advisers to ask existing clients to complete anti-money laundering forms.**

The new regulations, which came into effect on 1 April 2011 following a circular from the Luxembourg life assurance regulator, are targeted at the prevention of money-laundering and the finance of terrorism. They mean advisers must ask existing and new clients with policies from life insurance companies for a much higher degree of information than previously deemed necessarily.

According to Graham Reid, managing director of Classic Financial Solutions, this will mean contacting clients to whom he sold policies 20 or 30 years ago and "harassing" them for the data.

He said: "As a result [of the regulation], I am now required to harass all my clients to complete the necessary form. Some of these people are in their 80s and totally fail to understand why investments they made 20 or 30 years ago, during an active working life, should now have to be explained, especially as they have been peaceably living on the income from these investments for many years."

He added that the new regulations are "all the more ludicrous when you consider that individuals are even required to self-certify their own information" and questioned whether the regulators "seriously believe that this contributes anything towards stopping terrorist activities or money laundering".

Reid said, as a regulated broker, his firm has used Luxembourg life companies for many years and has been "very impressed with the commonsense attitude towards regulation". He also said he fully appreciates and endorses the need for anti-money laundering but is very concerned about the direction European regulation is currently moving.

Speaking to *International Adviser*, Reid said: "It seems to me that the regulators are forever being as accommodating as possible to the banks, while simultaneously making the job of honest, small financial advisers ever more difficult."

>> to read the article from the original source, [click here](#)