



KNOW YOUR CUSTOMER (KYC) CLAUSE

Cefor Form 2025 / 291

1. The insurance cover is subject to satisfactory identification and assessment of the customer and/or assured(s) as per the insurer's customer due diligence measures relating to anti-money laundering, counter-financing of terrorism and sanctions laws and regulations applicable to the insurer and/or its reinsurers and/or the law governing the insurance contract.
2. Prior to inception of the insurance contract, the customer and/or assured(s) is under an obligation to provide the insurer with all relevant information to allow the insurer to conduct its own customer due diligence measures. To the extent the insurer receives personal data as part of its due diligence measures, the insurer shall comply with all applicable laws relating to the protection of personal data.
3. During the insurance period, the customer and/or assured(s) is under a continuous obligation to promptly provide the insurer with all information relevant to the insurer's customer due diligence measures and to disclose any changes to the information already provided to the insurer.
4. If the insurer determines that the information received is not satisfactory or the requested information is not provided, the insurer shall notify the customer and/or assured and request additional information. If the customer and/or assured does not provide such additional information within fourteen days, the insurer may terminate the insurance contract by giving fourteen days' notice, or by a shorter notice period if required by law.

COMMENTARY

The insurer may be subject to laws and regulations that require the insurer to conduct customer due diligence measures prior to entering into the insurance contract, as well as during the insurance period. The overall purpose of the Clause is to ensure that the insurer is able to meet its legal obligations, irrespective of where the insurer is based or which office/branch concludes and/or fulfils the insurance contract.

If the insurance contract is subject to a different law than the regulatory law applying to the insurer the Clause ensures that the customer/assured(s) has a contractual obligation to provide information to the insurer as required by the laws applicable based on the insurer's location.



Sub-clause 1 provides that the insurance cover is “*subject to satisfactory identification and assessment of the customer and/or assured(s) as per the insurer’s customer due diligence measures*”. It is the insurer that determines the level of identification and assessment that is required for the assessment to be “*satisfactory*”. The term “*customer*” is used as the relevant laws and regulations normally uses this term. In the context of marine insurance this will normally be the party who has entered into the insurance contract with, i.e. the person effecting the insurance. The “*assured*” means the party who is entitled under the insurance contract or the party whose liability for damages is covered. See the Nordic Marine Insurance Plan Cl. 1-1 letters b and c.

“*Customer due diligence measures*” refers to requirements that follow from applicable laws and regulations such as anti-money laundering, counter-financing of terrorism and sanctions law and regulation but these are only examples and are not meant to be an exhaustive list of laws and regulations that might apply. Further it refers to the “*insurer’s*” own customer due diligence measures as the measures may vary from one insurer to another.

Sub-clause 2 relates to the information that the customer and/or assured(s) is to provide before the insurance contract is concluded (i.e. pre-contract). Such information may contain information that is subject to various data protection laws. To the extent that the insurer receives such personal data, the insurer is required to comply with all applicable data protection laws for the protection of personal data.

Sub-clause 3 relates to the period during which the insurance contract is effective and in operation. It stipulates that the assured(s) is under a continuous obligation to provide the insurer with all information relevant to the insurer’s customer due diligence measures. The assured(s) is to provide the information to the insurer “*promptly*”. “*Promptly*” is to be interpreted restrictively – such that the customer/assured(s) has a short time period from becoming aware of the information until it notifies the insurer. The obligation to disclose any changes to information previously provided is a natural extension of the continuous duty to provide the insurer with relevant information.

Sub-clause 4 sets out that if the insurer determines that the information received is not satisfactory or the requested information is not provided, the insurer shall notify the customer and/or assured and request additional information. If the customer and/or assured does not provide such additional information within fourteen days, the insurer may at any time thereafter terminate the insurance contract by giving fourteen days’ notice, or by a shorter notice period if required by law.