

**TITLE I**  
**Definitions and Applications**

Section 1.

- a. **“Act”** shall refer to Republic Act 9160 (as amended by Republic Act No. 9194) entitled, “An Act Defining the Crime of Money-Laundering, Providing Penalties Therefore and for Other Purposes:
- b. **“Covered Institutions”** – shall be deemed to refer to all entities, persons, individuals, regulated and supervised by the Insurance Commission (IC) under the Insurance Code as well as Republic Act No. 9160 as amended, and shall include the following:
  - b.1. All Life Insurance Companies doing business in the Philippines;
  - b.2. All Non-Life Insurance Companies doing business in the Philippines;
  - b.3. Insurance Intermediaries, whether general agents, ordinary agents, insurance or reinsurance brokers;
  - b.4. Professional Reinsurer;
  - b.5. Holding Companies;
  - b.6. Mutual Benefit Association
  - b.7. Trust for Charitable Uses; and
  - b.8. All other individuals and entities supervised and/or regulated by the Insurance Commission.

The term Covered Institution in this manual shall be used interchangeably with Insurance Institution.

- c. **Beneficial Owner** – applies to the owner/controller of the policyholder as well as to the beneficiary to the contract.
- d. **Customers**- members of MBA’s/ Donors and Recipients for Trust for Charitable Uses.

- e. **Transaction** – refer to inquiries and application for an insurance policy, premium payments, requests for changes in benefits, beneficiaries, duration, etc.
- f. **Mutual Benefit Association**- refers to any society, association or corporation, without capital stock, formed or organized not for profit but mainly for the purpose of paying sick benefits to members, or of furnishing financial support to members while out of employment, or of paying to relatives of deceased members of fixed or any sum of money, irrespective of whether such aim or purpose is carried out by means of fixed dues or assessments collected regularly from members, or of providing by the issuance of certificates of insurance, payment of its members of accident or life insurance benefits out of such fixed and regular dues or assessments, but in no case shall include any society, association, or corporation with such mutual benefit features and which shall be carried out purely from such voluntary contributions collected not regularly and or no fixed amount from whatsoever may contribute as defined under the Insurance Code.
- g. **Trustee of Trusts for Charitable Uses**- includes any individual, corporation, association, foundation, or entity, except the national government, its instrumentalities or political subdivisions, for charitable, benevolent, educational, pious, religious, or other uses for the benefit of the public at large or a particular portion thereof or for the benefit of an indefinite number of persons.
- h. **trustor**- refers to an individual or organization that gifts funds or assets to others by transferring fiduciary duty to a third party trustee that will maintain the assets for the benefit of the beneficiaries.

It is understood that the provisions of the Act and its Revised implementing rules and regulations shall apply in all other cases not covered by this revised operating manual.

## **TITLE 2**

### **Money Laundering and Financing of Terrorism**

Section 1. **Money Laundering** covers all procedures to change, obscure or conceal the beneficial ownership or audit trail of illegally obtained money or valuables so that it appears to have originated from a legitimate source.

Money Laundering is used also to hide the link between those who finance terrorism and those who commit terrorist acts.

**Financing of terrorism** can be defined as the willful provision or collection, by any means, directly or indirectly, of funds with the intention that the funds should be used, or in the knowledge that they are to be used, to facilitate or carry out terrorist acts. Terrorism can be funded from legitimate income.

Section 2. Stages of Money Laundering – the three (3) common stages of money laundering during which there may be numerous transactions made by launderers that could alert an insurance institution are:

**2.a. Placement – the physical disposal of cash proceeds derived from illegal activity. The aim is to remove cash from the location of acquisition to avoid detection.**

Owing to the nature of insurance contracts or policies, payment of premiums as well as settlement of insurance claims, and all other forms of insurance transactions, are presently no longer predominantly cash based, thus covered institutions are less likely to be used in the placement stage than other financial institution.

**2.b. Layering –is the separation of criminal proceeds from their source by the creation of layers of transactions designed to disguise the audit trail and provide the appearance of legitimacy.**

The business of insurance is most likely to be used at the second stage of money laundering, the layering process, as they provide a potential avenue which may allow a dramatic alteration of the form of funds – from cash on hand to cash in bank, from money in whatever form to an entirely different asset such as securities, investment contracts, pension plans, insurance policies, stock certificates, pre-need plans, bearer and other negotiable instruments.

Money laundering and the financing of terrorism using reinsurance could occur either by establishing fictitious (re)insurance companies or reinsurance intermediaries, fronting arrangements and captives, or by the misuse of normal reinsurance transactions.

**2.c. Integration – the final stage is the process at which the money is integrated into the legitimate economic and financial systems and is assimilated with all other assets in the system. Integration of laundered money into the economy is accomplished by making it appear to have been legally earned. Thus, exceedingly difficult to distinguish between legal and illegal wealth.**

Insurance policies, particularly life insurance contracts, are treated not only as protection and savings instruments, but also as investment contracts and as such, insurance transactions incorporate added attraction to the launderer in that the alternative asset is normally highly liquid. The ability to liquidate investment portfolios containing both lawful and illicit proceeds, while concealing the criminal source of the latter, combined with the huge variety of investments and insurance products available, and the ease of transfer between them, offers the sophisticated criminal launderer an ideal route to effective integration into the legitimate economy. Due diligence must therefore be exercised to prevent the use of insurance institutions as instruments of money laundering.

Section 3. **Vulnerabilities in insurance**

Life insurance and non-life insurance can be used in different ways by money launderers and terrorist financiers.

Insurance Institution therefore should take adequate measures to deter, detect and report money laundering and the financing of terrorism.

The type of life insurance contracts that are vulnerable as vehicle for laundering money or terrorist financing are products, which includes: unit-linked single premium contracts, purchase of fixed and variable annuities, single provision life insurance policies that store cash value and (secondhand) endowment policies. Non-life money laundering or terrorist financing can be seen through inflated or totally bogus claims and through the use of reinsurance. An insurance policy might be used as collateral to purchase other financial instruments. These investments in themselves may be merely one part of a sophisticated web of complex transactions with their origins in the financial services sector.

**TITLE 3**  
**Policies, Procedures and Controls to**  
**Combat Money-Laundering and Financing of Terrorism**

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Section 1 To combat money laundering and financing of terrorism, the Commission requires PBC-MBA, to have in place programmed and systems, which include the following:

- 1.a. **“Know your customer” principle**– PBC-MBA, should institute effective procedures for obtaining true identification of *customers*. *Insurance institutions* PBC-MBA should not keep anonymous accounts or accounts in obviously fictitious names and should properly identify and record the **true** identity of their *members* when establishing business.

**Customer identification and CDD measures** depend on the risk attached to a type of *customer* or transaction. *Covered institution QPI MBA.*, may apply reduced or simplified *CDD* in the case of low risk *customers*. Simplified *CDD* or reduced measures could be acceptable to various types of product or transaction such as:

- PBC-MBA *Membership Certificates* and life insurance policies where *the annual premium is P 1,040 or single premium P12.00 per week; P48.00 per month*
- PBC-MBA *Membership Certificates and Insurance* policies for pension schemes if there is no surrender clause and the policy cannot be used as collateral;
- a pension, superannuation or similar scheme that provides retirement benefits to employees, where contributions are made by way of deduction from wages and the scheme rules do not permit the assignment of a member's interest under the scheme categories. The FATF Recommendations require additional due diligence measures in relation to politically exposed persons (PEPs). For this purpose, PBC-MBA should have appropriate risk management systems to determine whether the *customer* is PEP.

PBC-MBA should create a **customer profile**, which could serve as a reference to establish the purpose of the contract and to monitor subsequent transactions and events.

*Customer* due diligence measures that should be taken by PBC-MBA includes:

- identifying the member and verifying that member's identity using reliable, independent source documents, data or information;
- determining whether the member is acting on behalf of another person, and then taking reasonable steps to obtain sufficient identification data to verify the identity of that other person;
- identifying the (ultimate) beneficial owner, and taking reasonable measures to verify the identity of the beneficial owner such that the *QPI MBA* is satisfied that it knows who the beneficial owner is. For legal persons and arrangements *insurers* PBC-MBA, should take reasonable measures to understand the ownership and control structure of the customer;
- obtaining information on the purpose and intended nature of the business relationship and other relevant factors;
- conducting ongoing due diligence on the business relationship and scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with PBC-MBA knowledge of the customer and/or beneficial owner, their business and risk profile, including, where necessary, the source of funds.

The extent and specific form of these measures may be determined following a risk analysis based upon relevant factors including the customer, the business relationship and the transaction(s). Decisions taken on establishing relationships with higher risk customers and/or beneficial owners should be taken by senior management.

Where reliance on intermediaries and third parties is permitted, the following criteria should be met:

PBC- MBA should take adequate steps to satisfy themselves that copies of identification data and other relevant documentation relating to the CDD requirements will be made available from the intermediaries and third parties are regulated and supervised, and have measures in place to comply with CDD requirements in line with FATF Recommendations 5 and 10.

1.b. **Compliance with Laws** – insurance institution management should ensure that business is conducted in conformity with high ethical standards, laws and regulations are being adhered to and that the service is not provided where there is good reason to suspect that transactions are associated with money laundering activities.

1.c. **Cooperation with AMLC and the law enforcement agencies** – within the legal constraints relating to customer confidentiality, PBC-MBA, shall cooperate fully with the Anti-Money Laundering Council, its Secretariat and law enforcement agencies and where there are reasonable grounds for suspecting money laundering, take appropriate measures which are consistent with the law.

Disclosure of information by PBC-MBA for the purposes of the Act regarding covered transaction reports and suspicious transaction reports shall be made to the Executive Director, Anti-Money Laundering Council, Bangko Sentral Ng Pilipinas.

1.d. **Having in place adequate policies, procedures and training**– PBC-MBA shall adopt policies consistent with the principles set out in this Manual, ensuring that its staff, wherever located, are informed of these policies and adequately trained in matters set forth herein. PBC- MBA shall implement specific procedures for Customer Identification (Title 4), Record Keeping (Title 5), and Reporting of Covered and Suspicious Transactions (Title 6).

## TITLE 4

### Customer Identification and Due Diligence

#### Part A

Section 1. As a regular part of the application process for *membership for PBC-MBA, and donations and receipts of Trust for Charitable Uses* are required to obtain satisfactory evidence of the true and full identity of membership applicant, donors and recipient which information includes but not limited to:

1.a. **For individual members/ donors and recipients**, names, addresses, telephone number, tax identification number, occupation, employer and duties, whenever applicable, original documents of identity issued by an official authority bearing the photograph of the customer, e.g., official identification cards, current valid passports and driver's license which bears a photograph.

While identification documents easily obtained in any name like, health or insurance cards, credit cards, provisional driving license and student identification cards may be used, the same should not be accepted as the sole means of identification.

1.b. The names of beneficiaries, when applicable, to the *membership certificate* and insurance contract and the relationship to the member/ policy owner.

1.c. Duly notarized special authorizations for representatives.

1.d. Other pertinent and reasonable documents as may be deemed necessary under the prevailing circumstances.

Section 2. Member should be made aware of PBC-MBA, explicit policy that transactions will not be conducted with applicants in the event of failure to complete verification of any relevant subject or to obtain information on the purpose and intended nature of the business relationship. PBC-MBA should not conclude the membership certificate/ insurance contract, and deed of donation, perform the transaction, or should terminate the business relationship. The PBC-MBA, should also consider making a suspicious transaction report to the Anti-Money Laundering Council.

Section 3. When PBC-MBA, acquires the business of another financial institutions or *MBA's and Trustees of Trust for Charitable Uses* either in whole or as a product portfolio, it is not necessary for the identity of all existing customers to be re-identified, provided that:

3. a. all Member account records are acquired with the business; and

3.b. due diligence inquiries do not raise any doubt as to whether the anti-money laundering procedures previously adopted by the acquired business have satisfied AMLC requirements.

Section 4. If during the business relationship, the PBC-MBA, has reason to doubt:

4.a. the accuracy of the information relating to the customer's identity;

4.b. the PBC-MBA as the beneficial owner;

4.c. the intermediaries' declaration of beneficial ownership, or

4.d. for reason of any sign of unreported changes, then the PBC-MBA concerned shall take further measures to verify the identity of the customer or the beneficial owner, when applicable. Such measures may include the following:

4.e. referral of names and other identifying information to criminal investigations authorities; and

4.f. review of disciplinary history and disclosure of past relevant sanctions.

Where the PBC-MBA has already commenced the business relationship and is unable to comply with the verification requirements, it should terminate the business relationships and consider making suspicious transaction report.

Section 5. PBC-MBA, shall maintain accounts only in the true and fullname of the account holder. They shall not open or keep anonymous accounts, fictitious name accounts, incorrect name accounts and all other similar accounts.

Section 6. The following **minimum information/documents** shall be obtained from individual customers/policyholders:

- a. name;
- b. present address;
- c. permanent address;
- d. date and place of birth;
- e. nationality;
- f. nature of work and name of employer or nature of self-employment/business;
- g. contact number;
- h. tax identification number, SSS or GSIS number;
- i. specimen signature;
- j. source of fund(s);
- k. names of beneficiaries, whenever applicable;
- l. proof of insurable interest, whenever applicable;

*Members* who present only photocopies of identifications and other documents shall be required by PBC- MBA to produce the original documents for verification purposes.



Section 7. **Verification without Face-to-Face Contact:**

- a. Whenever possible, prospective PBC-MBA Members shall be interviewed personally.
- b. PBC-MBA, shall take particular care in opening accounts via the internet, postal service or telephone or other such medium which may give rise to verification without face-to-face contact.
- c. In accepting business from non-face to face customer, PBC-MBA should use equally effective identification procedures as those available for face-to-face customer acceptance, supplemented with specific and adequate measures to mitigate the higher risk.
- d. The following are number of checks, which can be used by PBC-MBA, to verify identity of prospective *members* where there is no face-to-face contact.
  - telephone contact with the applicant at an independently verified home or business number.
  - subject to the applicant's consent, telephone confirmation of the applicant's employment with the employer's personnel department at a listed business number.
  - salary details appearing on recent bank statements, income tax returns or any other document evidencing compensation.
  - confirmation of the address through an exchange of correspondence or by any other appropriate method.
  - presentation of other existing membership certificates/insurance policies or contracts issued by other insurance institutions supervised by the Insurance Commission will provide additional comfort.

Section 8. For non-residents who seek to procure insurance *or give donations* in the Philippines, whenever applicable, and without face-to-face contact, documents as enumerated in Section 6 issued by foreign authorities may be submitted, duly authenticated by the Philippine Consulate where such foreign authorities are located.

PBC-MBA shall inform the *members* of the provisions of Title 4, Section 2.

Section 9. No New Accounts shall be opened without face-to-face contact unless full compliance with the requirements of Section 6 is met and the original documents thereof are presented for verification purposes.

PBC-MBA, should take particular care in situations where payment is:

- offered in cash
- offered by way of share where it is evident that the shares have been held for less than six ( 6 ) months.
- by way of a third party check without any apparent connection with the prospective *members*.
- by check where there is a variation between the policyholder, the signatory and prospective *members*.

**Part B**  
**Corporation, Stock or Non-Stock and Partnership**

Section 10. Before establishing a business relationship, a company search and/or other commercial inquiries shall be made to ensure that the corporate/other business applicant has not been, or is not in the process of being dissolved, struck off, wound-up or terminated. In the event of doubt as to the identity of the company or its directors, or the business or its partners; a search or inquiry with the relevant Supervisory Authority/Regulatory Agency shall be made.

Section 11. The following relevant documents shall be obtained in respect of corporate/other business applicants, which are subject to Philippine regulation.

- Copies of the Certificate of Registration, including Art
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- Articles of Incorporation or Certificate of Partnership, as appropriate, copies of the By-laws and Latest General Information Sheet, which list the names of directors/partners and principal stockholders and secondary licenses.
- The name(s) and address(s) of the beneficial owner(s) and/or the person(s) or whose instructions the signatories on the account are empowered to act.

The originals or certified true copies of any or all of the foregoing documents, where required, should be produced for verification.

- Sworn statement as to existence or non-existence of beneficial owners.
- Appropriate board resolutions and signed application forms authorizing the opening of the account or transaction together with the specimen signatures.

- Where necessary, PBC-MBA may also require additional information about the nature of the business of members, copies of identification documents of shareholders, directors, officers and all authorized signatories. These requirements shall also apply in all cases involving holding companies.

Section 12. If significant changes in the company structure or ownership occur subsequently or suspicions are aroused by change in the payment profile through a company account, further checks are to be made on the new owners.

### **Part C Transactions with Shell Companies**

Section 13. Shell companies are legal entities, which have no business substance in their own right but through which financial transactions may be conducted. PBC-MBA, should note that shell companies may be abused by money launderers and therefore should be cautious in their dealings with them.

Section 14. In addition to the requirements under Part B, Section 11, PBC-MBA, should also obtain a Board of Directors' Certification as to the purposes of the owners/stockholders in purchasing the shell company. Likewise, there should be satisfactory evidence of the identities of the beneficial owners, bearing in mind the "know-your-customer" principle.

### **TITLE 5 Record Keeping**

Section 1. PBC-MBA shall prepare and maintain a record relative to their customer relationships and transactions such that:

- a. requirements of the Act are fully met
- b. any transaction effected directly by the PBC-MBA can be reconstructed and from which the Council will be able to conduct an audit trail for suspected money laundering, when reports warrant the same.
- c. PBC-MBA can satisfy within a reasonable time any inquiry or order from the Council as to disclosure of information, including but not limited to whether a particular person is the customer or beneficial owner of transactions.

Section 2. The following document retention periods shall be followed:

- a. All records on the risk profile of each customer and/or beneficial owner and the data obtained through the CDD process, official identification documents, and the account files or business correspondences shall be maintained and stored safely for **five (5) years from the dates of transactions**.
- b. The documents, data or information collected under CDD process is kept up to date and relevant by undertaking reviews of existing records particularly for higher risk categories of clients or business relationships.
- c. With respect to closed accounts, the records on customer identification, account files and business correspondence, shall be preserved and safely stored for at least **five (5) years from the date when they were closed**.
- d. In case of long term insurance, records usually consist of full documentary evidence gathered by the insurer or on the PBC-MBA, behalf between entry and termination.
- e. PBC-MBA should follow the usual procedure and retain the records of those contracts which have been settled by maturity, claim or cancellation **for a period of five (5) years after that settlement**.

**Section 3.** As regard to record of transactions, PBC-MBA should ensure that they have in place adequate procedures:

- (i) To access initial proposal documentation including identity, address or other identifying information, the members financial assessment (the “fact find”) members needs analysis copy of regulatory documentation details of the payment method, illustration of benefits and copy documentation in support of verification by the PBC-MBA;
- (ii) To access all post-sale records associated with the contract through its maturity;
- (iii) To access details of the maturity processing and/or claim settlement, which will include completed “discharge documentation”.

Section 4. When PBC-MBA sends or remits money to or receives money from its overseas customers, regardless of amount, it should record the following particulars regarding the transaction:

- (i) transaction serial number;
- (ii) currency and amount involved;
- (iii) date and time of receiving by PBC-MBA from customer or other persons purporting to act on their behalf, if any;

- (iv) instruction details (including method of delivery and receipt), if any;
- (v) names, identification cards or passport numbers, as the case may be, telephone numbers and addresses of the customers or persons acting on their behalf, whether locally or abroad;
- (vi) bank accounts involved, if any; and
- (vii) date and time of delivery and receipt number, if any.

Section 5. Transaction documents may be retained as originals or copies, on microfilms, or in electronic form, provided such forms are admissible in court, pursuant to the Revised Rules of Court and E-Commerce Act and its Guidelines.

Section 6. The provision of any rule, regulation or law to the contrary notwithstanding, if the records relate to on-going investigations or transactions that have been the subject of a disclosure, they shall be retained beyond the stipulated retention period until it is confirmed that the case had been closed.

## **TITLE 6**

### **Covered and Suspicious Transactions**

Section 1. PBC-MBA shall file before the Anti-Money Laundering Council **Covered Transaction Report (CTR)** for all transaction in cash or other equivalent monetary instrument involving a total amount in excess of Five hundred thousand pesos (Ps 500,000.00) within one (1) banking day.

Section 2. As provided in the Act, the PBC-MBA shall also file a **Suspicious Transaction Report (“STR”)** before the Anti-Money Laundering Council, regardless of the amount involved, where any of the following circumstances exist:

- a. there is no underlying legal or trade obligation, purpose or economic justification;

- b. the *members* is not properly identified;
- c. the amount involved is not commensurate with the business or financial capacity of the *members* client;
- d. taking into account all known circumstances, it may be perceived that the *members* client's transaction is structured in order to avoid being the subject of reporting requirements under the Act;
- e. any circumstance relating to the transaction which is observed to deviate from the profile of the members client and/or the client's past transactions with the PBC-MBA covered institution;
- f. the transaction is in any way related to an unlawful activity or offense that is about to be, is being or has been committed; or
- g. any transaction that is similar or analogous to any of the foregoing,

PBC-MBA covered transactions and all covered institution to the AMLC within ten (10) working days from occurrence thereof should report suspicious transactions.

Should a transaction be determined to be both a covered transaction and a suspicious transaction, the PBC-MBA, covered institution shall be required to report the same as a suspicious transaction.

Section 3. Suspicious transactions should be recognizable as falling into one or more of the following categories:

- a. any unusual financial activity of the customer is the context of his own usual activities;
- b. any unusual transaction in the course of some financial activity;
- c. any unusually-linked transactions;
- d. any unusual or disadvantageous early redemption of an MBA Membership Certificate/insurance policy;
- e. any unusual method of payment.

**TITLE 7**  
**Reportorial Requirements**

- Section 1. PBC-MBA, shall institute a system for the mandatory reporting of covered transactions and suspicious transactions under Title 6. This may include appointing a Compliance Officer who is responsible for reporting to the Council and is in charge of the implementation of its Operating Manual. In the event urgent disclosure is required, particularly when the account concerned is part of an on-going investigation, an initial notification should be made by telephone to the Executive Director, Anti-Money Laundering Council, Bangko Sentral Ng Pilipinas.
- Section 2. The obligation to make the covered transaction and/or suspicious transaction report is on the employee, officer, and/or director of PBC-MBA covered insurance institution. Such reporting must be done within ten (10) working days after initial detection of facts that may constitute a basis for filing such reports.
- Section. 3. Where reporting covered or suspicious transactions to the AMLC, PBC-MBA, covered institutions and their officers and employees are prohibited from communicating directly or indirectly, in any manner or by any means, to any person or entity, the media, the fact that a covered or suspicious transaction report was made, the contents thereof, or any other information in relation thereto. Neither may such reporting be published or aired in any manner in form by the mass media, electronic mail, or other similar devices. In case of violation thereof, the concerned officer and employees of PBC-MBA, covered institution and media shall be held criminally liable.
- Section 4.
- a) Where any employee or personnel, director or officer of PBC-MBA, covered institution knows that the client has engaged in any of the unlawful activities under the Act, the matter must be promptly reported to the Compliance Officer within the Organization who, in turn, must immediately report the details to the Council.
  - b) If there are reasonable grounds to suspect that the customer has engaged in an unlawful activity, the Compliance Officer, on receiving such report, must promptly evaluate whether there are reasonable grounds for such belief and then immediately report the case to the Council unless the officer concerned considers, and records an opinion, that reasonable grounds do not exist.
- Section 5. PBC-MBA, covered institution shall maintain a complete file on all transactions that have been brought to the attention of the Compliance Officer, including transactions that are not reported to the Council.
- Section 6. Under Section 13 of the Act, where PBC-MBA, covered institutions are required to disclose to an authorized officer knowledge, suspicion or belief that any fund, property or investment is derived from or used in any criminal conduct under the Act or any matter on which such knowledge, suspicion or belief is based, such disclosure shall not be treated as a breach of any restriction upon the disclosure of information imposed by law,

contract or rules of professional conduct. Furthermore, under Section 13 of the Act, no administrative, criminal or civil proceedings shall lie against any person for having made a suspicious transaction report in the regular performance of his duties and in good faith, whether or not such reporting results in any criminal prosecution under this Act or any other Philippine law. PBC-MBA Covered institutions, its directors and employees shall likewise not be liable for any loss, arising out of such disclosure, or any act or omission, in relation to the fund, property or investment consequence of the disclosure, where such is made in good faith and in the regular performance of their duties under the Act.

## **TITLE 8**

### **Internal Control Procedures**

- Section 1. Each PBC-MBA, covered institution is required to establish and implement internal control procedures aimed at preventing and impeding money laundering. Such procedures shall, among other things, ensure that PBC-MBA, covered institutions and their employees are aware of the provisions of the law, its implementing rules and regulations, as well as all reportorial and compliance control and procedures that shall be established by the Council, the Supervising Authority and each PBC-MBA, insurance institution.
- Section 2. PBC-MBA, Covered institutions shall issue a clear statement of policies in relation to money laundering, adopting the current regulatory requirements; this statement should be communicated in writing to all management and relevant staff whether in branches, departments or subsidiaries and be reviewed on a regular basis.
- Section 3. PBC-MBA, Covered institutions shall see to it that their respective policies and procedures for dealing with money laundering and financing of terrorism reflecting the requirements under the Act and its implementing rules and regulations, are clearly set out and reflected in their Operating Manual.
- Section 4. Instruction Manuals should set out PBC-MBA, policies and procedures for:
- a. selling insurance products
  - b. customer identification
  - c. record keeping and maintenance
  - d. acceptance and processing of insurance proposals and donations
  - e. issuance of membership certificates/insurance policies and proof of donation



- f. compliance with the requirements of the Act, and its revised implementing rules and regulations
- g. cooperating with the Commission and other relevant authorities

Section 5. Each *MBA's and Trustees of Trust for Charitable Uses* covered institution shall establish written internal reporting procedures, which shall:

- (a) Enable all its directors, officers, employees, all key staff to know whom they should report any knowledge or suspicion of money laundering activity.
- (b) Ensure that there is a clear reporting chain under which suspicions of money laundering activity will be passed to the Compliance Officer, in accordance of reporting procedures of the *MBA's and Trustees of Trust for Charitable Uses* insurance institutions.
- (c) Require the Compliance Officer to consider any report in the light of all relevant information available for the purpose of determining whether or not it gives rise to knowledge or suspicion of money laundering.
- (d) Ensure that the Compliance Officer has reasonable access to any other information which may be of assistance in the determination as to whether or not suspicious transaction is to be filed.
- (e) Require that upon determination of the suspicious nature of the report, the information contained therein.
- (f) Maintain a record of all reports made to the Council, as well as all reports made by its own staff relative to covered and suspicious transactions, whether or not such were reported to the Council. Said register shall contain details of the date on which the report is made, the person who makes the report and information sufficient to identify relevant papers.

## **TITLE 9 Compliance**

Section 1. *PBC-MBA* shall appoint one or more senior persons, or an appropriate unit, to advise its management and staff on the issuance and enforcement of in-house instructions to promote adherence to the Act, its revised Implementing Rules and Regulations, their revised Operating Manual, including personnel training, reporting of covered and suspicious transactions, and generally, all matters relating to the prevention and detection of money laundering.

Section 2. *PBC-MBA* shall appoint the General Manager as the **Compliance Officer**. A compliance officer shall:

- (a) Be a General Manager with relevant qualifications and experience to enable him to respond sufficiently to inquiries relating to the relevant person and conduct of the PBC-MBA business.

He should at least:

- (i) be well versed in the different types of transaction which the PBC-MBA handles and which may give rise to opportunities for money laundering;
  - (ii) has undergone an in depth training concerning relevant aspects of the AML Act, its revised IRR, and international standards
- (b) Be responsible for establishing and maintaining a manual of compliance procedures in relation to the business of the PBC-MBA
  - (c) Be responsible for ensuring compliance by the staff of the PBC-MBA, with the provisions of the Act and its revised Implementing Rules and Regulations.
  - (d) Act as a liaison between the PBC-MBA and the Council in matters relating to compliance with the provisions of the Act and its revised implementing rules and regulations.
  - (e) Prepare and submit to the Council written reports on the PBC-MBA, compliance with the provisions of the Act and its revised implementing rules and regulations, in such form and submitted at such time as the Council may determine.

## **TITLE 10**

### **Training**

Section 1. PBC-MBA shall provide education and training for all its staff and personnel, including directors and officers, to ensure that they are fully aware of their personal obligations and responsibilities in combating money laundering and the financing of terrorism and to be familiar with its system of reporting and investigating suspicious matters.

PBC-MBA shall have adequate screening procedures when hiring employees.

Section 2. PBC-MBA may, due to the scale and nature of their operations, assign the internal audit or training functions to another person (e.g. professional association, parent company or external auditors). Where a PBC-MBA delegates its responsibilities for audit and training, due to diligence is to be

exercised to ensure that the person appointed are able to perform these functions effectively and the fact of such appointment must be relayed in writing to the Council.

Section 3. Timing and content of training for various sectors of staff will need to be adopted by the PBC-MBA, for its own needs. The following training programs are recommended:

(i) New Staff

A general appreciation of the background to money laundering, the need to be able to identify suspicious transactions and report such transactions to the appropriate designated point within the PBC-MBA. This training shall be provided to all new employees, regardless of level of seniority.

(ii) Sales/Advisory Staff

Members of the staff who are dealing directly with the public, whether as members of staff, agents or brokers, are the first point of contact with potential money launderers and their efforts are therefore vital to the strategy in the fight against money laundering. They should be aware of their legal responsibilities, including the PBC-MBA reporting system for such transactions. Training should be provided on areas that may give rise to suspicions and on the procedures to be adopted when a transaction is deemed to be suspicious. It is vital that “front-line” staffers are made aware of the PBC-MBA, policy for dealing with non-regular customers particularly where large cash transactions are involved, and the need for extra vigilance in cases under suspicious circumstances.

(iii) Processing Staff

Those members of staff who receive completed proposals and checks for payment of the single premium contribution and *substantial donation of Trusts for Charitable Uses* must receive appropriate training in the processing and verification procedures. The identification of the proposer and the matching against the check received in settlement are, for instance, key processes. Such staff should be aware that the offer of suspicious funds accompanying requests to undertake an insurance contract or *offer of donation* may need to be reported to relevant authorities irrespective of whether or not funds are accepted. Staff must know what procedures to follow.

(iv) Administration/Operations Supervisors and Managers

A higher level of instruction covering all aspects of money laundering procedures should be provided to those with the responsibility of managing staff. This will include the acts or omissions punishable under the Act and the penalties therefore, procedures relating to

service of production, freeze orders and inquiries, other processes allowed under the Act as well as the requirement for the retention of records.

(v) On-going Training

PBC-MBA, should make arrangements for refresher training courses at regular intervals to ensure that the staffers do not forget their responsibilities. A twelve or six monthly review of training or alternatively, a review of the instructions for recognizing and reporting PBC-MBA, and suspicious money laundering transactions can be considered for the purpose.

**Title 11**  
**Internal Audit**

To test compliance with the PBC-MBA internal policies, procedures and controls, an audit function should be in place. It is important that the audit function is independent and adequately resourced.