

○○ **Insurance Agent Co., Ltd.**

       **(Year) First/Second/Third/Fourth.....**

**AML/CFT Risk Assessment Report (Template)**

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## **1. Introduction**

### **1.1 Company Profile**

### **1.2 Risk Characteristics and Causes**

The Company's main business activity is selling insurance products on behalf of insurance companies. °

According to the national risk assessment report, major money laundering threats facing Taiwan include drug trafficking, fraud, smuggling, tax crime, organized crime, securities crime, corruption, bribery and third-party money laundering. The report also relates that our intelligence and law enforcement authorities has not discovered any terrorist financing activities, nor has any suspicious terrorist financing activities or any specific terrorist financing network been identified in the analysis of possible terrorist financing threats facing Taiwan based on seven indicators. Taiwan has never experienced any terrorist attack or terrorist financing cases, it is hard to estimate the dollar amount involved in terrorist financing. However because terrorists may use money laundering techniques to disguise their activities and the channels for financing terrorists and laundering money are essentially the same, there is a likelihood that insurance agency business be used for money laundering or terrorist financing purpose.

Moreover, the Company's risk characterization is such that Company's solicitors may not discover or report to the Company in a timely manner signs of suspicious activities, or truthfully record customer data, or purpose of transaction and transaction information because they are duped by the customer or they try to accommodate the customer either intentionally or out of negligence. Solicitors may also directly or indirectly assist customers in money laundering or terrorist financing activities thanks to differences in the services, products, delivery channels or geographic locations of different insurers.

### **1.3 Purpose of Risk Assessment**

To effectively prevent money laundering and combat the financing of terrorism, an assessment mechanism that adopts Risk-based Approach is established to carry out regular overall assessment of money laundering and terrorist financing (ML/TF) risks so as to grasp effectively the distribution and controls of ML/TF risks.

### **1.4 Source of Law**

This report is issued in accordance with the *Directions Governing Internal Control System of Anti-Money Laundering and Countering Terrorism Financing of Insurance Sector* and *Guideline Governing Money Laundering and Terrorist Financing Risk Assessment and Relevant Prevention Program Development by Insurance Agent Companies*.

## **2. Risk Assessment Methodology**

The Company conducts ML/TF risk management in accordance with the following process:

- (1) Identifying inherent risks.
- (2) Evaluating risk controls programs.
- (3) Assessing residual risks.

## **3. Period and Frequency of Risk Assessment**

### **3.1 Assessment period**

\_\_\_\_\_ (yyyy) \_\_\_\_\_ (mm) \_\_\_\_\_ (dd) ~ \_\_\_\_\_ (yyyy) \_\_\_\_\_ (mm) \_\_\_\_\_ (dd).

### **3.2 Frequency of risk assessment**

The Company conducts overall ML/TF risk assessment at least once every year.

## **4. ML/TF Risk Assessment Process**

### **4.1 Risk profile (for each risk factors category) and detailed risk factors**

- (1) Inherent customer risk
- (2) Inherent product risk
- (3) Inherent transaction and delivery channel risk
- (4) Inherent geographic risk

### **4.2 Risk scoring methodology and risk weights**

- (1) In reference to the national risk assessment report, the Company analyzes ML/TF risk facing the Company in four risk factors category – customer, product, transaction and delivery channel, and geographic location with % weight assigned to customer risk, \_\_\_\_\_% weight assigned to product risk, \_\_\_\_\_% weight assigned to transaction and delivery channel risk, and \_\_\_\_\_% weight assigned to geographic risk.
- (2) ML/TF risk factors for each of the four assessed risk factors category, detailed factors and weight assigned to each risk factors category are determined based on the nature and size of Company business. The weights assigned to each of the risk factors category are determined based on the likelihood of the risk

being triggered.

## **5. Overall Risk Assessment Result**

### **5.1 Inherent risk statistics**

- (1) Customer risk
- (2) Product and service risk
- (3) Transaction and delivery channel risk
- (4) Geographic location risk

### **5.2 Inherent risk assessment result**

The Company's inherent risk level based on the assessment results is determined to be  General  High (please check one of the boxes). Key risks are classified in the following four risk factors category.

- (1) Customer risk
- (2) Product and service risk
- (3) Transaction and delivery channel risk
- (4) Geographic risk

## **6. Risk Control Measures**

### **6.1 Risk management policy**

On the basis of risk perception, controls commensurate with the business size and risk level of the Company shall be adopted, which are prioritized corresponding to the assessed risk factors category  Customer  Product  Transaction and Delivery Channel  Geographic Location (check one or multiple boxes).

### **6.2 Action Plan of Risk Management**

In the face of inherent ML/TF risks in each risk factors category, the Company, in coordination with the requirements of the competent authority and in considering the Company business nature and customer attribute, adopts relevant controls to control the identified inherent risks (the following control programs are for reference only. Individual members company will determine their actual controls in view of company size and nature of business):

- (1) Verification of customer identity
- (2) Record keeping
- (3) Reporting of currency transactions above a certain amount.
- (4) Reporting of suspicious ML/TF transactions.
- (5) Acting as agent for new products with non-forfeiture value.
- (6) Reporting in accordance with the Terrorism Financing Prevention Act.

- (7) Appointment of a compliance officer at the management level to take charge of AML/CFT compliance matters.
- (8) Employee screening and hiring procedure.
- (9) Ongoing employee training plan.
- (10) Regular review.

## 7. Residual Risk and Improvement Plan

### 7.1 Residual risk

**Table: Assessment of residual risks after application of controls (check one box for each field)**

	Customer	Product	Transaction	Geographic location
Inherent risk level	<input type="checkbox"/> General <input type="checkbox"/> High			
Residual risk level	<input type="checkbox"/> General <input type="checkbox"/> High			

Based on the combined analysis of inherent risks and risk control measures, the Company's residual risk level is determined to be  General  High (please check one of the boxes). Based on the results of this risk assessment, the Company  should develop a risk mitigation plan  does not need to develop a risk mitigation plan (please check one of the boxes).

### 7.1 Risk improvement plan

Based on the analysis of risk controls adopted for each inherent risk factors category, the Company will draw up improvement measures for deficiencies found.

## 8. Conclusion

Based on the combined analysis of inherent risks and risk control measures, the Company's residual risk level is determined to be (please check one of the boxes):

- General ◦
- High ◦