

# **Red Flags for Transactions Suspected to Involve Money Laundering or Terrorism Financing (Life Insurance Enterprises)**

## **1. Before transaction - unusual customer behaviors**

- (1) An existing customer, who used to apply for low sum-assured insurance products and pay the insurance premiums by regular payment, suddenly applies for high sum-assured, single premium insurance without being able to provide reasonable explanation.
- (2) When a customer applies for an insurance policy, the customer is indifferent to the insurance coverage or benefits, or the customer only cares about the process of policy loan, termination or beneficiary change of insurance products that can accumulate high reserves or cash value, or can be paid in a single premium.

## **2. Unusual transactions - customer identity information**

- (1) A customer deliberately circumvents the relevant requirements for completing CDD provided in the “Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures”.
- (2) An individual, in suspicion of involving in special cases reported by television, newspapers, magazines, via internet or other media, applies for an insurance policy with cash value. Or such an individual, who has been the policyholder, the insured or the beneficiary of an in-force insurance policy, tries to change the policyholder or the beneficiary, or conducts transactions involving in money flow, which matches the signs of suspicious money-laundering transactions.

## **3. Unusual transactions - intensive behavior**

- (1) A customer intensively applies for an insurance policy with high policy reserves, and the application doesn't appear to be commensurate with the customer's identity and income or related to the nature of the customer's business.
- (2) A customer intensively applies to cancel or terminate insurance policies and requires the surrender value above a certain amount be paid, but the customer is unable to provide reasonable explanations.
- (3) A customer intensively pays multiple top-up premiums above a certain amount in total, and applies for partial surrender, cancellation or termination of contracts and policy loan above a certain amount, but the customer is unable to provide reasonable explanations.
- (4) A customer intensively applies for large-sum policy loans and repays the equivalent amount of the loan soon afterwards, but the customer is unable to provide reasonable explanations.

## **4. Unusual transactions – short-term transactions**

- (1) After the policy change of the policyholder, the new policyholder in short period of time applies to change the beneficiary, applies for a large-sum policy loan or terminates the contract, and the customer is unable to provide reasonable explanations.
- (2) After a customer purchases a long-term life insurance policy where the large-sum premiums are paid in a single payment, the customer applies for a large-sum policy loan or contract termination soon afterwards, but the customer is unable to provide reasonable explanations.
- (3) A customer pays large-sum premiums (including cross-border payment) and soon afterwards applies for a large-sum policy loan or policy termination, but the customer is unable to provide

reasonable explanations.

#### **5. Unusual transactions - large-sum transactions**

- (1) A customer's total cash receipt or payment (including the cumulative amount of different transactions in the same account on the same business day) reaches NTD500,000 (including foreign currency of the equivalent value) and such transactions match the signs of suspicious money laundering or terrorist financing.
- (2) The large-sum premium is not paid by the applicant or interested parties, but the customer is unable to provide reasonable explanations.
- (3) A customer abnormally pays a large-sum premium or repays a large-sum loan, but cannot provide reasonable explanation as to the source of funds. Meanwhile the amount of funds does not appear to be commensurate with the customer's identity and income or related to the nature of the customer's business.

#### **6. Unusual transactions – circumvention of reporting**

- (1) A customer pays premiums or repays insurance policy loans or mortgage loans by cash or through multiple wire transfers of which the amounts are slightly below the threshold to declare a report, and customer cannot provide reasonable explanation as to the source of funds. Meanwhile the amount of funds does not appear to be commensurate with the customer's status and income or related to the nature of the customer's business.
- (2) A customer asks an insurance company make payments above a certain amount with a negotiable check, but the customer is unable to provide reasonable explanations.

#### **7. Unusual transactions - cross-border transactions**

- (1) As forwarded by the Financial Supervisory Commission, a customer is from or in countries and territories designated by international organizations on AML/CFT to have serious deficiencies in their AML/CFT regime, and other countries or territories that do not or insufficiently comply with the recommendations of international organizations on AML/CFT. In addition, the amount of transaction remitted to the customer is obviously inconsistent with the customer's identity and income or unrelated to the nature of the customer's business.
- (2) As forwarded by the Financial Supervisory Commission, inward remittances are from countries and territories designated by international organizations on AML/CFT to have serious deficiencies in their AML/CFT regime, and other countries or territories that do not or insufficiently comply with the recommendations of international organizations on AML/CFT. In addition, the amount of inward remittances is obviously inconsistent with the customer's identity and income or unrelated to the nature of the customer's business.
- (3) As forwarded by the Financial Supervisory Commission, the ultimate beneficial owner or transaction party is a terrorist or terrorist group based on information provided by foreign governments, or a terrorist organization identified or investigated by an international organization against money laundering, or the transaction funds are suspected to be or reasonably in doubt to be suspect to have been associated with a terrorist activity, terrorist organization or terrorist financing.

#### **8. Other**

Other transactions that show signs of money laundering or terrorist financing deemed irregular transactions under the internal procedure of an insurance company.