

Template of Directions Governing Anti-Money Laundering and Combating the Financing of Terrorism of Insurance Agent Companies (Including Banks Operating Concurrently Insurance Agency Business)

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Article 1

This Template is established in accordance with the “Money Laundering Control Act”, “Terrorism Financing Prevention Act”, and “Regulations Governing Anti-Money Laundering of Financial Institutions”, and “Directions Governing Internal Control System of Anti-Money Laundering and Countering Terrorism Financing of Insurance Setor.”

Insurance agent companies (including banks operating concurrently insurance agency business) (collectively referred to as “insurance agent companies” hereunder) shall fulfill their duties and responsibilities with regard to anti-money laundering and combating the financing of terrorism (AML/CFT) and observe this Template.

Article 2

The internal control system established by an insurance agent company in accordance with Article 6 of the “Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies” and revisions thereto shall be approved by the company’s board of directors (council). The contents of the internal control system should include:

1. Policies and procedures for identifying, assessing, and managing the risks of money laundering and terrorist financing (“ML/TF”) established in accordance with the “Guideline Governing Money Laundering and Terrorist Financing Risk Assessment and Relevant Prevention Program Development by Insurance Agent Companies (Including Banks Operating Concurrently Insurance Agency Business) (see Attachment). Insurance agent companies shall assist insurance companies to ensure the accuracy of collected or verified data based on the data needs of insurance companies in customer risk identification, assessment and management.
2. An AML/CFT program established in accordance with the aforementioned Guideline and

based on the risk assessment results and size of business to manage and mitigate the identified risks, which also includes enhanced control measures for higher risk situations.

3. Standard operating procedures for monitoring the compliance with AML/CFT regulations and for the implementation of AML/CFT program, which shall be included in the self-inspection and internal audit items, and enhanced if necessary.

The identification, assessment, and management of the ML/TF risks mentioned in Subparagraph 1 of the preceding paragraph shall cover at least the categories of customers, geographic locations, products and services, transaction and delivery channels, and shall be conducted in accordance with the following rules:

1. Produce a risk assessment report;
2. Consider all risk factors to determine the level of overall risk and appropriate measures to mitigate the risks;
3. Establish a risk assessment report update mechanism to ensure that risk data are kept up-to-date; and
4. When the risk assessment report is completed or updated, submit the report to the Financial Supervisory Commission (“FSC”) for recordation.

Insurance agent companies not governed by the “Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies” shall observe the provisions under the subparagraphs of the preceding paragraph.

The AML/CFT program mentioned in Subparagraph 2 of Paragraph 1 hereof shall include the following policies, procedures and controls;

- (1) Verification of customer identity;
- (2) Record keeping;
- (3) Reporting of currency transactions above a certain amount;
- (4) Reporting of suspicious ML/TF transactions and reporting in accordance with the Terrorism Financing Prevention Act;
- (5) Appointment of a compliance officer at the management level to take charge of AML/CFT compliance matters;
- (6) Employee screening and hiring procedures;
- (7) Ongoing employee training program;
- (8) An independent audit function to test the effectiveness of AML/CFT system; and
- (9) Other matters required by the AML/CFT regulations and the competent authorities.

An insurance agent company having foreign branches (or subsidiaries) shall establish a group-level AML/CFT program for implementation by all branches (or subsidiaries) within the group. The group-level AML/CFT program shall include the policies, procedures and controls mentioned in the preceding paragraph, and in addition, the following particulars without violating the information confidentiality regulations of the ROC and countries or jurisdictions at where the foreign branches (or subsidiaries) are located:

- (1) Policies and procedures for sharing information within the group needed for the purposes of

- verifying customer identity and managing ML/TF risks;
- (2) Customer and transaction information to be provided by foreign branches (or subsidiaries) in accordance with the group-level compliance, audit and AML/CFT functions when necessary for AML/CFT purposes; and
 - (3) Adequate safeguards on the confidentiality and use of information exchanged.

An insurance agent company shall ensure that its foreign branches (or subsidiaries) apply AML/CFT measures consistent with those adopted by the head office (or parent company), to the extent that the laws and regulations of host countries or jurisdictions so permit. In case that the minimum requirements of the countries where its head office (or parent company) and the branch (or subsidiary) are located are different, the branch (or subsidiary) shall comply with the higher criteria one. However, in case there is any doubt regarding the determination of higher or lower criteria, the determination by the competent authority at where the insurance agent company is located shall prevail. If a foreign branch or subsidiary is unable to adopt the same criteria as the head office (or parent company) due to prohibition by foreign laws and regulations, appropriate additional measures should be taken to manage the ML/TF risks and a report shall be made to the FSC.

For any branch or subsidiary of a foreign financial group in Taiwan, with respect to the policies and procedures for identifying, assessing and managing ML/TF risks established in accordance with the “Guideline Governing Money Laundering and Terrorist Financing Risk Assessment and Relevant Prevention Program Development by Insurance Agent Companies (Including Banks Operating Concurrently Insurance Agency Business)” and the policies, procedures, and controls that its AML/CFT program should include as provided in Subparagraph 1 and Subparagraph 2 of Paragraph 1 hereof, if the group has established requirements that are not less strict than and do not conflict with the regulatory requirements of the ROC, such branch or subsidiary may apply the group’s requirements.

The board of directors (council) of an insurance agent company takes the ultimate responsibility for ensuring the establishment and maintenance of appropriate and effective AML/CFT internal controls. The board of directors (council) and senior management should understand the company’s ML/TF risks and the implementation of AML/CFT program, and adopt measures to create a culture of AML/CFT compliance.

Article 3

The terms used in this Template are defined as follows:

1. “A certain amount” refers to TWD 500,000 (or equivalent foreign currency).
2. “Currency transaction” refers to receiving cash or paying cash in a single transaction (including any transaction that is recorded on a cash deposit or withdrawal slip for accounting purpose).
3. “Establishing business relationship” means that a person requests an insurance agent company to provide insurance services and establish a relationship that will continue for a period of time, or that a person first approaches an insurance agent company as a potential customer and hopes to continue such relationship for a period of time.

4. “Customer” refers to a person that establishes business relationship with an insurance agent company (including a natural person, a legal person, an entity other than a legal person, or a trust).
5. “Beneficial owner” refers to the natural person(s) who ultimately owns or controls a customer, or the natural person on whose behalf a transaction is being conducted. It includes natural persons who exercise ultimate effective control over a legal person or arrangement.
6. “Risk-based approach” refers to that an insurance agent company should identify, assess and understand the ML/TF risks that it is exposed to and take appropriate AML/CFT measures to effectively mitigate such risks. With such approach, an insurance agent company should take enhanced measures for higher risk scenarios while simplified measures may be taken for lower risk scenarios to effectively allocate resources and mitigate the identified ML/TF risks in the most appropriate and effective way.
7. “Related parties of a transaction” refer to any third party, which is other than the insurance agent company involved in a transaction.
8. “Insurance agent company of certain sizes” refers to an insurance agent company that establishes internal control systems in accordance with the “Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies.”

Article 4

An insurance agent company shall undertake customer due diligence (CDD) in accordance with the following provisions except for the bank operating concurrently insurance agency business which has completed customer verification in accordance with the following provisions:

1. If there exists any of the following situations in the CDD process, an insurance agent company should decline to establish business relationship or carry out any transaction with the customer:
 - (1) The customer applies for insurance anonymously or is suspected of using a fake name, a figurehead, a fictitious business or entity ;
 - (2) The customer refuses to provide relevant documents required for the purpose of CDD except that the insurance agent company may verify the customer identity using reliable and independent sources of information;
 - (3) Where the customer applies for service through an agent, it is difficult to check and verify the facts of agency and the identity of the agent;
 - (4) The customer uses forged or altered identification documents;
 - (5) The customer only provides photocopies of the identification documents except for the businesses where a photocopy or image file of the identification document supplemented with other control measures are acceptable;
 - (6) Documents provided by the customer are suspicious or unclear, or the customer refuses to provide other supporting documents, or the documents provided cannot be authenticated;
 - (7) The customer procrastinates in providing identification documents in an unusual manner;
 - (8) The customer is an individual, a legal person or an entity sanctioned under the Terrorism Financing Prevention Act, or a terrorist or terrorist group identified or investigated by a

foreign government or an international anti-money laundering organization, except for payments made under Subparagraphs 2 ~ 4, Paragraph 1, Article 6 of the Terrorism Financing Prevention Act; or

- (9) Other unusual circumstances exist in the process of establishing business relationship or carrying out a transaction and the customer fails to provide reasonable explanations;
2. An insurance agent company shall undertake CDD measures when
 - (1) establishing business relations with any customer;
 - (2) carrying out a single transaction involving cash receipt or payment above a certain amount (including all transactions recorded on cash deposit or withdrawal slip for accounting purpose);
 - (3) there is a suspicion of money laundering or terrorist financing; or
 - (4) the insurance agent company has doubts about the veracity or adequacy of previously obtained customer identification data.
3. The CDD measures to be taken by an insurance agent company are as follows:
 - (1) Identifying the customer and verifying customer identity using reliable, independent source documents, data or information, and retaining copies of the customer's identity documents or record relevant information thereon.
 - (2) When a customer applies for insurance, files a claim, modifies contract or carries out other transactions through an agent, verifying that the agent is so authorized, and identifying and verifying the identity of the agent in a manner in accordance with subparagraph 3 (1). In addition, the insurance agent company shall retain copies of the agent's identity documents or record relevant information.
 - (3) Taking reasonable measures to identify and verify the identity of the beneficial owner of a customer, including using reliable source data or information.
 - (4) CDD measures should include understanding and, as appropriate, obtaining information on, the purpose and intended nature of the business relationship.
4. When the customer under the preceding subparagraph is an individual, an insurance agent company shall obtain at least the following information to identify the customer identity:
 - (1) Name and date of birth;
 - (2) Permanent or residence address;
 - (3) Official identification number;
 - (4) Nationality; and
 - (5) The purpose of residence or transaction of a foreign person (such as tourism, work, etc.)
5. When the customer under Subparagraph 3 of this article is a legal person, an entity or a trustee, an insurance agent company shall understand the business nature of the customer or trust (including trust-like legal arrangements) and obtain at least the following information to identify and verify the identity of the customer:
 - (1) Name, legal form and proof of existence of customer or trust.
 - (2) The articles of incorporation or similar powers that regulate and bind the entity or trust except in the following circumstances:
 - A. The entity or trust is one of entities provided in Subparagraph 6 (3) of this article and

the insurance product involved is one of the products provided under Subparagraph 6 (4) of this article without any circumstances provided in the proviso under Subparagraph 3, Paragraph 1 of Article 5 herein.

B. The entity customer confirms that it does not have articles of incorporation or similar power documents.

(3) The following information of persons holding the position of senior management (including directors, supervisors, general manager, or any natural person having equivalent aforementioned position; an insurance agent company should determine the scope of senior management positions by applying a risk-based approach) in a legal person, entity or trustee of a trust:

A. Name;

B. Date of birth; and

C. Nationality.

(4) Official identification number: such as business administration number, tax identification number, and registration number.

(5) The address of the registered office of the legal person, entity or trustee, and the address of its principal place of business.

(6) When the customer is a legal person, an insurance agent company shall understand whether the customer is able to issue bearer stocks and adopt appropriate measures for customers who have issued bearer stocks to ensure its beneficial owners are kept up-to-date.

6. When the customer is a legal person, an entity or a trustee under Subparagraph 3 of this article, an insurance agent company should understand the ownership and control structure of the entity or trust and identify the beneficial owners of the customer and take reasonable measures to verify the identity of such persons through following information:

(1) For legal persons and entities:

A. The identity of the natural persons (e.g. name, date of birth, nationality and identification number) who have ultimate controlling ownership interest in the legal person or entity. A controlling ownership interest refers to owning directly and indirectly more than 25 percent of the shares or capital of the entity. In such case, an insurance agent company may request the customer to provide a shareholder register or other documents to support the identification of such person(s).

B. To the extent where no natural person exerting control through ownership interests is identified in accordance with the preceding Subparagraph 6.(1)A or there is doubt as to whether the person(s) with the controlling ownership interest are the beneficial owner(s), the identity of natural persons (if any) exercising control of the customer through other means.

C. Where no natural person is identified in accordance with Subparagraph 6. (1) A or Subparagraph 6. (1) B above, the identity of relevant natural person who holds the position of senior management.

(2) For trustees:

The identity of the settlor(s), the trustee(s), the trust supervisor, the beneficiaries, and any other person exercising effective control over the trust, or the identity of persons in equivalent or similar positions.

- (3) Unless otherwise provided for in the proviso under Subparagraph 3, Paragraph 1, Article 6 of the Regulations Governing Anti-Money Laundering of Financial Institution or the customer has issued bearer stocks, an insurance agent company is not subject to the requirements of identifying and verifying the identity of shareholder or beneficial owner of a customer under Subparagraph 3. (3) hereof, provided the customer or a person having a controlling ownership interest in the customer is:
- A. a R.O.C government entity;
 - B. an enterprise owned by the R.O.C government;
 - C. a foreign government entity;
 - D. a public company in the R.O.C. or its subsidiaries;
 - E. an entity listed on a stock exchange outside of R.O.C. that is subject to regulatory disclosure requirements of its principal shareholders, and the subsidiaries of such entity;
 - F. a financial institution supervised by the R.O.C. government, and an investment vehicles managed by such institution;
 - G. a financial institution incorporated or established outside R.O.C. that is subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the Financial Action Task Force on Anti-Money Laundering and Combating the Financing of Terrorism (FATF), and an investment vehicle managed by such institution; or
 - H. A fund managed by the R.O.C. government; or
 - I. An employee stock ownership trust, or an employee welfare savings trust.

- (4) Unless otherwise provided for in the proviso under Subparagraph 3, Paragraph 1, Article 6 of the Regulations Governing Anti-Money Laundering of Financial Institution, an insurance agent company is not subject to the requirements of identifying and verifying the identity of beneficial owner of a customer under Subparagraph 3. (3) hereof when the customer purchases property insurance, accident insurance, health insurance or an insurance product that does not require non-forfeiture value.

7. An personal insurance agent company shall take the following measures when the beneficiary of a life insurance policy, investment-linked insurance policy or annuity insurance policy is confirmed or appointed:
- (1) For appointed beneficiaries, obtain the name and identification document number or date of registration (establishment) of the appointed beneficiary; and
 - (2) For beneficiaries appointed based on the nature of contract or by other means, obtain adequate information to help the insurance company confirm the identity of the beneficiary when paying out insurance benefit.
8. When establishing business relationship with a customer, an insurance agent company should take one of following measures to verify the identity of the customer, the person acting on

behalf of the customer, and the beneficiary owner of the customer, unless it is otherwise provided by law:

(1) Verification through documents

A. Individuals:

- a. Verification of identity or date of birth: obtain an unexpired official identification document that bears a photograph of the individual, e.g. identification card, passport, residence card, driver's license, etc. If there is doubt about the validity of such documents, obtain certification or statement issued by an embassy official or a public notary. With respect to the identity or date of birth of the beneficial owner of an entity, an insurance agent company needs not obtain the original copy of the aforementioned document for verification but should request the legal person or entity and its authorized representative to provide a statement on the identification data of the beneficiary owner. Part of the information on such statement, however, can be verified through the certificate of incorporation, annual report, or other reliable source documents or data.
- b. Verification of address: obtain bills, account statements, or official documents, etc. from the customer.

B. Legal persons, entities or trustees: obtain certified articles of incorporation, government-issued business license, partnership agreement, trust instrument, certification of incumbency, etc. If a trust is managed by a financial institution described in Paragraph 1, Article 5 of the Money Laundering Control Act, the trust instrument may be substituted by a statement issued by the financial institution unless the country or region where the financial institution is located is a high-risk country or region known to have inadequate AML/CFT regimes or if there is suspicion that the customer or the transaction is involved in money laundering or terrorist financing.

(2) Verification through non-documentary methods, for example:

- A. Contacting the customer by telephone or letter after establishing business relationship with the customer.
- B. Checking references provided by other financial institutions.
- C. Cross-checking information provided by the customer with other reliable public information or private database, etc. Verifying customer identity through the comparison of information provided by the customer with information obtained from other reliable public sources, or database that charges fees, etc.

9. For a customer identified by an insurance agent company as high-risk in accordance with relevant rules and regulations governing ML/TF risk assessment by insurance enterprises, the insurance agent company should perform enhanced verification using one of the measures below:

- (1) Obtaining a reply, signed by the customer or the authorized signatory of the legal person or entity, to a letter mailed by the insurance agent company to the address provided by the customer, or contacting the customer by telephone.
- (2) Obtaining evidence that supports an individual's sources of wealth and sources of funds.

- (3) Conducting site visit.
 - (4) Obtaining prior insurance-related transaction information.
10. An insurance agent company should not establish business relationship with a customer before completing the CDD process. However, an insurance agent company may first obtain information on the identity of the customer and any beneficial owner and complete the verification following the establishment of business relationship, provided that:
- (1) money laundering and terrorist financing risks are effectively managed, including adopting risk control measures with respect to situations that a customer may take advantage of verifying identity after transaction completed ;
 - (2) it would be essential not to interrupt the normal conduct of business with the customer; or
 - (3) verification of the identities of customer and beneficial owner will be completed as soon as reasonably practicable following the establishment of business relationship. The insurance agent company shall terminate the business relationship if verification cannot be completed as soon as reasonably practicable and inform the customer in advance.
11. Where an insurance agent company is unable to complete the required CDD process on a customer, it should consider reporting suspicious transactions in relation to the customer and assist the insurance company in providing subsequently required information.
12. If an insurance agent company suspects that a customer or transaction may relate to money laundering or terrorist financing and reasonably believes that performing the CDD process will tip-off the customer, it may choose not to implement such process and file a suspicious transactions report instead.
13. Other matters to observe in CDD
- (1) Things to pay attention to in business solicitation:
 - A. When an individual customer purchases insurance, an insurance solicitor shall ask the applicant and the insured to provide identification document (identification card, passport, driver’s license or other documents deemed sufficient to show identity) or keep record of related information. If it is decided that there are signs of money laundering or terrorist financing, the solicitor shall keep the transaction record and supporting documents and file a report with the Investigation Bureau, Ministry of Justice (referred to as the “Investigation Bureau” hereunder). When a legal person purchases insurance, the solicitor shall ask the customer to provide the valid registration or incorporation certificate and valid proof of the legal representative (e.g. business license, other establishment or registration certificate, etc.) and the identification document, data or information of the beneficial owner who has control over the legal person, or keep record of relevant information. The solicitor shall check information provided by the customer against the information entered in the application form and make a note in the solicitation report after finding the information correct.
 - B. An insurance agent should carefully review the application form filled out by the applicant or the insured before signing it. If the insurance is purchased by a legal person, the insurance agent should understand the nature of business, beneficial

owner(s) and control structure of the legal person customer in a reasonable manner, and keep record of relevant information.

C. To verify customer identity, the solicitor may, if deemed necessary, ask the customer to provide a second identification document other than identification card or registration (incorporation) certificate. Such second identification document should be able to prove identity. Records of government agencies, schools and entities may also serve as the second identification document if it can verify customer identity. If a customer refuses to provide the second identification document, the solicitor should politely decline to process the customer's application or accept the application after customer identity has been authenticated.

D. Purchase of insurance via an agent shall be handled in accordance with Subparagraph 3. (2) of this article.

- (2) For customers solicited non-face-to-face, an insurance agent company should take actions in accordance with the "Directions Governing Electronic Commerce Business of Insurance Sector" to mitigate related risks.
- (3) For a customer establishing business relationship with the insurance agent company over the Internet, the agent company shall comply with relevant operating templates developed by the Insurance Agency Association of the Republic of China ("Association") and submitted to the competent authority for record.
- (4) When the behaviors of a customer or solicitor arouse suspicion of an intent to circumvent regulations of the Money Laundering Control Act (e.g. the same applicant or insured buys large-sum insurance by breaking it down into several policies), the agent company should heed the matter and understand the motives of the customer or solicitor.

Article 5

An insurance agent company shall determine the extent of applying CDD under Subparagraph 3 of Article 4 herein using a risk-based approach (RBA) to assist the insurance company, including:

1. For higher risk circumstances, an insurance agent company shall apply enhanced CDD by adopting additionally at least the following enhanced measures:
 - (1) Obtaining the approval of senior management before establishing or entering a new business relationship;
 - (2) Adopting reasonable measures to understand the sources of customer's wealth and funds; in case the source of funds is deposit at other financial institutions, understand further the source of that deposit; and
 - (3) Adopting enhanced ongoing monitoring of business relationship.
2. For customers from high ML/TF risk countries or regions, an insurance agent company shall conduct enhanced CDD measures commensurate with the risks identified.
3. For lower risk circumstances, an insurance agent company may adopt simplified CDD measures, which shall be commensurate with the lower risk factors. However, simplified CDD measures are not allowed in any of the following circumstances:
 - (1) Where the customer is from or in countries and jurisdictions known to have inadequate AML/CFT regimes, including but not limited to those which designated by international

organizations on AML/CFT as countries or regions with serious deficiencies in their AML/CFT regime, and other countries or regions that do not or insufficiently comply with the recommendations of international organizations on AML/CFT as forwarded by the FSC; or

- (2) Where an insurance agent company suspects that money laundering or terrorist financing is involved.

An insurance agent company may adopt the following simplified CDD measures:

1. Lower the frequency of updating customer identification data.
2. The agent company needs not collect more specific information or take special measures to understand the purpose and nature of the business relationship if these can be inferred from the types of transaction already taken place or existing business relationship.

Article 6

An insurance agent company shall keep records on all business relations and transactions with its customers in hard copy or electronic form and in accordance with the following provisions:

1. An insurance agent company shall maintain all necessary records on transactions, both domestic and international, for at least five (5) years or a longer period as otherwise required by law.
2. An insurance agent company shall keep all the following information for at least five (5) years or a longer period as otherwise required by law after the business relationship is ended:
 - (1) All records obtained through CDD process, such as copies or records of official identification documents like passports, identity cards, driver's licenses or similar documents.
 - (2) Contract documents and files.
 - (3) Business correspondence, including inquiries to establish the background and purpose of complex, unusual transactions and the results of any analysis undertaken.
3. For the reporting of suspicious ML/TF transactions, an insurance agent company should keep relevant reporting records in the original form for at least five (5) years.
4. Transaction records maintained by an insurance agent company must be sufficient to permit reconstruction of individual transactions so as to provide, if necessary, evidence for prosecution of criminal activity.
5. An insurance agent company shall ensure that information on transaction records and CDD information will be swiftly made available to the competent authorities when such requests are made with appropriate authority.

Article 7

1. In the cases where an insurance agent company discovers or has reasonable grounds to suspect that a customer, or a customer's funds, assets or intended or performed transactions of a customer is related to money laundering or terrorist financing, the agent company should perform enhanced review of the customer identity, regardless of the amount or value involved, or whether the transactions is completed or not.
2. The red flags for suspicious ML/TF transactions provided in the Annex are not exhaustive. An

insurance agent company should select or develop suitable red flags based on its size of assets, geographic areas, business profile, customer base profile, characteristics of transactions, and the agent company's internal ML/TF risk assessment or information of daily transactions, to identify transactions suspicious of money laundering or terrorist financing.

3. For red flag transactions identified in accordance with the preceding subparagraph, an insurance agent company should determine whether such transactions are reasonable (e.g. whether such transactions are apparently incommensurate with the identity, income, or business size of the customer, unrelated to the customer's business profile, do not match the customer's business model, no reasonable economic purpose, no reasonable explanation, no reasonable purpose, or unclear source of funds or explanation) and keep the review records. If the agent company determines such transaction is not a suspicious ML/TF transaction, it should record the reason for the decision. If the agent company determines such transaction is suspicious of money laundering or terrorist financing, in addition to performing CDD measures and retaining relevant records, the agent company should report to the Investigation Bureau within ten (10) business days after such transaction is identified and confirmed as a suspicious ML/TF transaction.
4. With respect to red flags for suspicious ML/TF transactions, an insurance company should determine the ones that are required to be monitored with the assistance of monitoring mechanism by applying a risk-based approach.
5. An insurance agent company shall file suspicious ML/TF transaction reports in accordance with following provisions:
 - (1) Within ten (10) business days upon discovery of a transaction suspected of money laundering or terrorist financing, an insurance agent company shall promptly file a suspicious transaction report (STR) with the Investigation Bureau in a format prescribed by the Bureau after the report has been approved by the responsible chief compliance officer (or compliance personnel) at the company.
 - (2) For obviously significant suspicious ML/TF transactions of urgent nature, an insurance agent company should file a report as soon as possible to the Investigation Bureau by fax or other available means and follow it up with a written report. The insurance agent company is not required to submit a follow-up written report, provided the Investigation Bureau has acknowledged the receipt of report by sending a reply by fax. In such event, the agent company shall retain the faxed reply.
 - (3) The formats of STR and faxed reply mentioned in the preceding two subparagraphs shall be prescribed by the Investigation Bureau. The reporting data and relevant records submitted to the Investigation Bureau shall be retained in accordance with the provisions of Article 6 herein.
6. Requirements on the confidentiality of reporting data and information are as follows:
 - (1) Employee at all levels should keep the reporting of suspicious ML/TF transactions confidential and should not disclose such information. An insurance agent company should provide employees trainings or materials on how to avoid the disclosure of such information in the interaction with customers and in daily operation.
 - (2) All documents related to such reporting should be classified as confidential. In the cases of any disclosure, an insurance agent company should take measures in accordance with relevant requirements.

- (3) When necessary for the performance of duties, responsible AML/CFT personnel, compliance officers or internal auditors should be able to obtain customer data and transaction record in timely manner to the extent that requirements on confidentiality are met.

Article 8

An insurance agent company should comply with following requirements on currency transactions above a certain amount:

1. Verify customer identity and keep relevant transaction records.
2. The measures taken for verification of customer identity shall comply with the following provisions:
 - (1) Verify customer identity with the identification documents or the passport provided by the customer, and record the name, date of birth, address, telephone number, account/transaction number, transaction amount, and identification number of the customer. If it can be determined that the customer is the owner of the account used to process transactions, the insurance agent company needs not verify customer identity but should note on the transaction record that the transaction is carried out by the account owner.
 - (2) In case where the transaction is carried out by a person acting on behalf of the customer, the insurance agent company should verify the agent's identity with the identification documents or the passport provided by the agent, and record the name, date of birth, address, telephone number, account/transaction number, transaction amount, and identification number of the agent.
3. Except for the situations described in Article 9 herein, an insurance agent company should report such transactions within five (5) business days after the completion of transactions by means of media reporting (please download the format on the website of the Investigation of Bureau) to the Investigation of Bureau. In case where the agent company is unable to complete media reporting with justification, it may submit a hard copy of the report (please download the form on the website of the Investigation Bureau) after obtaining the approval from the Investigation Bureau.
4. The reporting data and relevant records submitted to the Investigation Bureau shall be retained in accordance with the provisions of Article 6 herein.

Article 9

An insurance agent company is not required to file a report on any of the following cash transactions above a certain amount with the Investigation Bureau but remains required to verify the identity of the customer and keeps the transaction records thereof:

1. Payments deposited into the accounts opened by government agencies, state-run enterprises, institutions acting with governmental power (within the scope of mandate), public and private schools, public enterprises and government funds established according to law.
2. Transactions and fund arrangements between financial institutions. Notwithstanding the foregoing, payables to another financial institution's customer paid through an inter-bank deposit account, such as a customer cashing the check issued by another financial institution,

shall be handled according to the established rules, provided the cash transaction of the same customer exceeds a certain amount.

Article 10

An insurance agent company should assess ML/TF risks before conducting agency business for new products with non-forfeiture value or cash value, new services, or new businesses (including new delivery mechanisms, use of new technologies for pre-existing or new products or businesses) and establish relevant risk management measures to mitigate identified risks.

Article 11

An insurance agent company shall report suspicious ML/TF transactions and properties or property interests and locations of designated individuals or entities sanctioned under Article 7 of the Terrorism Financing Prevention Act in accordance with the following provisions:

1. Within ten (10) business days upon discovery of a suspicious ML/TF transaction, an insurance agent company shall promptly file a STR with the Investigation Bureau in a format prescribed by the Bureau after the report has been approved by the responsible chief compliance officer (or compliance personnel) at the company.
2. For obviously significant suspicious ML/TF transactions of urgent nature, an insurance agent company should file a report as soon as possible to the Investigation Bureau by fax or other available means and follow it up with a written report in accordance with the format and manner prescribed by the Bureau. The insurance agent company is not required to submit a follow-up written report, provided the Investigation Bureau has acknowledged the receipt of report by sending a reply by fax. In such event, the agent company shall retain the faxed reply from the Investigation Bureau.
3. An insurance agent company shall produce an annual report as of December 31 every year (the "settlement record date"). The report shall state all properties or property interests of designated sanctioned individuals, legal entities or groups managed or held by the agent company in accordance with Article 7 of the Terrorism Financing Prevention Act as of the settlement record date and the report shall be submitted to the Investigation Bureau for record before March 31 the following year.

The reporting records, transaction documents and annual report mentioned in the preceding paragraph shall be handled in accordance with Article 6 herein.

Article 12

Chief AML/CFT compliance officer:

1. An insurance agent company of certain sizes shall be staffed with an adequate number of AML/CFT personnel appropriate to the size and risks of its business, and its board of directors shall appoint a chief AML/CFT compliance officer vested with full authority to coordinate and supervise AML/CFT affairs, and make sure that its AML/CFT personnel and the chief AML/CFT compliance officer do not hold concurrent posts that may have a conflict of interest

with their AML/CFT responsibilities.

2. The chief AML/CFT compliance officer mentioned in the preceding subparagraph shall be charged with the following duties:
 - (1) Supervising the planning and implementation of policies and procedures for identifying, assessing and monitoring money laundering and terrorist financing risks
 - (2) Coordinating and supervising company-wide AML/CFT risk identification and assessment.
 - (3) Monitoring and controlling money laundering and terrorist financing risks.
 - (4) Developing an AML/CFT program.
 - (5) Coordinating and supervising the implementation of AML/CFT program.
 - (6) Confirming compliance with AML/CFT regulations, including the relevant compliance template or self-regulatory rules set out by the Insurance Agency Association of the R.O.C. and approved by the FSC.
 - (7) Supervising the reporting on suspicious ML/TF transactions and on the properties or property interests and location of individuals or legal entities designated by the Terrorism Financing Prevention Act to the Investigation Bureau.
 - (8) Other matters related to AML/CFT.
3. The chief AML/CFT compliance officer mentioned in Subparagraph 1 hereof should report to the board of directors (council), supervisors (board of supervisors) or the audit committee at least semiannually, or whenever a major regulatory violation is discovered.
4. For insurance agent companies under certain sizes that solicit insurance business on behalf of insurance companies, their board of directors (or delegated responsible unit) shall assign at least one personnel to handle the AML/CFT operation and make sure that such personnel does not hold concurrent posts that may have a conflict of interest with his/her AML/CFT responsibilities. However an insurance agent company shall comply with the requirements for insurance companies with respect to its underwriting and claim settlement business undertaken on behalf of an insurance company.
5. The appointment of an AML/CFT compliance officer by the foreign business unit of an insurance agent company shall comply with the local regulations and the requirements of the local authorities. The AML/CFT compliance officer shall be vested with full authority to coordinate and supervise AML/CFT affairs, including reporting directly to the chief AML/CFT compliance officer mentioned in Subparagraph 1 hereof and should not hold other posts, except for the post of legal compliance officer. If the AML/CFT compliance officer holds other concurrent posts, the foreign business unit should communicate the fact with the local competent authority to confirm that the holding of other concurrent posts will not result or potentially result in conflict of interest, and report the matter to the FSC for record.

Direction 8 of the “Directions Governing Internal Control System of Anti-Money Laundering and Countering Terrorism Financing of Banking Business, Electronic Payment Institutions and Electronic Stored Value Card Issuers” applies *mutatis mutandis* to banks operating concurrently insurance agency business.

Article 13

Implementation, audit and statement of internal AML/CFT control system of insurance agent

companies of certain sizes:

1. The domestic and foreign business units of an insurance agent company shall appoint a senior manager to act as the supervisor to take charge of supervising AML/CFT related matters of the business unit, and conduct self-inspection in accordance with applicable provisions.
2. The internal audit unit of an insurance agent company shall audit the following matters according to requirements and submit audit opinions:
 - (1) Whether the money laundering and terrorist financing risk assessment and the AML/CFT program meet the regulatory requirements and are vigorously implemented; and
 - (2) The effectiveness of AML/CFT program.
3. The president of a bank operating concurrently insurance agency business shall oversee that respective units prudently evaluate and review the implementation of internal AML/CFT control system. The chairman, president, chief auditor (auditor) and chief AML/CFT compliance officer shall jointly issue a statement on internal AML/CFT control (see attached), which shall be submitted to the board of directors for approval and disclosed on the bank website within three (3) months after the end of each fiscal year, and filed via a website designated by the FSC. The statement on internal AML/CFT control of an insurance agent company shall be filed in a manner designated by the FSC before the end of April every year.
4. For the branches of a foreign insurance agent company in Taiwan, the litigious/non-litigious agent, the chief AML/CFT compliance officer of the branch in Taiwan as well as officer in charge of audit operation in Taiwan together shall be responsible for matters concerning the board of director or supervisors under these Directions.

Direction 9 of the “Directions Governing Internal Control System of Anti-Money Laundering and Countering Terrorism Financing of Banking Business, Electronic Payment Institutions and Electronic Stored Value Card Issuers” applies *mutatis mutandis* to banks operating concurrently insurance agency business.

Article 14

Employee hiring and training

1. An insurance agent company shall establish prudent and appropriate procedures for employee screening and hiring, including examining whether the prospective employee has character integrity and the professional knowledge required to perform their duties.
2. The chief AML/CFT compliance officer, AML/CFT personnel and the AML/CFT supervisor of a domestic business unit of an insurance agent company shall possess one of the following qualification requirements in three (3) months after appointment/assignment to the post and the agent company shall set out relevant control mechanism to ensure compliance with the provisions hereof:
 - (1) Having served as a compliance officer or AML/CFT personnel on a full-time basis for at least three (3) years;
 - (2) For chief AML/CFT compliance officers and AML/CFT personnel, having attended not less than 24 hours of courses recognized by the FSC, passed the exams and received completion certificates therefor; for the AML/CFT supervisors of domestic business units, having attended not less than 12 hours of courses recognized by the FSC, passed the exams and received completion certificates therefor; legal compliance officer who also

serve as the chief AML/CFT compliance officer or legal compliance personnel who also serve as AML/CFT personnel are deemed to meet the qualification requirements under this subparagraph 2. (2) after having attended not less than 12 hours of courses recognized by the FSC; or

(3) Having received a domestic or international AML/CFT professional certificate issued by an institution recognized by the FSC.

3. Personnel mentioned in the preceding subparagraph 2. who are appointed/assigned to the post prior to August 31, 2017 may be deemed as qualified if he or she meets any of the qualification requirements below:

(1) Meeting the qualification requirement set out in subparagraph 2. (1) or subparagraph 2. (3) of the preceding subparagraph prior to August 31, 2017; or

(2) Meeting the qualification requirement set out in subparagraph 2. (2) within the time period specified below:

A. For AML/CFT personnel and chief AML/CFT compliance officer, meeting the qualification requirement prior to August 31, 2017 or within six (6) months after appointment/assignment to the post.

B. For AML/CFT supervisor of domestic business units, meeting the qualification requirement prior to February 28, 2018 or within one year after appointment/assignment to the post.

4. The chief AML/CFT compliance officer, AML/CFT personnel and the AML/CFT supervisor of domestic business units of an insurance agent company shall attend not less than 12 hours of training on AML/CFT offered by internal or external training units consented by the chief AML/CFT compliance officer mentioned under Subparagraph 1 of Article 12 herein every year. The training shall cover at least newly amended laws and regulations, trends and patterns of money laundering and terrorist financing risks. If the person has obtained a domestic or international AML/CFT professional certificate issued by an institution recognized by the FSC in a year, the certificate may be used to offset the training hours for the year.

5. The AML/CFT supervisor and the AML/CFT officer and personnel of foreign branches of an insurance agent company shall possess professional knowledge in AML/CFT, be well informed in relevant local regulations, and attend not less than 12 hours of training on AML/CFT offered by foreign competent authorities or relevant institutions every year. If no such training is available, the personnel may attend training courses offered by internal or external training units consented by chief AML/CFT compliance officer mentioned under Subparagraph 1 of Article 12 herein.

6. An insurance agent company shall arrange appropriate hours of training of suitable contents on AML/CFT every year in view of the nature of its business for its directors (council members), supervisors, legal compliance personnel, internal auditors, business personnel and personnel involved in the AML/CFT operation to familiarize them with their AML/CFT duties and equip them with the professional knowhow to perform their duties.

Direction 10 of the “Directions Governing Internal Control System of Anti-Money Laundering and Countering Terrorism Financing of Banking Business, Electronic Payment Institutions and Electronic Stored Value Card Issuers” applies *mutatis mutandis* to banks operating concurrently insurance agency business.

Article 15

When a customer has any of the situations below, an insurance agent company's employees should politely decline customer request and report the matter to their direct managers:

1. Insisting not to provide relevant information for identity verification when being told it is necessary according to regulatory requirements.
2. Any individual or entity compels or attempts to compel company employees not to keep a file on the transaction records or reporting forms.
3. Attempting to persuade employees not to collect data that is required to complete the transaction.
4. Enquiring the possibility of dodging the declaration requirement.
5. Eager to explain that the source of fund is clean or that the transaction is not for money laundering purpose.
6. Insisting that the transaction must be completed immediately without a reasonable explanation.
7. Descriptions provided by the customer apparently do not match the transaction.
8. Attempting to provide the employee with benefits in order to obtain the services of the insurance agent company.

Article 16

The contract signed by and between an insurance agent company and an insurance company should contain clauses that require the insurance agent company to comply with AML/CFT regulations and assist the insurance company in the collection or verification of customer identity information.

An insurance agent company should adopt AML/CFT safeguards in business solicitation as required by the insurance company it has business dealings with so it can readily, when necessary, assist the insurance company in collecting or verifying customer identity data.

Article 17

Matters not specified in this Template shall be handled in accordance with the Money Laundering Control Act and relevant operating rules and regulations promulgated by the competent authority in charge of the industry.

Article 18

An insurance agent company should establish its own Directions Governing Anti-Money Laundering and Combating the Financing of Terrorism ("Directions") in reference to this Template and implement the Directions after obtaining approval from the board of directors. The insurance agent company should also report the Directions and subsequent amendments thereto to the FSC and perform annual review of the Directions.

Article 19

This Template and subsequent amendments thereto should be implemented after the approval of the board of directors of the Association and the FSC.

Annex Red Flags for Suspicious Money Laundering or Terrorism Financing Transactions

Attachment Guideline Governing Money Laundering and Terrorist Financing Risk Assessment

and Relevant Prevention Program Development by Insurance Agent Companies (Including
Banks Operating Concurrently Insurance Agency Business)

Company name: _____ **(please fill in)**

Company seal: _____ **(please affix company chop)**

Legal representative (responsible officer): _____
(signature or seal)

Date: _____ **(year)** _____ **(month)** _____ **(day)**