

# AML/CFT Compliance Examination Manual

## for Insurance Companies

### Examination Item

- 1、 Examination of AML/CFT internal controls and risk assessments
- 2、 Auditing of ML/TF control procedures
- 3、 Review of management system and organization
- 4、 Enhanced review for key examination points

Item No.	Examination Items	Legal basis or Reference Information
1	1. Examination of AML/CFT internal controls and risk assessments	
1. 1	(1)Internal controls	
1. 1. 1	(i)Suitability of internal controls	
1. 1. 1. 1	<p>(a)Has the institution established AML/CFT internal controls as required by Article 5 of the "Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises"? Have the controls (and any amendments thereto) been approved by the board of directors? Is the content of the internal control system comprehensive and suitable? Check the following items: Has the institution adopted policies and procedures for identifying, assessing, and managing ML/TF risks in accordance with the "Guidelines for an Insurance Enterprise's Evaluation of Money Laundering and Financing of Terrorism Risks and Adoption of Prevention Programs"? Has the institution—based on these Guidelines, the results of its risk assessment, and the scale of its business—adopted an AML/CFT program in order to manage and mitigate identified risks, and does it adopt enhanced controls for relatively high risks? With regard to oversight and control of AML/CFT compliance and implementation of the AML/CFT program, has a set of standard operating procedures been incorporated into the institution's self-audits and internal audits, and are they strengthened when necessary?</p>	Subparagraph 1 , Point 5 of the Directions Governing the Internal Control System for Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector and Paragraph 1, Article 2 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
1. 1. 1. 2	(b) Is the institution's AML/CFT program comprehensive and suitable? Check the	Subparagraph 4 , Point 5 of the

	<p>following items: customer due diligence (CDD); watch list filtering; ongoing monitoring of accounts and transactions; records keeping; filing of cash transaction reports (CTRs); filing of suspicious transaction report (STRs); appointment of a chief compliance officer at the management level in charge of AML/CFT compliance matters; employee screening and hiring procedures; ongoing employee training programs; existence of an independent audit function to test the effectiveness of AML/CFT system; and other matters required by AML/CFT legislation and the FSC.</p>	<p>Directions Governing the Internal Control System for Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector and Paragraph 3, Article 2 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures</p>
1. 1. 1. 3	<p>(c) Does the institution identify, assess, and understand the ML/TF risks to which it is exposed and take appropriate AML/CFT measures commensurate with those risks in order to effectively mitigate them? Does the institution use the risk-based approach to take enhanced measures for higher risk situations, and take relatively simplified measures for lower risk situations? Does the institution allocate resources effectively and use the most appropriate and effective approach to mitigate identified ML/TF risks?</p>	<p>Subparagraph 8 , Article 2 of the Regulations Governing Anti-Money Laundering of Financial Institutions and Article 3 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures</p>

1. 1. 1. 4	(d) Does the institution use the risk-based approach in order to develop prevention and mitigation measures commensurate with the level of ML/TF risk, and to facilitate the making of decisions on the allocation of AML/CFT resources, the establishment of internal controls, and the adoption and implementation of the types of policies, procedures, and controls that ought to be included in its AML/CFT program?	Point 2 of the Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment and Relevant Prevention Program Development by the Insurance Sector
1. 1. 1. 5	(e) Does the institution conduct annual reviews (the timing may be decided by the institution itself) of its internal control measures? Does the institution have sufficient internal control measures designed to prevent money laundering and financing of terrorism? If a particular unit has a deficiency, is corrective action taken in a timely manner?	Subparagraph 2 , Article 14 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
	※ When conducting onsite examinations for insurance companies, examiners should review AML/CFT risk assessment operation and AML/CFT policies, procedures and control mechanism and evaluate the appropriateness of overall risk profile and the corresponding mitigation measures. Assessment operation should include transaction tests of accounts and results of verification of risk assessment.	par 86, Risk-Based Approach-Guidance for the Life Insurance Sector, FATF
	※ When conducting onsite examinations for insurance companies, examiners should take overall policies and systems into consideration and review relevant information including policies, operation manuals, transaction records and education training, sample the data of verification of	Par 122, Guidance Paper On Anti-Money Laundering And Combating The Financing Of Terrorism , IAIS

	customer identities based on RBA or randomly, and review the appropriateness of reporting suspicious transactions to legal compliance officers and filing STR to Investigation Bureau, Ministry of Justice.	
	※ While conducting onsite examinations, examiners screen examination items based on the following factors: whether insurance companies meet the minimum legal requirements, whether insurance companies identify ML/TF risks, set out the best methods to managing ML/TF risks and input reasonable resources, whether senior management take proper AML/CFT responsibility.	P24, Risk-Based Approach-Guidance for the Life Insurance Sector, FATF
1. 1. 2	(ii) Group-level AML/CFT program	
1. 1. 2. 1	(a) Does an insurance enterprise having foreign branches (or subsidiaries) establish a group-level AML/CFT program for implementation by branches (or subsidiaries) within the group? In addition to including the policies, procedures and controls, does the group-level AML/CFT program, without violating the information confidentiality regulations of the ROC and countries or jurisdictions at where the foreign branches (or subsidiaries) are located, consist of the relevant items(e.g. policies and procedures for sharing information within the group required for the purposes of CDD and ML/TF risk management, and confidentiality and security measures for information on customers and transactions)?	Subparagraph 5, Point 5 of the Directions Governing the Internal Control System for Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector; Paragraph 4, Article 2 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and

		Procedures
1. 1. 2. 2	(b)Does the institution ensure that its foreign branches (or subsidiaries) apply AML/CFT measures that are 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)? When the minimum requirements of the country where its head office (or parent company) is located differ from those of country where a branch (or subsidiary) is located, does the branch (or subsidiary) choose to comply with the more stringent criteria? Where there is any doubt regarding which criteria are the more stringent, does the insurer abide by the determination of the competent authority of its home jurisdiction? If a foreign branch (or subsidiary) is unable to adopt the same criteria as the head office (or parent company) due to prohibitions set out in foreign laws and regulations, does the insurer take appropriate additional measures to manage the ML/TF risks, and make a report to the FSC?	Subparagraph 6, Point 5 of the Directions Governing the Internal Control System for Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector; Paragraph 5, Article 2 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
1. 1. 2. 3	(c)The "Guidelines for an Insurance Enterprise's Evaluation of Money Laundering and Financing of Terrorism Risks and Adoption of Prevention Programs" require the branches or subsidiaries of foreign financial organizations in Taiwan to set up policies and procedures to identify, evaluate, and manage ML/TF risks, and to adopt an AML/CFT program. Have those branches or subsidiaries set up the necessary policies, procedures, and control mechanisms? (If the parent group has established policies and procedures that are no less stringent than, and do not violate, the	Paragraph 6, Article 2 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures

	laws and regulations of Chinese Taipei, the branches or subsidiaries in Taiwan may be governed by the regulations of the parent group.)	
1. 1. 3	(iii) Oversight by board of directors and senior management	
1. 1. 3. 1	(a) Does the board of directors bear ultimate responsibility for ensuring the establishment and maintenance of appropriate and effective AML/CFT internal controls? Do the board of directors and senior management understand the company's ML/TF risks and the operation of its AML/CFT program? Have they adopted measures to create a culture of AML/CFT compliance?	Subparagraph 7, Point 5 of the Directions Governing the Internal Control System for Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector; Paragraph 7, Article 2 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
1. 1. 3. 2	(b) Has the board of directors adopted (or amended) rules with reference to the "Model Guidelines for Life Insurers' Anti-Money Laundering and Counter Terrorism Financing Policies and Procedures"? Have such rules been implemented upon approval by the institution's board of directors, and reported to the FSC for recordation? Are the rules reviewed each year? Are the rules suitable	Article 20 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and

	<p>and comprehensive? They need to address each of the following matters: * AML/CFT operations and internal control procedures; * periodic holding of, or participation in, on-the-job AML training; * assignment of responsibility to specific personnel for coordinating and overseeing the implementation of such rules; and * matters set forth by other central competent authorities.</p>	<p>Procedures; Article 6 of the Money Laundering Control Act</p>
1. 1. 3. 3	<p>(c) Does the company president oversee the respective units to ensure that they prudently evaluate and review the implementation of AML/CFT internal controls? Have the chairman, president, chief auditor (internal auditor), and chief AML/CFT compliance officer jointly issued a statement on AML/CFT internal controls? Has the statement been submitted to the board of directors and approved thereby? Is the statement on AML/CFT internal controls disclosed on the insurer's website within three (3) months after the end of each fiscal year? Has it been publicly announced and filed via a website designated by the FSC?</p>	<p>Subparagraph 3, Point 7 of the Directions Governing the Internal Control System for Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector;</p> <p>Subparagraph 4, Article 16 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures</p>
1. 1. 3. 4	<p>(d) For the branches of a foreign insurance enterprise in Taiwan, does the head office assign specific personnel with responsibility for matters concerning the board of directors</p>	<p>Subparagraph 4, Point 7 of the Directions Governing the</p>

	<p>or supervisors? A statement on internal controls must be jointly issued by the following three persons: * the responsible person of the Taiwan branch, as appointed by the head office; * the chief AML/CFT compliance officer; and * the officer in charge of audit operations in Chinese Taipei. Has this been done?</p>	<p>Internal Control System for Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector;</p> <p>Subparagraph 5, Article 16 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures</p>
1. 1. 3. 5	<p>(e) Have the policies adopted by the insurer in accordance with the "Guidelines for an Insurance Enterprise's Evaluation of Money Laundering and Financing of Terrorism Risks and Adoption of Prevention Programs" been approved by the board of directors (or a delegated responsible unit)? Have they been implemented? Have they been filed with the FSC along with the firm's Anti-Money Laundering and Counter Terrorism Financing Policies and Procedures? Are the policies and Guidelines (and any amendments thereto) reviewed each year?</p>	<p>Point 9 of the Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment and Relevant Prevention Program Development by the Insurance Sector</p>
1. 1. 3. 6	<p>(f) Does the board of directors decide risk appetite and control residual risk? Does the board of directors fully control important contents of performance on AML/CFT work, such as risk identification mechanism, risk</p>	<p>Bao Ju (Zong) Zi No. 10602564110 letter on November 23, 2017</p>

	identification result, risk mitigation plan? Does the board of directors create a culture of addressing AML/CFT compliance (such as require employees' understanding of AML/CFT and include effectiveness of performance on AML/CFT as a performance evaluation item.)?	
1. 1. 3. 7	(g)Does the board of directors take proper responsibility on risk evaluation, which includes corporate governance items (including decide risk appetite, understand risk analysis, confirm risk factors and establish strategic understanding and risk assessment cycle), business activities and weakness (including scope of customers, products and channels) and concrete prevention action (such as policies and procedures, controls, confirmation of resource allocation and well-equipped ability to compliance, internal personnel training and understanding, and management of customer types).	Bao Ju (Zong) Zi No. 10602564110 letter on November 23, 2017
1. 1. 3. 8	(h)Are the important items on AML/CFT reported to the board of directors, which allows them to monitor and manage the effectiveness of performance on AML mechanism? The important matters include shortcomings which have not improved yet, adjustment of customer risk assessment model, AML/CFT performance in subsidiaries and STRs filed with Investigation Bureau, Ministry of Justice.	Jian Ju (Bao) Zi No. 10706100280 letter on Febuary 7, 2018
1. 1. 3. 9	(i)For AML operation including CDD frequency in foreign subsidiaries, risk assessment and classification, or self-audit, does the board of directors monitor and verify that the operation is conducted according to regulations?	Jian Ju (Bao) Zi No. 10706100280 letter on Febuary 7, 2018

	<p>※ Do the board of directors and senior management level acquire sufficient and objective information to build correct understanding of ML/TF risks and to evaluate the appropriateness and effectiveness of AML/CFT internal controls? Do they obtain the information on the amendment to legal orders and its influence on AML/CFT operation? Is the decision reporting procedure for monitoring ML/TF risks appropriate?</p>	Par1-4-14 Guideline To MAS Notice 314 ON Prevention Of Money Laundering And Countering The Financing Of Terrorism , MAS
1. 2	(2) Risk assessments	
1. 2. 1	(i) Risk assessment model	
1. 2. 1. 1	(a) Does the insurer take the characteristics of its business operations, products, and customers into consideration to adopt appropriate measures and establish a system for periodic, comprehensive ML/TF risk assessments in order to understand overall ML/TF risks in a timely and effective manner? When the insurer assesses and mitigates its ML/TF risk exposures, does it give due consideration to differences in the characteristics of its business operations, products, and customers?	Point 2 of the Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment and Relevant Prevention Program Development by the Insurance Sector
1. 2. 1. 2	(b) Are the nature and scale of the insurer's risk assessment mechanisms in line with the characteristics of its business operations, products, and customers? Does the insurer, based on risk assessment results, appropriately allocate resources in order to adopt effective control measures to prevent or mitigate risks?	Point 2 of the Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment and Relevant Prevention Program Development by the Insurance Sector
1. 2. 1. 3	(c) Has the insurer taken appropriate measures to identify and assess its ML/TF risks? Has it adopted concrete risk assessment factors based on identified risks in order to further	Point 3 of the Guidelines Governing Money Laundering and

	control, mitigate, or prevent those risks? Do the concrete risk assessment factors include, at the very least, geographic risk, customer risk, product and service risk, transaction risk, and delivery channel risk? Does the insurer further analyze each type of risk in order to adopt individual risk factors?	Terrorist Financing Risks Assessment and Relevant Prevention Program Development by the Insurance Sector
1. 2. 1. 3. 1	① Geographic risk: Does the insurer identify areas that pose relatively high ML/TF risk? When it adopted its list of areas with high ML/TF risk, did the insurer take into account the experience of its various branches and subsidiaries, and give due consideration to each of these entities' individual needs in deciding which risk factors to focus on?	Point 3 of the Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment and Relevant Prevention Program Development by the Insurance Sector
1. 2. 1. 3. 2	② Customer risk: When it identifies a particular customer's ML/TF risk, does the insurer consider the customer's background, occupation, socio-economic activities, and geographic area? And if the customer is not a natural person, does the insurer consider the customer's form of business and organizational structure? When identifying a customer's risks and deciding its risk level, the insurer should base its decision on the following risk factors: * the customer's geographic area; * the degree of risk associated with the customer's occupation or line of business; * the channels via which the customer establishes business relationships; * the dollar amounts of the business that the customer conducts; and * whether or not the customer shows other signs of high ML/TF risk. Does the insurer consider these risk factors?	Point 3 of the Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment and Relevant Prevention Program Development by the Insurance Sector
1. 2. 1. 3. 3	③ Risks associated with policies having	Point 3 of the

	<p>non-forfeiture value or cash value, or with cash-related services, transactions, or delivery channels: Does the insurer consider the nature of particular products, services, transactions, or delivery channels when identifying relatively high ML/TF risks that they might pose? When assessing the risks associated with particular products, services, transactions, or delivery channels, the insurer should consider the following risk factors: * the degree of cash involvement; * the channels via which the customer establishes business relationships or conducts transactions (including whether the relationships or transactions are new in nature, e.g. whether they are face-to-face, involve e-business, or are conducted via offshore insurance unit (OIU) transactions); * whether the products have high premiums or high non-forfeiture value; * whether the received funds come from a third party with whom the recipient's relationship is unknown, or with whom the recipient has no relationship. Does the insurer consider these risk factors?</p>	<p>Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment and Relevant Prevention Program Development by the Insurance Sector</p>
1. 2. 1. 4	<p>(d) Has the insurer established rules governing different customer risk ratings and risk levels? With regard to customer risk levels, does the insurer have at least two risk brackets (i.e. "high risk" and "ordinary risk") to serve as the bases for the adoption of enhanced due diligence measures and the exercise of tighter ongoing monitoring? Has the insurer refrained from revealing information on customer risk ratings to customers themselves or to persons with no obligations relating to the implementation of AML/CFT work?</p>	<p>Point 4 of the Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment and Relevant Prevention Program Development by the Insurance Sector</p>

1. 2. 1. 5	<p>(e) If a customer is a foreign politically exposed person, is under economic sanctions, is either recognized or under investigation as a terrorist or a terrorist organization by foreign government or anti-money laundering organizations, or is an individual, a legal person, or an organization sanctioned under the Counter-Terrorism Financing Act, does the insurer automatically treat the customer as a high-risk customer? Has the insurer, based on its type of businesses and related risk factors, adopted a list of customer types that must be automatically treated as high risk? Has the insurer, acting on the basis of risk analysis results, defined customer types that can automatically be treated as low risk, and do the risk analysis results adequately demonstrate that the risk factors involved are commensurate with the designation of such customers as low risk?</p>	<p>Point 5 of the Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment and Relevant Prevention Program Development by the Insurance Sector</p>
	<p>※ Does the insurer incorporate the results of (Taiwan's) national risk assessment report into its own company's overall risk assessment process? When carrying out an overall risk assessment, does the insurer take into account sectors for which ML/TF risk is relatively high (including both financial and non-financial sectors, such as jewelry shops and real estate brokers)? When assessing the risks associated in specific sectors, does the insurer consider the results of the national risk assessment and the company's overall risk assessment?</p>	<p>Par 4-11 Guideline To MAS Notice 314 ON Prevention Of Money Laundering And Countering The Financing Of Terrorism , MAS</p>
	<p>※ When assessing the ML/TF risks associated with products, services, transactions, and delivery channels, does the insurer consider the high-threat types of crime (e.g. drug trafficking, fraud, smuggling, tax crime,</p>	<p>Par 4-12 Guideline To MAS Notice 314 ON Prevention Of Money Laundering And Countering The</p>

	professional money laundering, insider trading, market manipulation, corruption, bribery) identified in the national risk assessment report? Does the insurer include high-threat types of crime among its focal points when it conducts ongoing monitoring of customer behavior and tracking of customer transactions?	Financing Of Terrorism , MAS
1. 2. 2	(ii) Assessing the risk of new products	
1. 2. 2. 1	(a) Before launching new products with policy value reserve or cash value or money-related services or new businesses (including new delivery mechanisms, use of new technologies for pre-existing or new products or lines of business), does the insurer assess ML/TF risks? Has it established corresponding risk management measures to mitigate identified risks?	Point 4 of the Directions Governing the Internal Control System for Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector; Article 10 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures; Point 3 of the Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment and Relevant Prevention Program Development by the

		Insurance Sector
1. 2. 2. 2	(b) With respect to new businesses and new transaction types, such as e-commerce and offshore insurance units, does the insurer assess ML/TF risks and take appropriate management measures?	Jin Guan Bao Zong Zi No. 10400054690 letter on July 13, 2015
1. 2. 3	(iii) Establishing risk profiles and preparing risk assessment reports	
1. 2. 3. 1	(a) In identifying, assessing, and managing ML/TF risks, does the insurer focus, at the very least, on customer risk, geographic risk, product & service risk, transaction risk, and delivery channel risk? Does it prepare risk assessment reports? Does it consider all risk factors when deciding a customer's overall risk level and adopting risk mitigation measures? Has it adopted a risk assessment update mechanism to ensure that risk data are kept up-to-date? After completing or updating a risk assessment report, does it file the risk assessment report with the Financial Supervisory Commission?	Subparagraph 2, Point 5 of the Directions Governing the Internal Control System for Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector; paragraph 2, Article 2 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
1. 2. 3. 2	(b) Does the insurer conduct periodic and comprehensive assessment of money laundering and financing of terrorism risks, and prepare risk assessment reports so that management can maintain a timely and effective understanding of the overall ML/TF	Point 8 of the Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment

	risks that it may face, can decide what mechanisms need to be established, and can adopt appropriate mitigation measures?	and Relevant Prevention Program Development by the Insurance Sector
1. 2. 3. 3	(c) Has the insurer established periodic and comprehensive ML/TF risk assessment procedures in accordance with applicable criteria? Are the applicable criteria appropriate and comprehensive? Check whether they include the following items: the nature, scale, diversity, and complexity of the businesses; management data and reports related to high risks (e.g. the numbers and percentages of high-risk customers; the dollar amounts, quantities, and percentages of high-risk products or businesses; the nationality, place of registration, or place of business of customers, or the dollar amounts or percentages of products or businesses that involve high-risk jurisdictions); businesses and products (including the channels and methods by which the insurer operates its businesses and provides products to customers, its methods for implementing customer due diligence, the degree to which it relies on information systems, and whether it hires a third party to carry out customer due diligence); and the examination results of internal audits and the supervisory authorities.	Point 8 of the Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment and Relevant Prevention Program Development by the Insurance Sector
1. 2. 3. 4	(d) When it conducts comprehensive assessment of ML/TF risks, does the insurer make use of other information gathered from internal and external sources? Such sources might include: management reports provided by the insurer's internal management (e.g. supervisors of business divisions, and customer relationship managers); AML/CFT reports issued by the	Point 8 of the Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment and Relevant Prevention Program

	Financial Action Task Force and other countries; and ML/TF risk data released by the competent authorities.	Development by the Insurance Sector
1. 2. 3. 5	(e) Has the insurer's AML/CFT program been designed on the basis of the results of a comprehensive ML/TF risk assessment? Does the insurer, based on risk assessment results, appropriately allocate manpower and resources in order to adopt effective control measures to prevent or mitigate risks?	Point 8 of the Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment and Relevant Prevention Program Development by the Insurance Sector
1. 2. 3. 6	(f) In the event of major changes—e.g. if there is a major incident, or a major development in management and operations, or a new type of threat emerges—does the insurer carry out a reassessment? After completing or updating a risk assessment report, does it file the risk assessment report with the Financial Supervisory Commission?	Point 8 of the Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment and Relevant Prevention Program Development by the Insurance Sector
1. 2. 3. 7	(g) When individual insurance company conducts institution risk assessment and risk prevention, for work including customer risk classification, work allocation of risk control, and effectiveness of control, does it take into consideration the scope of high risk customer type (such as PEPs, customers from high risk area, customers from unknown sources, non-citizens, and bearer shares), issues under the control of the board of directors (such as participation of risk assessment, establishment of written regulations through relevant control matters, and coordination of performing work), and other control contents (such as CDD on PEPs, responsibility of legal	Bao Ju (Zong) Zi No. 10602564110 letter on November 23, 2017

	compliance division and internal audits, and new technology)?	
1. 3	(3) Enhanced measures for high-risk customers and businesses	
1. 3. 1	(i) For customers from countries or regions with high ML/TF risk, does the insurer conduct enhanced customer due diligence measures commensurate with the risks identified? For lower risk circumstances, does the insurer adopt simplified customer due diligence measures commensurate with the lower risk factors?	Article 6 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Article 6 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
1. 3. 2	(ii) For the circumstances where the customers are from or in countries and jurisdictions which have inadequate AML/CFT regimes (including but not limited to those which are designated by international organizations on AML/CFT as countries or regions with serious deficiencies in their AML/CFT regimes, 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 where there is a suspicion of ML/TF in relation to the customer or the transaction, has the insurer refrained from adopting simplified customer due diligence measures?	Article 6 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Article 6 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
1. 3. 3	(iii) Has the insurer included the beneficiary of a	Article 6 of the

	life insurance policy as a relevant risk factor in determining whether to apply enhanced customer due diligence measures? If the insurer determines that a beneficiary who is a legal person or a trustee presents a higher risk, does it take enhanced customer due diligence measures? Does the insurer take reasonable measures to identify and verify the identity of the beneficial owner of the beneficiary at the time of payout?	Regulations Governing Anti-Money Laundering of Financial Institutions ; Article 6 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
1. 3. 4	(iv) When the (a) beneficiary of a life insurance policy, investment-linked insurance policy, or annuity insurance policy has been identified or designated, does the insurer adopt related measures? Does the insurer obtain the name and identification document number or registration (incorporation) date of the designated beneficiary? When the beneficiary is designated by contract characteristics or by other means, does the insurer obtain sufficient information concerning the beneficiary to satisfy the insurer that it will be able to identify the identity of the beneficiary at the time of the payout? Does the insurer verify the identity of the beneficiary at the time of the payout?	Article 3 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2	2. Auditing of ML/TF control procedures	
2. 1	(1) Customer due diligence	
2. 1. 1	(i) Confirmation of identity	
2. 1. 1. 1	(a) Does the insurer confirm customer identity when it: establishes business relations with any customer; engages in a single transaction involving a cash payment or receipt (i.e. all	Article 3 of the Regulations Governing Anti-Money

	<p>transactions recorded for accounting purposes on cash deposit or withdrawal vouchers) of NT\$500,000 (including the foreign currency equivalent thereof) or more; suspects that a transaction may involve money laundering or terrorist financing; or has doubts about the veracity or adequacy of previously obtained customer identification data?</p>	<p>Laundering of Financial Institutions ; Subparagraph 2, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures</p>
2. 1. 1. 2	<p>(b) Does the insurer identify the customer and verify that customer's identity using reliable, independent source documents, data, or information? Does it retain copies of the customer's identity documents or record the relevant information contained thereon? When a person purporting to act on behalf of the customer applies for insurance, files an insurance claim, requests a change to an insurance contract, or seeks to conduct a transaction, does the insurer identify the person and verify that person's identity using reliable, independent source documents, data, or information? Does the insurer retain copies of the person's identity documents or record the relevant information contained thereon? When working to identify the identity of beneficial owners of a customer, does the insurer take reasonable measures to verify the identity of beneficial owners, including using the relevant data or information from a reliable source? Do the insurer's customer due diligence measures include understanding the purpose and intended nature of the business relationship and, in view of the situation,</p>	<p>Article 3 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Subparagraph 3, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures</p>

	obtaining relevant information?	
2.1.1.3	(c) When a customer is an individual, does the insurer obtain, at the very least, the customer's full name, date of birth, domicile or place of residence, official identity document number, nationality, and purpose of stay in Taiwan or transaction (e.g. tourism, employment) in order to identify the person?	Subparagraph 4, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2.1.1.4	(d) When the customer is a legal person, an organization, or a trustee, does the insurer, in order to identify the customer and verify that customer's identity, understand the business nature of the customer or trust (including a legal arrangement similar to a trust) and obtain at least the following information to identify the customer or the trust and verify its identity: the name, legal form, and proof of existence of the customer or trust; the charter or similar power documents that regulate and bind the customer or trust; the full name, date of birth, and nationality of any person having a senior management position at the legal person, organization, or trustee (the term "senior management" shall include any natural person serving in the position of director ( <i>dong shi</i> ), supervisor, director ( <i>li shi</i> ), general manager, chief financial officer, representative, manager, partner, authorized signatory, or any other position equivalent to senior management); an official identification number (e.g. government uniform invoice (GUI) number, tax identification number, registration number); the legal person's, organization's, or trustee's registered business	Article 3 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Subparagraph 6, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures

	address and the address of its principal place of business, or (in the case of an offshore legal person, organization, or trustee) the purpose of the business relationship.	
2. 1. 1. 5	(e) When the customer is a legal person, does the insurer inspect its articles of incorporation or ask the customer to furnish an affidavit in order to find out whether the customer is able to issue bearer shares? For customers who issue bearer shares, does the insurer adopt measures to ensure that information on the identity of their beneficial owners is kept up-to-date? Such measures can include the following: First, the insurer can ask the customer to require shareholders owning bearer shares conferring a controlling interest to keep the customer informed when those shareholders register their identity, and ask the customer to notify the insurer when there is a change in the identity of the shareholder owning a controlling interest. Second, the insurer can instruct the customer to contact the insurer after each shareholders meeting to update the information on its beneficial owners, and to provide information on owners of bearer shares in an amount conferring a specified ownership stake or greater (provided, however, that the customer must notify the insurer when it learns in some other way about a change in the identity of the shareholder owning a controlling interest).	Article 3 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Subparagraph 12, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 1. 1. 6	(f) When the customer is a legal person, an organization, or a trustee, does the insurer understand the ownership and control structure of the customer or the trust? Does the insurer obtain the following information to identify the beneficial owners of the	Article 3 of the Regulations Governing Anti-Money Laundering of Financial Institutions

	customer and take reasonable measures to verify the identity of such persons?	; Subparagraph 7, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2.1.1.6.1	① When the customer is a legal person or an organization: Does the insurer ask the customer to provide its list of shareholders or other documents (such as name, birth date, nationality and ID numbers) to assist in the identification of ultimate natural persons holding a controlling interest? Where no natural person with a controlling interest is identified, or there is doubt as to whether the person(s) with a controlling interest are the beneficial owner(s), does the insurer identify whether there are any natural person(s) who exercise control of the customer through other means? When necessary, does the insurer require a declaration from the customer for checking and verifying the identity of the beneficial owners? If no natural person with a controlling interest is identified, does the insurer identify the identities of senior management personnel?	
2.1.1.6.2	② When the customer is a trustee: Does the insurer check and verify the identities of the settler(s), the trustee(s), the trust supervisor, the trust beneficiaries, and any other person able to exercise ultimate effective control over the trust account, or any person(s) in an equivalent or similar position?	

2. 1. 1. 7	(g) Are the customers who are not subject to the requirements of identifying and verifying the identity of beneficial owner(s) of a customer limited to those referred to in item 3, subparagraph 7, Article 3 of the Regulations Governing Anti-Money Laundering of Financial Institutions?	Article 3 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Subparagraph 7, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 1. 1. 8	(h) When customers who purchase accident insurance, health insurance, or an insurance product that does not require policy value reserve, for the circumstances where the customers come from a high-risk country or region that has not adopted effective AML/CFT measures or where there is a suspicion of ML/TF in relation to the customers or the transactions, is the insurer subject to the requirements of identifying and verifying the identity of beneficial owner(s) of a customer?	Article 3 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Subparagraph 7, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 1. 1. 9	(i) When establishing business relationship with customers, does the insurer identify the customers, agents, and beneficial owners and verify their identities using reliable,	Subparagraph 8, Article 4 of the Model Guidelines for Life Insurance

	independent source documents, data, or information? (The verification may be carried out using either a documentary or non-documentary method.) Does it retain photocopies of the identity documents or record the relevant information contained thereon?	Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 1. 1. 9. 1	① Verification of personal documents (verification of identity, date of birth, or address): Does the insurer use an official identity document (e.g. national ID card, passport, alien resident certificate, driver's license) that has a photograph and has not expired? If there is doubt about the period of validity of any of the above documents, does the insurer rely on certification by an embassy or a declaration by a notary public to verify validity? Does the insurer use billing statements, reconciliation statements, or officially issued documents to verify addresses? (To verify the identity of a beneficial owner using the aforementioned documents, the insurer need not require the use of originals, or the insurer may, acting on the basis of its own internal operating procedures, ask a legal person, an organization, or a representative thereof to furnish an affidavit pertaining to the beneficial owner's information.)	
2. 1. 1. 9. 2	② Authentication of documents submitted by a legal person, an organization, or a trustee: Does the insurer use incorporation registration certificates, government-issued business licenses, partnership agreements, trust documents, and certificates of good standing to carry out authentication? (If the trustee of a trust is a trust managed by a financial institution, written documents furnished by	

	the financial institution may be substituted for the its trust documents.)	
2. 1. 1. 9. 3	③ Does the insurer use the following nondocumentary verification methods to verify the identities of customers as well as their agents and beneficiary owners? For example: contacting a customer by telephone or letter after establishing business relationship with that customer; checking references provided by other financial institutions; or cross-checking information provided by the customer against other reliable public information, private databases, etc.	
2. 1. 1. 10	(j) When an insurer first obtains identification data on the customer and beneficial owner, then completes verification after the establishment of business relationship, check whether the procedure meets the following requirements: (i) The ML/TF risks are effectively managed, including adopting risk management procedures with respect to the conditions under which a customer may utilize the business relationship to complete a transaction prior to verification. (ii) It is necessary to avoid disrupting the customer's normal conduct of business. (iii) Verification of the identities of the customer and its beneficial owner(s) will be completed as soon as reasonably practicable after the establishment of business relationship. An insurer shall advise its customer in advance that the business relationship will be terminated if verification cannot be completed as soon as reasonably practicable.	Article 3 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Subparagraph 10, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 1. 1. 11	(k)When asking customers to provide relevant information for the verification of beneficial owners, for customers who provide incorrect	Bao Ju (Zong) Zi No. 10602564110 letter on November

	information and hide their risk status, do insurance companies cross verify or confirm suspicious information through ongoing and different aspects of CDD results?	23, 2017
2. 1. 1. 12	(l)Do insurance companies identify beneficial owners of legal entities solely based on the information that customers fill out? For beneficial owners with lower shares of stock, do insurance companies further identify ultimate beneficiaries with controlling power?	Jian Ju (Bao) Zi No. 10706100280 letter on Febuary 7, 2018
2. 1. 1. 13	(m) If the establishment of business relationship with a customer before completion of customer identity verification is permitted, does the insurer adopt relevant risk control measures? Are the risk control measures suitable? Check whether they include the following items: (i) Stipulating a deadline for the completion of customer identity verification. (ii) Before the completion of customer identity verification, the supervisory officer of the business unit shall examine the business relationship with the customer and report customer identity verification progress to senior officers on a regular basis. (iii) Before the completion of customer identity verification, the number and types of the customer's transactions shall be restricted. (iv) Before the completion of customer identity verification, the customer is not allowed to make payment to any third party unless following requirements are met: there is no suspicion of ML/TF activity; the customer is assessed as a low ML/TF risk customer; transactions are approved by senior management; and the names of recipients do	Subparagraph 11, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures

	not match with lists established for AML/CFT purposes.	
2.1.1.14	(n) Has the insurer adopted a risk-based approach in determining the reasonably practicable time limit of paragraph (j) above? In doing so, has it differentiated according to risk level? Check whether related control measures include the following: (i) Customer identity verification procedures shall be completed no later than 30 working days after establishing a business relationship. (ii) If customer identity verification procedures are not completed within 30 working days after establishing a business relationship, the insurer shall temporarily suspend the business relationship with the customer, and avoid conducting any further transactions. (iii) If customer identity verification procedures are not completed within 120 days after establishing the business relationship, the insurer shall terminate the business relationship with the customer.	Subparagraph 11, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2.1.1.15	(o) When an insurer verifies a customer's identity and discovers the existence of any of the situations set out in Article 4 of the Regulations Governing Anti-Money Laundering of Financial Institutions, does the insurer refuse to establish business relationship or carry out any transaction with the customer?	Article 4 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Subparagraph 1, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and

		Procedures
2.1.1.16	(p) Where any of the following descriptions applies to a customer, does the insurer's employee decline to provide service and report the matter to his/her supervisory officer? Situations requiring refusal of service include the following: (i) The customer refuses to provide relevant information despite being informed that he/she is required by law to provide such information to prove his/her identity. (ii) An individual or organization compels or attempts to compel an employee of the insurer to refrain from forgoing documentation of transaction records or keeping and filing of submitted forms. (iii) A customer attempts to persuade an employee to forgo the completion of mandatory transaction information. (iv) A customer inquires into the possibility of avoiding reporting requirements. (v) A customer is eager to explain that the source of their funds is legal or that no money laundering is being conducted. (vi) A customer insists that a transaction be completed immediately without giving a reasonable explanation for the need. (vii) The customer's description is clearly inconsistent with the actual transaction. (viii) A customer attempts to provide something of value to an employee to obtain the insurer's services.	Article 18 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2.1.1.17	(q) For lower risk customers, are the simplified customer due diligence measures adopted by the insurer on the basis of its risk prevention policy commensurate with the lower risk factors? The following simplified customer due diligence measures may be adopted: (i) Reduce the frequency of updating customer identification data. (ii) Reduce the risk level	Paragraph 2, Article 6 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering

	at which ongoing monitoring is conducted, and adopt a reasonable non-forfeiture value or account value as the threshold for reviewing transactions. (iii) When the purpose and nature of the type of transaction or the established business relationship can be inferred from the transactions or relationship themselves, the insurer is not required to further collect specific information or carry out special measures to examine the purpose and nature of the business relationship.	Terrorism Financing Policies and Procedures; Point 7 of the Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment and Relevant Prevention Program Development by the Insurance Sector
2.1.1.18	(r) Does the insurer use CDD procedures that enable it to identify non-face-to-face customers with the same effectiveness as the identification of other customers? Does the insurer further exercise special and adequate measures to mitigate risk?	Item (7), Subparagraph 14, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2.1.1.19	(s) When a business relationship is established over the Internet, is the process conducted in accordance with relevant operational procedures established by the Association and approved for future reference by the competent authority?	Item (8), Subparagraph 14, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2.1.1.20	(t) When an insurer relies on a third party to identify and verify the identity of a customer,	Article 7 of the Regulations

	<p>an agent thereof, beneficial owners, or the purpose and nature of the business relationship, does the financial institution which relies on that third party bear ultimate responsibility for verification of customer identity? Check whether the institution meets the following requirements: (i) Is able to immediately obtain the information necessary to verify the customer's identity. (ii) Takes adequate steps to satisfy itself that the third party upon which it has relied will upon request without delay make available copies of identity information and other relevant documentation needed to verify the customer's identity. (iii) The insurer makes sure that the third party it relies on is regulated, supervised, or monitored, and has appropriate measures in place for compliance with CDD and record-keeping requirements. (iv) The insurer makes sure that the home jurisdiction of the third party it relies on has AML/CFT regulations in place consistent with the standards set out by the FATF.</p>	Governing Anti-Money Laundering of Financial Institutions ; Article 7 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 1. 1. 21	(u)When conducting CDD by third party, do insurance companies and third party share the understanding of risk degree?	Bao Ju (Zong) Zi No. 10602564110 letter on November 23, 2017
2. 1. 1. 22	(v)When conducting CDD in other institutions of the same group or other branches in the same company, do insurance companies at least acquire the copy of operation manuals of conducting CDD to make sure the acceptable scenario of citing CDD results at the minimum degree?	Bao Ju (Zong) Zi No. 10602564110 letter on November 23, 2017
2. 1. 1. 23	(w)When insurance companies establish CDD procedures and regulations, do insurance companies, are the establishment of customer	Bao Ju (Zong) Zi No. 10602564110 letter on November

	risk profile and the re-review of customer risk profile included in the relevant regulations?	23, 2017
2. 1. 1. 24	(x) When insurance companies establish CDD relevant mechanism, is the making of policies based on risk assessment and risk appetite? Do the relevant procedures include how to confirm and verify and performing the management of risk of customer types, important work of CDD and triggering of CDD?	Bao Ju (Zong) Zi No. 10602564110 letter on November 23, 2017
2. 1. 1. 25	(y) Does the responsibility of EDD for insurance companies include the verification of customers and the methods to EDD?	Bao Ju (Zong) Zi No. 10602564110 letter on November 23, 2017
2. 1. 1. 26	(z) When building business relationship with domestic and foreign private funds, do insurance companies verify beneficial owners according to regulations and check if the transaction with those private funds is the one with an interest party.	Bao Ju (Cai) Zi No. 10602137112 letter on January 3, 2018
2. 1. 1. 27	(aa) For information such as a solicitation report and the statement of financial position, do insurance companies make sure that the assessment of customers' identities and incomes is effective?	Jian Ju (Bao) Zi No. 10706100280 letter on Febuary 7, 2018
2. 1. 2	(ii) Screening of customer names	
2. 1. 2. 1	(a) Has the insurer established policies and procedures for watchlist filtering, based on a risk-based approach, to check the names of customers and transaction counterparties? Is it able to detect, match, and filter customers, customers' senior management, beneficial owners, or transaction counterparties to determine whether they are individuals, legal persons, or organizations sanctioned under the Counter-Terrorism Financing Act, or are	Article 8 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Article 8 of the Model Guidelines for Life Insurance Enterprises'

	terrorists or terrorist groups that have been identified or investigated by a foreign government or an international organization?	Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 1. 2. 2	(b) Do the policies and procedures for name screening on customers and transaction counterparties include at least the logic of matching and filtering, the operating procedure for name screening, and the standard of review? Are these documented? Does the insurer record the results of name screening? Does it preserve the record for the period required by law?	Article 8 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Article 8 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 1. 2. 3	(c) Is the name screening mechanism subject to testing? Check whether tests are suitable and comprehensive, and whether they include each of the following items: (i) (i) whether the sanctions list and threshold settings are determined by applying a risk-based approach; (ii) whether the mapping between data input and system data field is correct and complete; (iii) the logic of matching and filtering; (iv) model validation; and (v) whether data output is correct and complete. Does the insurer determine on the basis of the test results whether the screening mechanism can appropriately reflect risks? Does it update the screening mechanism in a timely manner?	Article 8 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 1. 3	(iii) Enhanced due diligence for high-risk	

	customers	
2.1.3.1	(a) For a customer identified by an insurer as a high-risk customer in accordance with its ML/TF risk assessment rules, does the insurer perform enhanced verification? The method of enhanced verification may be any one of the following: (i) Mail a letter to the address provided by the customer and obtain a reply letter signed by the customer (if the customer is an individual) or by the authorized signatory (if the customer is a legal person), or contact the customer by telephone. (ii) Obtain evidence that supports an individual's sources of wealth and sources of funds. (iii) Conduct an on-site visit. (iv) Obtain information on prior insurance dealings with the customer.	Subparagraph 9, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2.1.3.2	(b) For higher risk circumstances, does the insurer perform enhanced CDD or ongoing due diligence measures? Check whether these include adopting at least the following additional enhanced measures: (i) Carries out enhanced due diligence (e.g. obtain information on why the customer seeks to purchase insurance, and information on the beneficial owners of any legal-person customer). (ii) Obtains the approval of senior management before establishing or entering into a new business relationship. (iii) Takes reasonable measures to understand the source of wealth and source of funds of the customer. (Here, "source of funds" refers to the original source that generates the funds, such as salary, investment proceeds, disposal of real estate, etc.) (iv) Conducts enhanced ongoing monitoring of business relationships.	Article 6 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Paragraph 1, Article 6 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures; Point 7 of the Guidelines Governing Money Laundering and Terrorist Financing

		Risks Assessment and Relevant Prevention Program Development by the Insurance Sector
2. 1. 3. 3	(c) For an individual customer that is identified by an insurer as a high-risk customer in accordance with the insurer's customer ML/TF risk assessment requirements, check whether the insurer obtains at least any one of the following types of information when establishing business relationship: (i) previously used names or aliases; (ii) employment address, post office box address, e-mail address (if any); or (iii) landline or mobile telephone number.	Subparagraph 5, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 1. 3. 4	(d) When conducting EDD for high risk customers, do insurance companies keep EDD documents and take proper measures to understand the source of premium?	Jian Ju (Bao) Zi No. 10706100280 letter on Feubuary 7, 2018
2. 1. 4	(iv) Ongoing due diligence	
2. 1. 4. 1	(a) When on-boarding a new customer, does the insurer confirm its risk level? For an existing customer whose risk level has already been confirmed, does the insurer reassess the customer's risk level on the basis of its risk assessment policies and procedures?	Point 6 of the Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment and Relevant Prevention Program Development by the Insurance Sector
2. 1. 4. 2	(b) Does the insurer review the identity information of its existing clients, prioritizing on the basis of materiality and risk? Does the insurer, after considering how long ago the last review was conducted and the adequacy of the information obtained from that review, conduct due diligence on existing customers:	Article 5 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Subparagraph 1,

	(i) when a customer increases his/her insurance coverage by an unusual amount or enters into a new business relationship with the insurer? (ii) when it is time for periodic review of the customer scheduled on the basis of materiality and risk? and (iii) when it becomes known that there has been a material change to a customer's identity and background information?	Article 5 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2.1.4.3	(c) Does the insurer scrutinize transactions undertaken throughout the course of its relationship with a customer to ensure that the transactions being conducted are consistent with the bank's knowledge of the customer, their business, and their risk profile, including the source of funds if necessary.	Article 5 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Subparagraph 2, Article 5 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2.1.4.4	(d) Does the insurer periodically review documents, data, or information collected during the process of performing due diligence on customers and beneficial owners to ensure that such information is adequate and kept up-to-date? For high-risk customers, are reviews conducted at least once every year? For other customers, does the insurer use a risk-based approach to determine the frequency of reviews?	Article 5 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Subparagraph 3, Article 5 of the Model Guidelines for Life Insurance Enterprises'

		Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2.1.4.5	(e) Check whether the insurer repeats CDD measures in accordance with regulations when: (i) there are doubts about the veracity or adequacy of the records; (ii) there is a suspicion that the customer may be involved in ML/TF activity; or (iii) the way the customer's transactions are conducted or the customer's account is used undergoes a material change which is not consistent with the customer's business profile.	Article 5 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Subparagraph 4, Article 5 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2.2	(2) Ongoing monitoring of accounts and transactions	
2.2.1	(i) Does the insurer use information systems to steadily integrate customer information data and transaction data throughout the company for inquiries by the head office or branch for AML/CFT purposes, in order to enhance its transaction monitoring capacity? With respect to the customer data retrieved or inquired about by a business unit, does the insurer establish an internal control procedure and ensure the confidentiality of the data?	Article 9 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Subparagraph 1, Article 9 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and

		Countering Terrorism Financing Policies and Procedures
2.2.2	(ii) Has the insurer established policies and procedures for ongoing monitoring of accounts and transactions by applying a risk-based approach? Does it use information systems to assist with the discovery of possible ML/TF transactions?	Article 9 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Subparagraph 2, Article 9 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2.2.3	(iii) Does the insurer review its policies and procedures for ongoing monitoring of accounts and transactions, and update them periodically? In doing so, does it take into account AML/CFT legislation, customer profiles, the size and complexity of its lines of business, ML/TF trends and information obtained from internal and external sources, and the results of internal risk assessments?	Article 9 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Subparagraph 3, Article 9 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures

2. 2. 4	(iv) Do policies and procedures for monitoring of transactions include at least complete monitoring patterns, parameter settings, threshold amounts, operating procedures for the conducting and monitoring of alerts, and review procedures and reporting standards for monitoring cases? Are these documented?	Article 9 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Subparagraph 4, Article 9 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 2. 5	(v) Is the ongoing monitoring mechanism subject to testing? Check whether tests are suitable and comprehensive, and whether they include each of the following items: (i) internal control procedure (review the roles and responsibilities of persons or business units related to the mechanism for monitoring transactions); (ii) whether the mapping between data input and system data field is correct and complete; (iii) detection scenario logic; (iv) model validation; and (v) data output.	Subparagraph 5, Article 9 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 2. 6	(vi) In the cases where the insurer identifies or has reasonable grounds to suspect customers, or the funds, assets, or intended or performed transactions of the customers are related to ML/TF, does the insurer perform enhanced customer due diligence regardless of the amount, value, or whether transactions are completed?	Subparagraph 6, Article 9 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing

		Policies and Procedures
2.2.7	(vii) Does the insurer incorporate typologies issued by financial industry trade associations into fully fleshed-out ML/TF monitoring patterns that reflect the nature of its business? Does the insurer adopt additional monitoring typologies with reference to its ML/TF risk assessments or daily transaction information?	Article 9 of the Regulations Governing Anti-Money Laundering of Financial Institutions
2.2.8	(viii) Does the insurer select or develop red flags to help identify possible ML/TF activities? Are those red flags selected with reference to the scale and geographical distribution of the insurer's own assets, the characteristics of its business, customer base profile, characteristics of transactions, the insurer's internal ML/TF risk assessments, and information on normal transaction activities?	Subparagraph 5, Article 9 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2.2.9	(ix) For identified red flag transactions, does the insurer determine whether such transactions are reasonable? (The determination of reasonableness may include considering whether there are situations such as transactions that are out of keeping with a customer's identity, income level, or business scale, or whether transactions are not related to the nature of a customer's business or business model, or have no reasonable economic purpose, use, or explanation, or whether the source of funds is unclear or inadequately explained.) Does the insurer keep records? If the insurer determines that the transaction is not a suspected ML/TF transaction, does it record the reason for the decision? If the insurer determines that the transaction is a suspected ML/TF transaction,	Subparagraph 8, Article 9 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures

	<p>in addition to performing CDD measures and retaining relevant records and transaction vouchers, does the insurer report to the Ministry of Justice Investigation Bureau (MOJ Investigation Bureau) within 10 business days after internal identification and confirmation of the transaction as a suspected ML/TF transaction?</p>	
2. 2. 10	<p>(x) With respect to ML/TF red flags, does the insurer adopt a risk-based approach to identify the ones for which information systems must be established to assist with monitoring? For those that are monitored without the assistance of information systems, does the insurer use other means to help employees judge, at the time a customer is conducting a transaction, whether the transaction is a suspected ML/TF transaction? Has the insurer strengthened employee training to ensure that employees are able to identify suspected ML/TF transactions?</p>	<p>Subparagraph 9, Article 9 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures</p>
2. 2. 11	<p>(xi) Does the insurer, on the basis of identified risks, establish corresponding control measures to mitigate or prevent money laundering risk? Does it decide, on the basis of customer risk levels, what control measures will apply to customers with different risk ratings?</p>	<p>Point 7 of the Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment and Relevant Prevention Program Development by the Insurance Sector</p>
2. 3	(3) Records retention	
2. 3. 1	<p>(i) Does the insurer keep records and transaction vouchers from all business relationships and transactions with its customers in hardcopy or electronic form? Does the insurer maintain all necessary records on transactions, both domestic and international, for at least five</p>	<p>Article 12 of the Regulations Governing Anti-Money Laundering of Financial Institutions</p>

	years? (or for a longer period if required by law?) Are all necessary records complete? Check whether they include each of the following: name, account number, and identification code of parties to transactions; transaction date; currency and amount of transaction; payment method (e.g. cash, check); destination of payment; and method of instruction or authorization.	; Subparagraph 1, Article 13 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 3. 2	(ii) For a significant cash transaction of a certain amount or more, does the insurer retain due diligence records and transaction vouchers in their original form for five years? Has the insurer chosen, on the basis of its own particular needs, a single means of recording the customer due diligence process?	Subparagraph 2, Article 13 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 3. 3	(iii) For reports about suspected ML/TF transactions, does the insurer retain report-related records and transaction vouchers in the original for five years?	Subparagraph 3, Article 13 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 3. 4	(iv) Does the insurer keep all the following information for at least five years after the business relationship with a customer ends? (or for a longer period if required by law?): all records obtained during the CDD process,	Article 12 of the Regulations Governing Anti-Money Laundering of

	such as copies or records of official identification documents like passports, identity cards, driver's licenses, or similar documents; contractual documents and files; and business correspondence (including inquiries to establish the background and purpose of complex, unusual large transactions and the results of any analysis undertaken).	Financial Institutions ; Subparagraph 4, Article 13 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 3. 5	(v) Are the transaction records retained by the insurer sufficient to permit reconstruction of individual transactions so as to provide, if necessary, evidence of criminal activity?	Article 12 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Subparagraph 5, Article 13 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 3. 6	(vi) Does the insurer ensure that transaction records and customer due diligence information will be provided promptly to the competent authorities when such requests are made with appropriate authority?	Article 12 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Subparagraph 6, Article 13 of the Model Guidelines

		for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 3. 7	(vii) Check whether the insurer complies with legal requirements in: recording the results of screening of the names of individuals or entities; recording the results of ongoing monitoring of accounts or transactions; and reporting information and related records and transaction vouchers to the MOJ Investigation Bureau (including the reporting of significant cash transactions and suspected ML/TF transactions)?	Article 8, 9, 13 and 15 of the Regulations Governing Anti-Money Laundering of Financial Institutions
2. 4	(4) Suspicious transaction reports	
2. 4. 1	(i) When the insurer is unable to complete customer due diligence procedures for a customer, does it consider filing a suspicious transition report regarding the customer?	Subparagraph 10, Article 3 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Item (5), Subparagraph 14, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures

2. 4. 2	(ii) When the insurer suspects that a customer or a transaction involves money laundering or terrorism financing, and the insurer reasonably believes that carrying out customer due diligence procedures might reveal this fact to the customer, does it refrain from performing the procedures and file a suspicious transaction report instead?	Article 3 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Item (6), Subparagraph 14, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 4. 3	(iii) For a monitoring pattern or some other situation where ML/TF activity is suspected, does the insurer file a report with the MOJ Investigation Bureau regardless of the dollar amount or whether the transaction was completed or not?	Subparagraph 1, Article 15 of the Regulations Governing Anti-Money Laundering of Financial Institutions
2. 4. 4	(iv) Does a case officer in any unit who discovers an unusual transaction immediately report it to his or her supervising officer? Upon receipt of such a report, does the supervising officer promptly decide if it is indeed a matter that should be reported? If it is determined that the matter should be reported, does the supervising officer instruct the case officer to fill out a report form immediately? And after the report is approved by the head of the business unit, is the report submitted to the specialized AML/CFT unit? After the report is submitted by the	Paragraph 2, Article 9 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures

	specialized AML/CFT unit to the chief AML/CFT officer for approval, does the insurer file the report with the MOJ Investigation Bureau within 10 business days of the day on which the suspected money laundering transaction was discovered?	
2. 4. 5	(v) With regard to a suspected ML/TF transaction that is obvious, significant, and urgent in nature, does the insurer file a report immediately with the MOJ Investigation Bureau by fax or other feasible means and follow it up with a written report? Are the formats of reports and faxed replies as prescribed by the MOJ Investigation Bureau? Are the information and related records and transaction vouchers filed with the MOJ Investigation Bureau retained in accordance with legal requirements?	Subparagraph 3, Article 15 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Paragraph 2, Article 9 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 4. 6	(vi) Various red flags are set out in the attachment accompanying the "Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures." When a transaction presents any of those red flags, does the insurer confirm customer identity and retain transaction records and transaction vouchers? Does it file a suspicious transaction report with the MOJ Investigation Bureau?	Attachment to the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 4. 7	(vii) Is the information contained in suspicious transition reports kept in strict confidence by employees at all levels? Does the insurer	Paragraph 3, Article 9 of the Model Guidelines

	provide its employees with training or instructional materials to show them how to prevent information disclosure during interactions with customers or in the course of normal operations? Are documents relating to reported matters treated as confidential documents? If confidential information is disclosed, does the insurer take appropriate response measures? Are AML/CFT personnel, compliance unit personnel, and internal audit unit personnel able to promptly access customer information and transaction records to carry out their duties? In doing so, do they observe confidentiality requirements?	for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 4. 8	(viii) If it appears that a customer or staff member may have avoided complying with the "Money Laundering Control Act" (e.g. a single proposer or insured party enters into multiple high-value insurance contracts), does the insurer scrutinize the situation to understand the motive?	Subparagraph 1, Article 14 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 4. 9	(ix) If the insurer investigates an employee suspected of involvement in ML/TF activity, does it take care to keep the investigation confidential?	Subparagraph 3, Article 14 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 4. 10	(x) For special significant events reported by media, when someone who is related to the	Jian Ju (Bao) Zi No. 10706100280 letter

	<p>events applies for insurance products with cash value or conducts cash-related application (such as a large amount of policy loan or termination of insurance contracts) that match the type of suspicious ML, do insurance companies indeed conduct verification and the filing of STRs? For the suspicious ML type that a large amount of premium is not paid by the parties of an insurance contract, do insurance companies understand the relationship between the payer and parties of the insurance contract, verify the reasonableness and evaluate the filing of STR? For the suspicious ML type that application of a large amount of policy loan in a short term and reimbursement, do insurance companies verify the reasonableness and evaluate the filing of STR? For the suspicious ML type that application of insurance products with high cash value, do insurance companies verify the reasonableness of income and evaluate the filing of STR? For cases that match monitoring and screening criteria of the type of ML transactions, do insurance companies verify the customer's statement and evaluate the reasonableness?</p>	on February 7, 2018
2. 5	(5) Currency transaction reports	
2. 5. 1	(i) For large currency transactions of a certain amount or more, does the insurer confirm the customer's identity and retain related records and transaction vouchers?	Article 13 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Subparagraph 1, Paragraph 1, Article 11 of the

		Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 5. 2	(ii) Does the insurer verify the identity of a customer on the basis of the documentary proof of identity or passport provided thereby, and record the customer's name, date of birth (year/month/day), address, telephone, trading account number, transaction amount, and identity document number? If it is verified that the customer is the owner of the transaction account, meaning that further identity verification is not required, does the insurer specify in transaction record that the transaction was carried out by the account owner ?	Article 13 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Item (1), Subparagraph 2, Paragraph 1, Article 11 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 5. 3	(iii) If a transaction is processed by an agent, based on the identification document or passport provided by the agent, does the insurer record the agent's name, date of birth (year/month/day), address, telephone, trading account number, transaction amount, and identity document number?	Article 13 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Item (2), Subparagraph 2, Paragraph 1, Article 11 of the

		Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 5. 4	(iv) For any currency transaction of a certain amount or more, does the insurer file a report using electronic media with the MOJ Investigation Bureau within five business days after the transaction is completed? If the insurer, for a legitimate reason, is unable to file the report by electronic media, does it file the report in writing?	Article 13 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Subparagraph 3, Paragraph 1, Article 11 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
2. 5. 5	(v) If the insurer is exempt from reporting currency transactions above a certain amount to the MOJ Investigation of Bureau, does it confirm customer identity and retain relevant records and transaction vouchers? For entity accounts that for business needs must often or regularly be used to deposit cash above a certain amount, after the need is verified, does the insurer file a list of such entities to the MOJ Investigation Bureau for recordation? Does the insurer require a review of such	Article 14 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Paragraph 3 and 4, Article 11 of the Model Guidelines for Life Insurance Enterprises'

	transaction counterparties at least once per year? If the insurer no longer has the type of business relationship described above with the entity whose name was filed with the MOJ Investigation Bureau, does the insurer report this fact to the MOJ Investigation Bureau for recordation?	Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
3	3. Review of management system and organization	
3. 1	(1) Specialized AML/CFT unit and chief AML/CFT officer	
3. 1. 1	(i) Does the insurer have adequate AML/CFT personnel and resources commensurate with its scale and risks? Does its board of directors appoint one member of senior management to be the chief AML/CFT officer? Does the insurer give the chief AML/CFT officer adequate authorities of office to coordinate and supervise AML/CFT operations, and ensure that the personnel and officer do not concurrently hold any position involving a conflict with their AML/CFT duties? Has the firm, if a domestic life insurer, established an independent AML/CFT responsible unit under the president, head office compliance unit, or risk management unit? Does the unit deal with anything other than AML/CFT matters?	Point 6 of the Directions Governing the Internal Control System for Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector; Subparagraph 1, Article 15 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
3. 1. 2	(ii) Does the chief AML/CFT officer report to the board of directors and supervisors or the audit committee at least once every six months. When any material legal violation is found, does the chief AML/CFT officer	Point 6 of the Directions Governing the Internal Control System for

	<p>promptly report to the board of directors and supervisors or the audit committee?</p>	<p>Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector;</p> <p>Subparagraph 3, Article 15 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures</p>
3. 1. 3	<p>(iii) Do the specialized AML/CFT unit and chief AML/CFT officer possess professional competence? Check whether they administer the following matters: supervising the planning and implementation of policies and procedures for identifying, assessing and monitoring ML/TF risks; coordinating and supervising the implementation of company-wide AML/CFT risk identification and assessment; monitoring and controlling ML/TF risks; developing an AML/CFT program; coordinating and supervising the implementation of the AML/CFT program; confirming compliance with AML/CFT regulations (including the relevant model guidelines or self-regulatory rules adopted by the related financial industry trade association and filed with the FSC for recordation; supervising the reporting of suspected ML/TF transactions to the MOJ Investigation Bureau, as well as the reporting of assets and property</p>	<p>Point 6 of the Directions Governing the Internal Control System for Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector;</p> <p>Subparagraph 2, Article 15 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and</p>

	interests of counterparties designated by the Counter-Terrorism Financing Act, and their locations; and handling other AML/CFT matters.	Procedures
3.1.4	(iv) Do overseas business units take the number of their local branches, business scale, and risks into overall consideration in maintaining an adequate number of AML/CFT personnel on staff, and appoint one person as the chief AML/CFT officer to be responsible for coordinating and supervising AML/CFT matters?	Point 6 of the Directions Governing the Internal Control System for Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector; Subparagraph 4, Article 15 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
3.1.5	(v) Do the chief AML/CFT officer appointments at the insurer's foreign business units meet local regulatory provisions and the requirements of local competent authorities? Is the chief AML/CFT officer sufficiently authorized to coordinate AML/CFT affairs? For example, is the chief AML/CFT officer able to report directly to the specialized AML/CFT unit at the head office? Does the chief AML/CFT officer serve only in that position? If he/she serve concurrently in another position, does the insurer	Point 6 of the Directions Governing the Internal Control System for Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector; Subparagraph 5,

	communicate with host country authorities to ensure that the concurrent position poses no conflict of duties, and report to the FSC?	Article 15 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
	※Legal compliance division and other divisions such operation division, human resource division and IT division constitute the second defense line of internal control. Does legal compliance division continuously monitor if the insurance company takes the AML/CFT responsibility? Does legal compliance division conduct transaction tests and review exceptional management reports? When finding that staff could not handle ML/TF related issues properly, does legal compliance division report it to the board of directors?	Par1-4-9, 11 Guideline To MAS Notice 314 ON Prevention Of Money Laundering And Countering The Financing Of Terrorism , MAS
3. 2	(2) III. Responsibilities of internal audit unit	
3. 2. 1	(i) Do the insurer's domestic and foreign business units assign a member of senior management to be the AML/CFT supervising officer to be responsible for supervising matters relating to the implementation of AML/CFT operations of his/her business unit? Do those business units conduct self-assessments in accordance with applicable legal provisions?	Point 7 of the Directions Governing the Internal Control System for Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector; Subparagraph 1, Article 16 of the Model Guidelines for Life Insurance

		Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
3. 2. 2	(ii) In its audits, does the internal audit unit focus on whether ML/TF risk assessments and the AML/CFT program meet legal requirements, and whether they effectively prevent ML/TF activities? Does it submit audit findings?	Point 7 of the Directions Governing the Internal Control System for Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector; Subparagraph 2, Article 16 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
3. 2. 3	(iii) Does the insurer's internal audit unit handle related matters properly? Does it conduct periodic audits in accordance with the internal control measures adopted and other relevant provisions, and carry out testing of the effectiveness of the AML/CFT program and the quality of risk management in the company's operations, departments, and branches (or subsidiaries)? Does the auditing	Subparagraph 3, Article 16 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing

	<p>method cover independent transaction testing—including selecting transactions related to high-risk products, customers, and geographic areas—to verify that the insurer has effectively implemented relevant AML/CFT regulatory requirements? In case where any deficiency in the implementation of specific management measures is identified, does the internal audit unit periodically report to the chief AML/CFT officer for review, and provide such information to serve as reference in employee training? Where the internal audit unit identifies any intentional disguise of significant non-compliance but fails to disclose such information, does the head office unit in charge of such matters take appropriate action?</p>	Policies and Procedures
3. 2. 4	(iv)When making an annual audit plan, does internal audit unit include the SOP of legal compliance and plan execution on AML/CFT in the inspection items that need to be strengthened? Does internal audit unit indeed follow the improvement of findings that are proposed by FSC	Jian Ju (Zheng) Zi No. 1060159085 letter on December 29, 2017
	※Internal audit unit is the third defense line of internal control and plays an important role on independently evaluation of AML/CFT framework and internal control. Does internal audit unit regularly evaluate the compliance of ML/TF policies and control measures? Do the regular inspection items of internal audit unit regularly include the following: the appropriateness of AML/CFT policies, procedures and control measures, effectiveness of performance on AML/CFT policies, procedures and control measures, effectiveness of monitoring and control by	Par1-4-9, 12 Guideline To MAS Notice 314 ON Prevention Of Money Laundering And Countering The Financing Of Terrorism , MAS

	legal compliance unit(including parameters and rules of transaction monitoring) and effectiveness of staff education training?	
3. 3	(3) Employee hiring and training	
3. 3. 1	(i) Has the insurer established prudent and appropriate procedures for selection and hiring of employees, including a review of whether job candidates have the integrity of character and the professional expertise required to perform their duties?	Point 8 of the Directions Governing the Internal Control System for Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector; Subparagraph 1, Article 17 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
3. 3. 2	(ii) Are the insurer's chief AML/CFT officer, AML/CFT personnel, and the AML/CFT supervising officers of domestic business units required to meet applicable qualification requirements within three months after their appointments? (Do those appointed before 31 August 2017 meet those qualification requirements?) Has the insurer established related control mechanisms to ensure compliance with regulations?	Point 8 of the Directions Governing the Internal Control System for Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector;

		Subparagraph 2 and 3, Article 17 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
3. 3. 3	(iii) Do the chief AML/CFT officer, AML/CFT personnel, and the supervising officers of domestic business units attend at least 12 hours of AML/CFT education and training each year provided by the bank, or by outside training institutions approved by the chief AML/CFT officer? Does the content of the training include new legislative amendments as well as ML/TF trends and red flags?	Point 8 of the Directions Governing the Internal Control System for Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector; Subparagraph 4, Article 17 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
3. 3. 4	(iv) Do the supervising AML/CFT officer and the chief AML/CFT officer and AML/CFT personnel in foreign business unit have AML expertise? Are they knowledgeable on relevant local laws and regulations? Do they	Point 8 of the Directions Governing the Internal Control System for

	<p>attend at least 12 hours of AML/CFT education and training offered by the host authorities or relevant institutions each year? If no such training is available, do they attend AML/CFT courses offered by internal or external training units approved by the chief AML/CFT officer?</p>	<p>Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector;</p> <p>Subparagraph 5, Article 17 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures</p>
3.3.5	<p>(v) Does the insurer arrange AML/CFT education and training for its directors, supervisors, president, compliance personnel, internal audit personnel, business personnel, and other personnel whose work is related to AML/CFT matters? Are the course content, and the number of hours offered, in line with the nature of their job duties? Do the courses familiarize them with their AML/CFT duties and equip them with the professional expertise to carry out those duties?</p>	<p>Point 8 of the Directions Governing the Internal Control System for Anti-Money Laundering and Countering Terrorism Financing of the Insurance Sector;</p> <p>Subparagraph 6, Article 17 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and</p>

		Procedures
3. 3. 6	(vi) Does the insurer hold, or arrange for its employees to participate in, regular AML training programs? Does it include AML content in its on-the-job training for agents, brokers, surveyors, and other non-office personnel, to ensure that all employees understand how AML laws and regulations relate to the practical side of AML work?	Subparagraph 7, Article 17 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
3. 3. 7	(vii) When an employee of the insurer travels overseas for professional development or to take part in a study trip, does he or she take advantage of the opportunity to gain a detailed understanding of the AML/CFT practices of overseas life insurers? Is such a person granted special recognition if his or her findings can be applied by the insurer?	Subparagraph 8, Article 17 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
3. 3. 8	(viii) In carrying out AML education and training, does the insurer consider whether its measures are actually yielding effective results? Does the insurer deliver related materials via e-newsletters or emails that employees are free to read or ignore as they please? Do agents, brokers, surveyors, solicitors, and other non-office personnel receive education and training?	Bao Ju San Zi No. 09702093800 letter on June 16, 2008、Bao Ju San Zi No. 09702093800 letter on September 8, 2008
	※ Do insurance companies review their manpower and useful resources, perform RBA training plan, and provide proper AML/CFT information? The relevant principles include the following: tailor-made according to staff duty(such as customer	par 132, Risk-Based Approach-Guidance for the Life Insurance Sector, FATF

	contact or operation divisions), complete operation details (such as first line personnel, complicated products or customer management products), and frequency depending on risk level of business types.	
	※Business departments (such as front desk and units that have face-to-face contact with customers) constitutes the first defense line of internal control and is responsible for identifying, evaluating, and controlling ML/TF risks. Do business departments are well-quipped with resources to detect illegal transactions? Do relevant policies, internal regulations and control measures have written documents and could be conveyed to all relevant employees? Do insurance companies train employees properly so that they understand the relevant responsibilities? Do insurance companies provide relevant work regulations to employees to make sure that insurance companies comply with AML/CFT legal orders?	Par1-4-9, 10 Guideline To MAS Notice 314 ON Prevention Of Money Laundering And Countering The Financing Of Terrorism , MAS
4	4. Enhanced review for key examination points	
4. 1	(1) Offshore insurance unit (OIU)	
4. 1. 1	(i) Money laundering risk factors: new channels for on-boarding customers are completely different from the traditional face-to-face methods; it is difficult to confirm a customer's identity, including the authenticity of foreign ID documents and the proposer's occupation; it is difficult to verify the source of funds originating offshore; insurance policies can be purchased and cancelled with ease, and a policy value refund can be quickly obtained.	Shou Hui Bo Zi No. 1041213411 letter of Life Insurance Association on December 29, 2017
4. 1. 2	(ii) Has the insurer taken risk mitigation measures? Check whether such measures	Shou Hui Bo Zi No. 1041213411 letter of

	<p>include the following: conducts enhanced due diligence (e.g. financial underwriting, pre-underwriting analysis, and telephone surveys) on high-risk customers; checks customers' motives in seeking insurance, and reasons for voiding or terminating policies; requires that policies exceeding a certain premium amount must be approved by someone at a relatively high managerial rank; uses routine transaction monitoring mechanisms to identify money laundering typologies and investigate cash flows connected with transaction activity that matches such typologies.</p>	<p>Life Insurance Association on December 29, 2017</p>
4. 1. 3	(iii) Customer due diligence	
4. 1. 3. 1	<p>(a) Does the offshore insurance unit (OIU) comply with the "Money Laundering Control Act," "Counter-Terrorism Financing Act," and the competent authority's requirements regarding source documents, data, or information that must be obtained or authenticated? Does it also comply with the "Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering," the "Countering Terrorism Financing Policies and Procedures," and other guidelines or rules issued by the ROC Life Insurance Association? Does the OIU properly carry out customer due diligence procedures, incorporate them into its internal controls, and include them among the focal points in its internal audits?</p>	<p>Article 16-1 of the Regulations Governing Offshore Insurance Branches</p>
4. 1. 3. 2	<p>(b) For existing customers that it already had prior to 18 August 2017, does the OIU re-perform CDD measures and re-examine their risk ratings? When the OIU has doubts about the veracity of customer information, or when it discovers that the customer has taken</p>	<p>Article 16-1 of the Regulations Governing Offshore Insurance Branches</p>

	part in a suspicious transaction, or when there is a material change in the way that the client's account is used, or when the time has come to update a customer's identity information, does the OIU immediately carry out CDD procedures and re-examine its risk rating?	
4. 1. 3. 3	(c) With regard to the source documents, data, or information that an OIU must obtain or authenticate when carrying out CDD procedures, with the exception of customer that pose relatively low ML/TF risk (for which simplified CDD measures commensurate with the lower risk factors may be adopted), check whether the OIU handles CDD for other customers in accordance with the following requirements:	Attachment to Article 16-1 of the Regulations Governing Offshore Insurance Branches
4. 1. 3. 1. 1	① For an offshore natural person, does the OIU obtain the person's full name, date of birth, nationality, address, and the type and number of his/her identification document? Does the OIU verify at least two types of identification document, e.g. valid passport, a valid government-issued photo ID, a valid government-issued photo driver's license, or other government-issued document with photo that can confirm the holder's identity, nationality, place of original residence, and place of permanent residence? Does the OIU obtain a reply letter (if necessary, depending on the customer's risk profile) which is signed personally by the customer, and which is in reply to a letter sent to the address provided by the customer? Does it make telephone inquiries, conduct on-site visits, or take other identity verification measures?	Attachment to Article 16-1 of the Regulations Governing Offshore Insurance Branches
4. 1. 3. 1. 2	② For offshore legal persons, does the OIU obtain the legal person's full name, date and	Attachment to Article 16-1 of the

	<p>jurisdiction of registration, registration number, registration address, and the address of its main place of business? Does it verify related documents (relying on an affidavit provided by the customer is not an acceptable method of verification) and confirm whether the legal person is still lawfully registered and has not been dissolved, liquidated, ordered to suspend business, or delisted? Check whether the documents verified by the OIU include the following: (i) a certificate of registration issued by the registration authority in the jurisdiction of registration; (ii) articles of incorporation; (iii) a certificate of incumbency issued within the past six months by the registered agent in the jurisdiction of registration; and (iv) a certificate of good standing that was issued in the past six months by the registration authority in the jurisdiction of registration, or is currently valid (provided, however, that this certificate need not be obtained from the customer if the certificate of incumbency expressly states that the legal person exists in good standing, or when the document was issued by the registration authority in the jurisdiction of registration, an inquiry was made about whether the legal person was lawfully registered and the inquiry result is set out in a comprehensive report that was issued within six months of date of the inquiry result). Does the OIU take steps to understand the nature of the customer's business, and obtain a list of the customer's directors and shareholders to confirm its ownership structure and control structure and identify its beneficial owners? Does the OIU obtain a reply letter (if necessary, depending on the customer's risk</p>	<p>Regulations Governing Offshore Insurance Branches</p>
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	profile) which is signed by a person authorized by the customer, and which is in reply to a letter sent to the address provided by the customer? Does it make telephone inquiries, conduct on-site visits, or take other identity verification measures?	
4.1.3.4	(d) When the OIU relies on an institution or professional (hereinafter, "intermediary") to assist in performing CDD measures for an offshore customer in accordance with the provisions of the "Regulations Governing Offshore Insurance Branches" and the "Money Laundering Control Act," or with standards not less strict than the aforesaid provisions, does the OIU help the other party to carry out CDD procedures on the offshore customer? Does it file the implementation plan and list of intermediaries with the FSC for recordation?	Paragraph 1, Article 16-2 of the Regulations Governing Offshore Insurance Branches
4.1.3.5	(e) When an intermediary assists with the conduct of CDD procedures, does it comply with or avoid violating regulatory requirements in the jurisdiction where the intermediary is located? Does the professional hold a relevant business license, and is he/she supervised by a competent authority of that jurisdiction? Is he/she required under local law in that jurisdiction to observe the CDD and records retention requirements set out in the methodology for assessing compliance with the FATF Recommendations and the effectiveness of AML/CFT Systems? Has the competent authority or an external institution in the jurisdiction where the intermediary is located rated it satisfactory, remained from downgrading it, or found it to be without material deficiency in the most recent	Paragraph 1, Article 16-2 of the Regulations Governing Offshore Insurance Branches

	<p>AML/CFT audit? Or, if a material deficiency was found, has the intermediary's deficiency been remedied (including recognition of the remedy), or has that the downgrade been reversed? If the intermediary is subsequently downgraded by a competent authority or external institution in the jurisdiction where it is located, or sanctioned by a competent authority in that jurisdiction for any material deficiency, does the OIU stop relying on that intermediary to conduct CDD until improvements by the intermediary have been recognized? Has the OIU entered into a cooperation agreement with the intermediary, specifying the scope of assistance provided for CDD measures and appropriate measures for customer data confidentiality and data preservation, and clearly assigning the rights and responsibilities of each party? Does the intermediary keep records of the assistance measures it carries out, and is it able, whenever requested by the OIU, to promptly provide any documents or information obtained when assisting in performing CDD. Does the OIU use a risk-based approach in auditing and supervising, regularly and from time to time, the intermediary's assistance in CDD measures and its use, processing, and management of customer data? (Is the OIU allowed to engage external institutions to conduct related auditing?)</p>	
4. 1. 3. 6	(f) Is the scope of intermediaries compliant with legal requirements? Check whether the people allowed to act as an intermediary are limited to the following offshore institutions or professionals: overseas branches of the domestic insurer to which the OIU belongs; overseas branches or subsidiary banks of	Paragraph 2, Article 16-2 of the Regulations Governing Offshore Insurance Branches

	<p>banking subsidiaries belonging to a subsidiary or the financial holding company to which that subsidiary belongs, or the OIU or subsidiary of an insurance subsidiary; the head office or a branch under the head office of the branch of a foreign insurance enterprise in Taiwan; the head office or a branch under the head office of the branch of a foreign insurance enterprise in Taiwan; or overseas branches or subsidiary banks and insurance subsidiaries' overseas insurance branches or subsidiaries of the bank subsidiaries under the holding companies affiliated to offshore insurance branches; and professionals such as lawyers and accountants.</p>	
4. 1. 3. 7	<p>(g) When entering into an insurance contract and conducting business, has the OIU refrained from referring its onshore customers to agencies who assist in setting up offshore companies, or from inducing or assisting onshore customers to switch their identity to non-resident status in order to enter into an insurance contract and do business with the OIU? Does the OIU take enhanced measures to understand a customer's purpose in entering into an insurance contract or engaging in business activity? Where an offshore legal-person customer has onshore individuals or legal persons among its shareholders, directors, or beneficial owners, does the OIU obtain a customer statement declaring that it did not switch to non-resident status under inducement, or in order to invest in specific products?</p>	<p>Paragraph 1, Article 16-3 of the Regulations Governing Offshore Insurance Branches</p>
4. 1. 3. 8	<p>(h) Has the OIU adopted a concrete and viable internal control system for matters relating to the establishment of insurance contracts and conduct of business? Has the OIU</p>	<p>Paragraph 2, Article 16-3 of the Regulations Governing Offshore</p>

	implemented the system after it has been reported to the board of directors for approval (in the case of a domestic insurer) or to the head office (in the case of a branch of a foreign insurance enterprise in Taiwan)?	Insurance Branches
4. 2	(2) Politically exposed persons (PEPs)	
4. 2. 1	(i) For a customer or beneficial owner who is a politically exposed person currently or previously entrusted with a prominent public function by the domestic government, a foreign government, or an international organization, as well as his or her family members and close associates, does the insurer apply a risk-based approach to the conduct of enhanced CDD measures?	Paragraph 3, Article 7 of the Money Laundering Control Act
4. 2. 2	(ii) Customer due diligence procedures for PEPs	
4. 2. 2. 1	(a) Conduct of CDD procedures: When the insurer conducts CDD procedures, does it carry out a comprehensive risk assessment? Check whether it gives due consideration to: (i) the customer (e.g. when the customer is a legal person, check its beneficial owners; when the customer is a PEP, check whether its business is highly cash-driven); (ii) transactions (e.g. check whether transactions are conventional in nature and conform to standard commercial practice or, alternatively, check whether the purpose of transactions is to disguise the true sources of funds); and (iii) geography (e.g. check the sources and destinations of funds, and check whether the customer is from a high-risk jurisdiction). If the customer is found to be a PEP, does the insurer take appropriate measures?	Q&A of Standards for Determining the Scope of Politically Exposed Persons Entrusted with Prominent Public Function, Their Family Members and Close Associates
4. 2. 2. 2	(b) When determining whether the customer is an overseas PEP, does the insurer use the risk management system to confirm the	Q&A of Standards for Determining the Scope of Politically

	customer's identity? Does the insurer conduct enhanced due diligence on overseas PEPs? For domestic PEPs, does the insurer take reasonable measures to identify their risks? How does the insurer address identified risks?	Exposed Persons Entrusted with Prominent Public Function, Their Family Members and Close Associates
4. 2. 2. 3	(c) Risk mitigation measures: Does the insurer conduct enhanced measures for overseas PEPs? For domestic PEPs assessed as high-risk, does the insurer take enhanced remedial measures?	Q&A of Standards for Determining the Scope of Politically Exposed Persons Entrusted with Prominent Public Function, Their Family Members and Close Associates
4. 2. 3	(iii) When conducting CDD, does the insurer use a self-built database or information obtained from external sources to determine whether the customer or its beneficial owners or senior managerial officers are currently or have previously been entrusted with a prominent public function by a foreign government or an international organization?	Article 10 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Subparagraph 13, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
4. 2. 3. 1	(a) If the customer and its beneficial owners are PEPs entrusted with a prominent public function by a foreign government, does the insurer treat the customer as a high-risk customer and take enhanced due diligence (EDD) measures?	Article 10 of the Regulations Governing Anti-Money Laundering of Financial Institutions

		; Item (1), Subparagraph 13, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
4. 2. 3. 2	(b) If the customer and its beneficial owners are PEPs entrusted with a prominent public function by a domestic government or international organization, does the insurer perform a risk assessment when on-boarding the customer, and re-perform one each subsequent year? For a customer determined by the insurer to be high-risk, does the insurer take EDD measures?	Article 10 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Item (2), Subparagraph 13, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
4. 2. 3. 3	(c) If a person holding a senior management position in the customer is a PEP entrusted with a prominent public function by a domestic or foreign government or international organization, does the insurer take into account the influence that such person exerts on the customer when determining whether the customer should be	Article 10 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Item (3), Subparagraph 13,

	subject to EDD measures?	Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
4. 2. 3. 4	(d) For PEPs that have been entrusted with a prominent public function by a domestic or foreign government or international organization, does the insurer take into account relevant risk factors to assess their influence, and apply a risk-based approach in determining whether they are subject to the requirements under paragraphs (a) to (c) above?	Article 10 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Item (4), Subparagraph 13, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
4. 2. 3. 5	(e) Do the aforementioned paragraphs also apply to family members and close associates of PEPs? (For more information on the scope of who qualifies as family members and close associates of PEPs, see the "Standards for Determining the Scope of Politically Exposed Persons, Their Family Members, and Close Associates.")	Article 10 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Item (5), Subparagraph 13, Article 4 of the Model Guidelines

		for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
4.2.4	(iv) After a PEP is no longer entrusted with a prominent public function, does the insurer adopt a risk-based approach in assessing his/her influence? Is the related risk assessment properly conducted? Does the assessment consider whether the PEP's previous and current function are linked in any way?	Article 5 of the Standards for Determining the Scope of Politically Exposed Persons Entrusted with Prominent Public Function, Their Family Members and Close Associates
4.2.5	(v) Do insurance companies, and post offices that conduct simple life insurance business, take reasonable measures to identify and verify whether the policy beneficiary and the beneficial owner of a life insurance policy, investment-related insurance policy, or annuity insurance policy are PEPs before paying out a benefit or cash surrender value? When high-risk circumstances are discovered, does the insurer, prior to paying out policy proceeds to PEPs, inform senior management, conduct enhanced due diligence on the whole business relationship with the policyholder, and consider making a suspicious transaction report?	Article 10 of the Regulations Governing Anti-Money Laundering of Financial Institutions ; Item (7), Subparagraph 13, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
4.3	(3) Preventing financing of terrorism and weapons proliferation	

4. 3. 1	<p>(i) Check whether the following activities are permitted with respect to individuals, legal persons, or organizations named on a sanctions list: making withdrawals, remittances, transfers, payments, deliveries or assignments related to the financial accounts, currency, or another payment instrument of the designated individual, legal person, or organization; making transfers, changes, dispositions, use of, or taking any other measures which may change the quantity, quality, value, or location of property or interests of the designated individual, legal person, or organization; collecting or providing any property or any property interests for the designated individual, legal person, or organization.</p>	<p>Paragraph 1, Article 7 of the Counter-Terrorism Financing Act</p>
4. 3. 2	<p>(ii) Check whether the insurer immediately files a report with the MOJ Investigation Bureau when it discovers any of the following circumstances in the course of operations: the insurer itself holds or manages the property or property interests of a designated individual, legal person, or organization; or places where the property or property interests of a designated individual, legal person, or organization are located.</p>	<p>Paragraph 2, Article 7 of the Counter-Terrorism Financing Act; Jin GuanYin Fa Zi No. 10600229500 letter on Octobor 6, 2017</p>
4. 3. 3	<p>(iii) With regard to the insurer's reporting on the properties or property interests and location(s) of individuals or organizations designated for sanctions, consider the following questions: Within 10 business days from the day on which it learns the facts of the case, does the insurer prepare a report, get it approved by the chief AML/CFT officer, and file it with the MOJ Investigation Bureau in a format and manner prescribed by that Bureau? In the</p>	<p>Article 12 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures;</p>

	<p>event of an obviously significant and urgent case, does the insurer file a report with the MOJ Investigation Bureau as soon as possible by fax or by other feasible means and afterwards submit a make-up report in a format and manner prescribed by that Bureau? Does the insurer produce an annual report on December 31 every year (the "annual accounting date") that states all properties or property interests which belong to individuals, organizations, or groups designated for sanctions, and which it manages or holds as of the annual accounting date? Does the insurer file the report with the MOJ Investigation Bureau for recordation by March 31 of the following year?</p>	<p>Regulations Governing Reporting on the Properties or Property Interests and Locations of Designated Sanctioned Individuals or Entities by Financial Institution</p>
4. 3. 4	<p>(iv) When an on-boarded customer or a transaction counterparty is an individual, a legal person, or an organization designated for sanctions under the "Counter-Terrorism Financing Act," or is a terrorist or terrorist group identified or investigated by a foreign government or an international organization, does the insurer file a suspicious transaction report in accordance with Article 10 of the "Money Laundering Control Act?" If that counterparty is an individual, legal person, or organization that is sanctioned under the "Counter-Terrorism Financing Act," does the insurer, from the day it becomes aware of that fact, file a report in accordance with legal requirements? If any circumstance contemplated by subparagraph 3 or 4 of paragraph 1, Article 6 of the "Counter-Terrorism Financing Act" existed with respect to the insurer before the aforesaid counterparty was sanctioned, does the insurer apply to the Counter Terrorism Financing</p>	<p>Subparagraph 15, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures</p>

	Advisory Council for permission in accordance with the applicable regulations issued upon the authority of the "Counter-Terrorism Financing Act"?	
4. 3. 5	(v) In the aspect of performance on TF work, do insurance companies take into consideration the items of scope of non-face-to-face business relationship and connection and link with customers and establish reviewing work in the relevant aspects?	Bao Ju (Zong) Zi No. 10602564110 letter on November 23, 2017
	※ Does the insurer act in a timely manner to update lists and information related to parties designated for sanctions for assisting in the development of weapons of mass destruction? Has the insurer established policies, procedures, and control mechanisms regarding proliferation financing? Does it carry out ongoing monitoring and adopt necessary measures?	Par I 1-2-1 Guideline To MAS Notice 314 ON Prevention Of Money Laundering And Countering The Financing Of Terrorism ,MAS
4. 4	(4) Review of high-risk products	
4. 4. 1	(i) Reasons why it is easy (risk factors) to use insurance policies with a high premium or high non-forfeiture value, single-premium policies, short-term policies, and annuities for money laundering: such policies are highly cash-driven, involve large sums, and the policies themselves have a high cash value and a high surrender value; quick withdrawals of non-forfeiture value, applications to take out or return a policy loan, and applications to surrender a policy can easily generate a cash flow (retrieval of funds) and be used for money laundering; fees for policy surrenders are low, which means losses are low; and there are no restrictions on purchasing or surrender policies.	Shou Hui Bo Zi No. 1041213411 letter of Life Insurance Association on December 29, 2017
4. 4. 2	(ii) Check whether the insurer takes the	Shou Hui Bo Zi No.

	<p>following measures to reduce risks (risk mitigation measures): conducts financial underwriting; carries out detailed customer due diligence, risk assessments, risk grading, and risk scoring, and conducts enhanced due diligence (financial underwriting, pre-underwriting analysis, and telephone surveys) for high-risk insurance customers; requires that policies exceeding a certain premium amount must be approved by someone at a relatively high managerial rank; imposes restrictions on payment methods (cash payments only allowed up to a certain amount), and any exceptions must be approved by someone at a relatively high managerial rank; for person-not-present transactions or transactions that raise money laundering red flags, the insurer pays special attention, the relevant operating unit is required to conduct enhanced due diligence, and ongoing monitoring is carried out; uses routine transaction monitoring mechanisms to identify money laundering typologies and investigate cash flows connected with transaction activity that matches such typologies.</p>	1041213411 letter of Life Insurance Association on December 29, 2017
4.5	(5) Review of matters for attention during underwriting	
4.5.1	(i) When an individual buys insurance, does the solicitor ask for ID documents (e.g. national ID card, passport, driver's license, or other documents sufficient to prove identity) from both the proposer and the insured, or record the relevant information therein? Does the solicitor also make an inquiry with relevant domestic or foreign organizations or use a self-built database to determine whether the customer is a PEP? Does it adopt appropriate	Sub-item A, Item (1), Subparagraph 14, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing

	<p>management measures and conduct periodic reviews? If the assessment result shows any signs of money laundering or terrorist financing, does the solicitor retain the records or vouchers on transactions and file an STR with the MOJ Investigation Bureau? When a legal person is applying for insurance, does the solicitor obtain the legal person's certificate of registration, legitimate proof of the authority of the person purporting to act on behalf of the customer (such as a business license, other incorporation or license of registration, etc.), identification documents, and data or information on the holding or controlling beneficial owner of the legal person, or record the information thereon? Does solicitor make a remark on the solicitation report after verifying the identification information on the insurance application form?</p>	Policies and Procedures
4.5.2	(ii) At the time of underwriting, does the underwriter carefully review the application forms filled out by the applicant or the insured to ensure that the information on the parties in the solicitation report is true? If necessary, does the underwriter request an "alive and well" check and submit the findings of the check for recordation? When a legal person applies for insurance, does the underwriter take reasonable measures to understand the nature of its business, the beneficial owner(s), and the control structure, and retain relevant documents and information?	Sub-item B, Item (1), Subparagraph 14, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
4.5.3	(iii) In addition to identification card and license of registration, is a second identification document requested if necessary to verify the customer's identity? (Is the second identification document sufficient to identify	Sub-item C, Item (1), Subparagraph 14, Article 4 of the Model Guidelines for Life Insurance

	the customer? Can a name list issued by a government agency, school, or organization also be used as a second identification document if it can confirm a party's identity?) If a party refuses to provide a second identification document, does the insurer decline the application, or wait until confirmation of identity before processing the application?	Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
4. 5. 4	(iv) When an agent applies for insurance coverage on behalf of a customer, does the insurer duly verify that the person purporting to act on behalf of the customer is so authorized, duly identify and verify the identity of that person, and retain photocopies of the agent's identity documents or record the relevant information therein?	Sub-item D, Item (1), Subparagraph 14, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
4. 6	(6) Post-underwriting review of customer information	
4. 6. 1	(i) When the customer of a jumbo case (defined by each company at its own discretion) exercises the right of revocation and asks for refund of premium paid, does the insurer initiate a special inquiry to verify the identity and the motive of the customer to prevent money laundering or terrorist financing activities?	Sub-item A, Item (3), Subparagraph 14, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
4. 6. 2	(ii) Does the insurer, if necessary, communicate via telephone, letters, or other means to understand an individual customer's	Sub-item B, Item (3), Subparagraph 14, Article 4 of the

	occupation and residence or a legal person customer's business location and business nature, and retain the information?	Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
4. 6. 3	(iii) When a customer applies for a policy loan, amends a policy—e.g. changes the premium-payment method, the applicant, or the beneficiary—or surrenders a policy, if an irregularity arises in connection therewith, does the insurer closely scrutinize the situation and conduct an examination?	Sub-item C, Item (3), Subparagraph 14, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
4. 6. 4	(iv) When a policy amendment is made by an agent, does the insurer duly verify that the person purporting to act on behalf of the customer is so authorized, duly identify and verify the identity of that person, and retain photocopies of the agent's identity documents or record the relevant information therein?	Sub-item D, Item (3), Subparagraph 14, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
4. 7	(7) Review of insurance benefit payout rules	
4. 7. 1	(i) Does the insurer verify the identity of the beneficiary(ies) of a life insurance policy, investment-linked insurance policy, or annuity insurance policy when benefits are paid out?	Sub-item A, Item (4), Subparagraph 14, Article 4 of the Model Guidelines

		for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
4.7.2	(ii) When paying out insurance proceeds, does the insurer review the flow of funds if any suspicion arises? If the beneficiary requests to cancel a prohibition on endorsement and transfer of the check, does the insurer take steps to understand the motive, and make appropriate notes?	Sub-item B, Item (4), Subparagraph 14, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
4.7.3	(iii) Where a beneficiary is switched, does the insurer check for any irregularity in the process?	Sub-item C, Item (4), Subparagraph 14, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
4.7.4	(iv) Does the insurer check the party to whom insurance benefits are paid to see whether there is anything unusual or unreasonable regarding the amount received or the recipient's occupation or identity?	Sub-item D, Item (4), Subparagraph 14, Article 4 of the Model Guidelines for Life Insurance Enterprises'

		Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
4.7.5	(v) When an agent files a claim on behalf of a customer, does the insurer duly verify that the person purporting to act on behalf of the customer is so authorized? Does it duly identify and verify the identity of that person, and retain photocopies of the agent's identity documents or record the relevant information therein?	Item (4), Subparagraph 14, Article 4 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
4.8	(8) Review of business solicitation by insurance brokerages or agencies	
4.8.1	(i) In joint-promotion distribution agreements, cross-selling agreements, insurance agency agreements, or insurance broking agreements with insurance agencies or insurance brokerages, does the insurer stipulate that the insurance agency or insurance brokerage must observe AML/CFT regulations and cooperate with the insurer in the collection or verification of customer identification data?	Article 19 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures
4.8.2	(ii) Does the insurer require the insurance agency or insurance brokerage to fully cooperate on AML/CFT matters during business solicitation, and confirm the latter's cooperation?	Article 19 of the Model Guidelines for Life Insurance Enterprises' Anti-Money Laundering and Countering Terrorism Financing Policies and Procedures

		Policies and Procedures
4. 8. 3	(iii) When the insurer enters into a business contract or an agency contract with an insurance broker or an insurance agent, or when the insurer enters into a labor services contract with an insurance solicitor, does the contract expressly require the other party (including employees thereof) to observe anti-money laundering regulations and meet certain training requirements? Does the contract set out penalties for breach of contract?	Jin Guan Bao Li Zi No. 09902652791 letter on September 9, 2010