

# **THE INSURANCE COMMISSION**

## **EXAMINATION FORM**

### **INSURANCE COMPANIES**

All companies or persons dealing in insurance, and life assurance business in particular, in The Bahamas are subject to Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) legislations, which include submitting to examinations by virtue of Section 3 (1)(b) and Section 3(1)(j)(iv)(v) of the Financial Transactions Reporting Act, Chapter 368. These include:

“a company carrying on life assurance business as defined in Section 2 of the Insurance Act or insurance business as defined in section 2 of the External Insurance Act, Chapter 348”;

Or

“any person whose business or a principal part of whose business consists of ...dealing in life assurance policies”;

Or

“any person whose business or a principal part of whose business consists of....investment related insurance and money changing”.

The Insurance Commission is responsible for the management and administration of the AML/CFT examination process for all insurance companies.

**THE INSURANCE COMMISSION**

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Charlotte House  
Shirley Street  
P.O. Box N-4844  
Nassau, Bahamas

**Instructions**  
Please read all instructions carefully before completing this form

**What is the purpose of this form?**

The purpose of this form is to assess the level of compliance of financial institutions with the requirements of Bahamian AML/CFT laws and rules.

**Who should complete this form?**

This form may be used by the Insurance Commission and Auditors duly appointed to act as agents of the Commission in the conduct of on-site Examinations. This form may also be used by a senior staff member of a financial institution for the purpose of an off-site examination is required.

**Please indicate below the type of examination to be conducted:**

**Insurance Commission Examiner**

Follow-up On-Site Examination

Random On-Site Examination

Special On-Site Examination

**Appointed Auditor**

Routine On-Site Examination

**Authorized Senior Staff Member of Financial Institution**

Routine Off-Site Examination

If this is an Off-Site, please state the name and position of person completing the form

\_\_\_\_\_  
Name

\_\_\_\_\_  
Position

**Notes to the Examiner**

1. Examiners are reminded that all examinations are risk-based. The examination **should not** be completed if the financial institution has not categorized its facilities into high and low risk for money laundering and terrorist financing. Please advise the Commission of this immediately.
2. The following facilities are exempted from Know Your Customer (KYC) verification and should not be included in the records examined:
  - (i) a facility in connection with a pension scheme taken out by virtue of a person's contract of employment or occupation;
  - (ii) a facility of which a premium is payable in one installment of an amount **not exceeding** \$2,500;
  - (iii) a facility of which a periodic premium is payable and where the total in respect of any calendar year **does not exceed** \$2,500.
3. Examination forms should be type-written and returned to the Insurance Commission within ten (10) working days subsequent to the completion date of the examination.
4. **The examination year follows the calendar year commences 1<sup>st</sup> January and ends 31<sup>st</sup> December of the same year.**
5. Definition of key terms on the examination form can be found on page 8 of this form and a sample guide can be found on page 9.



<p style="text-align: center;"><b>PART II:</b></p> <p><b>RISK-BASED CUSTOMER VERIFICATION PROCEDURES AND RECORDS</b></p>	<p style="text-align: center;"><b>Points Scored</b> (for Commission use only)</p>
<p>11. Are there policies and procedures that categorize facilities into <u>high</u> and <u>low</u> risk for money laundering showing the criteria used for such categorization?</p> <p style="text-align: center;">Yes    <input type="radio"/>                      No    <input type="radio"/></p> <p><i>If the answer to Question 11 above is "No", the examiner should <u>not</u> proceed with the examination. The financial institution should categorize its facilities into either "high" or "low" risk for money laundering.</i></p>	<p>11.</p> <p style="text-align: center;">_____</p>
<p>12. Total number of facilities on record <span style="float: right;"><input type="text"/></span></p> <p>Total number of facilities subject to KYC verification <span style="float: right;"><input type="text"/></span></p> <ul style="list-style-type: none"> <li>• Number of high risk facilities <span style="float: right;"><input type="text"/></span></li> <li>• Number of low risk facilities <span style="float: right;"><input type="text"/></span></li> </ul>	
<p>13. Total number of facilities examined<sup>1</sup> <span style="float: right;"><input type="text"/></span></p> <ul style="list-style-type: none"> <li>• Number of high risk facilities <span style="float: right;"><input type="text"/></span></li> <li>• Number of low risk facilities <span style="float: right;"><input type="text"/></span></li> </ul>	
<p>14. Has each facility holder for the facilities examined been verified in compliance with the financial institution's policies and procedures for customer verification?</p> <p style="text-align: center;">Yes    <input type="radio"/>                      No    <input type="radio"/></p>	<p>14.</p> <p style="text-align: center;">_____</p>
<p>15. What number and percentage of facilities examined <u>did not</u> comply with question 14?</p> <p style="text-align: center;">#    <input type="text"/>                                      %    <input type="text"/></p>	<p>15.</p> <p style="text-align: center;">_____</p>
<p>16. Please indicate how many large cash transactions* have been conducted by a facility holder or a <u>non-facility holder</u> during the current examination period.</p> <p style="text-align: right;"><input type="text"/></p>	

<sup>1</sup> The sample of facilities examined should only be taken from financial transactions conducted within the last five years.

\*A **large cash transaction** refers to any cash transaction in excess of \$15,000 (see Definitions on page 58).

		Points Scored (for Commission use only)
17. What percentage of transactions in question 16 were verified in accordance with the financial institution's AML/CFT policies and procedures?	<input type="text"/>	17. _____
18. What percentage of transactions identified in question 16 relied upon confirmation letters that verification had been carried out by another financial institution?	<input type="text"/>	
<b>PART III: TRANSACTIONS RECORD KEEPING PROCEDURES</b>		
19. What is the aggregate number and percentage of the facilities examined that did not have all transaction records as required by Section 23 of the FTRA?	# <input type="text"/> % <input type="text"/>	19. _____
<b>PART IV: SUSPICIOUS TRANSACTIONS REPORTING PROCEDURES</b>		
20. Name of Money Laundering Reporting Officer (MLRO)	_____	20. _____
21. Has he/she confirmed he/she is aware of his/her responsibilities under the FI(TR)R, Chapter 367?	Yes <input type="radio"/> No <input type="radio"/>	21. _____
22. Is the MLRO registered with the FIU? Yes <input type="radio"/> No <input type="radio"/> If "Yes", what is the date of registration?	_____	22. _____
23. Name of Compliance Officer, if different from MLRO	_____	

	Points Scored (for Commission use only)
<p>24. Has the Compliance Officer confirmed that he/she is aware of his/her responsibilities under the FI(TR)R, Chapter 367?</p> <p style="text-align: center;">Yes <input type="radio"/>                      No <input type="radio"/></p>	<p>24.</p> <p>_____</p>
<p>25. How many suspicious transactions reports have been made to the MLRO during this examination period?</p> <p style="text-align: right;"><input type="text"/></p>	
<p>26. How many suspicious transactions reports have been made to the FIU during this current examination period?</p> <p style="text-align: right;"><input type="text"/></p>	
<p><b>PART V:</b></p> <p><b>TRAINING AND STAFF AWARENESS PROCEDURES</b></p>	
<p>27. Is there a policy manual for AML/CFT staff training?</p> <p style="text-align: center;">Yes <input type="radio"/>                      No <input type="radio"/></p> <p>If "Yes", please attach a copy of the manual.</p>	<p>27.</p> <p>_____</p>

	Points Scored (for Commission use only)
<p>28(a). Has any staff participated in AML/CFT training sessions conducted either locally or abroad during the examination period?</p> <p style="text-align: center;">Yes <input type="radio"/> No <input type="radio"/></p> <p>28(b). Does company conduct AML/CFT training for its intermediaries (i.e. agents, brokers, subagents, and salespersons)?</p> <p style="text-align: center;">Yes <input type="radio"/> No <input type="radio"/></p> <p>28(c) Does company conduct AML/CFT training for its Board of Directors?</p> <p style="text-align: center;">Yes <input type="radio"/> No <input type="radio"/></p> <p>If "Yes", please attach list of venue(s), participant(s) and dates(s) in Part VI General Comments.</p>	<p>28.</p> <p>_____</p> <p>_____</p>
<p>29. Do the Insurance Commission's Guidelines form part of the AML/CFT training and awareness procedures for staff?</p> <p style="text-align: center;">Yes <input type="radio"/> No <input type="radio"/></p>	<p>29.</p> <p>_____</p>
<p>30. Do internal AML/CFT compliance reviews take place?</p> <p style="text-align: center;">Yes <input type="radio"/> No <input type="radio"/></p>	<p>30.</p> <p>_____</p>
<p>31. What is the frequency of such reviews?</p>	<p>31.</p> <p>_____</p>

**PART VI**

**GENERAL COMMENTS**

*Please attach additional information if space is not sufficient)*

Examination Date   
Day/Month/Year

Examination Period    
Day/Month/Year to Day/Month/Year

Name of Examiner \_\_\_\_\_  
(Print)

Signature of Examiner



## DEFINITION TERMS

**The terms are defined for the purposes of this Examination as follows:**

“**AML**” refers to anti-money laundering

“**Cash**” refers to coins, paper money, travelers’ cheques, postal money orders and other similar bearer type negotiable instruments.

“**CFT**” means combating the financing of terrorism

“**Facility**” refers to any account or arrangement that is provided by a financial & corporate service provider to a client and by, through or with which the client may conduct two or more transactions whether or not they are so used. A facility also specifically includes: provision of facilities for safe custody, such as safety deposit boxes; investment related products, such as annuities and mortgages.

“**Facility Holder**” refers to the client and any person who is authorized to issue instructions in relation to how transactions should be conducted through a facility, provided by the financial & corporate service provider.

“**Large Cash Transaction**” refers to any cash transaction of \$15,000 or more that is conducted by a facility holder or a non-facility holder; in relation to any facility held by an insurer. Examples of this may be where:

- A facility holder pays a sum in cash in excess of \$15,000 to the insurer to be applied for the benefit of himself or
- Where a facility holder pays a sum in cash of \$15,000 to the insurer to be applied for the benefit of non-facility holder or
- Where a facility holder pays a sum in cash in excess of \$15,000 to the insurer to be applied for the benefit of another facility holder or;
- Where a non-facility holder pays a sum in cash in excess of \$15,000 to the insurer to be applied for the benefit of a facility holder.

“**ML/TF**” means Money Laundering and Terrorism Financing

“**FCSP**” refers to a licensed Financial and Corporate Service Provider

“**FCSPA**” refers to the Financial and Corporate Service Providers Act, Ch. 369

“**FTRA**” refers to the Financial Transactions Reporting Act, Ch. 368

“**FTRR**” refers to the Financial Transactions Reporting Regulations, Ch. 368

“**FIU**” refers to the Financial Intelligence Unit.

“**FI(TR)R**” refers to the Financial Intelligence (Transactions Reporting) Regulations Ch. 367

“**Intermediaries**” refers to a broker, agent, subagent or salesperson

“**Transaction**” refers to any deposit, withdrawal, exchange or transfer of funds in cash, by cheque, payment order or other instrument, and includes electronic transmissions of funds.



**THE INSURANCE**  
**COMMISSION**  
**Supervision Unit**

**SAMPLING GUIDE**

This guide is for the specific use of examiners performing anti-money laundering and combating the financing of terrorism examinations on behalf of the Insurance Commission.

The examiner should use this guide to determine the number of facilities that should be examined during an examination, given the total number of facilities managed by a financial institution.

<b># OF FACILITIES</b>	<b>PERCENTAGE</b>	<b>MINIMUM/MAXIMUM NUMBER EXAMINED</b>
1-50	30%	3/15
51-100	25%	12/25
101-200	20%	20/40
201-300	15%	30/45
301-500	10%	31/50
501-700	6%	35/49
701-1,000	6%	42/60
1,000-1,500	5%	50/75
1,501-2,000	4%	60/80
2,001-5,000	2%	40/100
5,001-10,000	1%	50/100
10,001-25,000	.5%	50/125
>25,000	.25%	*