



THE INSURANCE COMMISSION OF THE BAHAMAS

EXAMINATION FORM

INSURANCE COMPANIES

All companies or persons dealing in life insurance and investment-related business, in particular in The Bahamas are subject to Anti-Money Laundering (AML), Combating the Financing of Terrorism (CFT) and Proliferation Financing (PF) legislation, which include submitting to examinations by virtue of Section 3 (1)(b) and Section 3(1)(h)(iv) and (v) of the Financial Transactions Reporting Act, 2018. These include:

“a company carrying on long term insurance 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 such other business as the Minister may designate by notice published in the Gazette...”;

Or

“any person whose business or a principal part of whose business consists of ...dealing in life insurance, and insurance business which is investment related”;

Or

“any person whose business or a principal part of whose business consists of...providing financial services that involve...investment related insurance and money changing”.

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

THE INSURANCE COMMISSION OF THE BAHAMAS

First Floor, North Building
Poinciana House
31A East Bay 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/PF laws and rules.

Who should complete this form?

This form may be used by the Insurance Commission and Independent Auditors approved 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.

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

Approved 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 low, medium and high risk for money laundering and terrorist financing. A copy of the institutions risk assessment should be available for review. Please advise the Commission immediately if an assessment and categorization of risks has not been completed.
2. Facilities in connection with a pension scheme taken out by virtue of a person’s contract of employment or occupation are exempted from Know Your Customer (KYC) verification and should not be included in the records examined. All other facilities are to be examined.
3. Upon completing the examination form, the examining accountant must immediately submit the completed examination form to the Insurance Commission of The Bahamas no later than four (4) months after the financial year end.
4. **The examination year follows the calendar year commences 1st January and ends 31st December of the same year.**
5. Definition of key terms on the examination form can be found on page 11 of this form and a sampling guide can

be found on page 12.

6. Persons should refer to the sampling guide when determining the amount of facilities to be examined.

<p style="text-align: center;">PART II:</p> <p>RISK-BASED CUSTOMER VERIFICATION PROCEDURES AND RECORDS</p>	<p style="text-align: center;">Points Scored (for Commission use only)</p>
<p>11.(a) Does the company have a documented risk assessment?</p> <p style="text-align: center;">Yes <input type="radio"/> No <input type="radio"/></p> <p>(b) Has the company categorized facilities into Low, Medium and High risk for money laundering and terrorist financing 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 you have answered "No" to any of the Questions above, the examiner should not proceed with this examination. The financial institution should now categorize its facilities into either "Low", "Medium" or "High" risk for money laundering or terrorist financing.</i></p>	<p>11.</p> <p>_____</p>
<p>12. Total number of facilities on record <input type="text"/></p> <p>Total number of facilities subject to KYC verification <input type="text"/></p> <ul style="list-style-type: none"> • Number of Low risk facilities <input type="text"/> • Number of Medium risk facilities <input type="text"/> • Number of High risk facilities <input type="text"/> 	
<p>13. Total number of facilities examined¹ <input type="text"/></p> <ul style="list-style-type: none"> • Number of Low risk facilities <input type="text"/> • Number of Medium risk facilities <input type="text"/> • Number of High risk facilities <input type="text"/> 	
<p>14. (a) Has each facility holder examined been verified in compliance with the financial institution's policies and procedures for customer identification and verification?</p> <p style="text-align: center;">Yes <input type="radio"/> No <input type="radio"/></p> <p>(b) Was enhanced due diligence carried out on any of the facility holders examined?</p> <p style="text-align: center;">Yes <input type="radio"/> No <input type="radio"/></p>	

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

	Points Scored (for Commission use only)
<p>15. What number and percentage of facilities examined did not comply with question 14(a)?</p> <p># <input type="text"/> % <input type="text"/></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>Facility holder <input type="text"/></p> <p>Non-facility holder <input type="text"/></p> <p><i>*A large cash transaction refers to any cash transaction in excess of \$15,000 (see Definitions on p. 11).</i></p>	
<p>17. What percentages in question 16 were verified in accordance with the financial institution's AML/CFT policies and procedures?</p> <p>Facility holder <input type="text"/></p> <p>Non-facility holder <input type="text"/></p>	<p>17.</p> <hr/>
<p>18. What percentage of transactions identified in question 16 relied upon confirmation letters that verification had been carried out by another financial institution?</p> <p><input type="text"/></p>	
<p>19. Is the CDD and KYC information of the facilities examined, kept accurate and up to date?</p> <p>Yes <input type="radio"/> No <input type="radio"/></p> <p>If yes, how often is the information updated?</p> <p>_____</p>	<p>19.</p> <hr/>
<p>20. What number and percentage of facilities examined in question 19 were up to date in relation to the CDD and KYC information?</p> <p># <input type="text"/> % <input type="text"/></p>	<p>20.</p> <hr/>

PART III:

TRANSACTIONS RECORD KEEPING PROCEDURES

21 (a). What is the aggregate number and percentage of the facilities examined that **did not** have all transaction records as required by Section 15 of the FTRA?

%

21(b). Are transaction records in written format, or in a form readily accessible and convertible to the English Language?

Yes No

21.

PART IV:

SUSPICIOUS TRANSACTIONS REPORTING PROCEDURES

22. Name of Money Laundering Reporting Officer (**MLRO**)

23. Name of Compliance Officer (**CO**)

24. In respect of questions 22 and 23, has he/she confirmed he/she is aware of his/her responsibilities under the FTRA, 2018 and FI(TR)R, Chapter 367?

Yes No

24.

25. Is the MLRO registered with the FIU? Yes No

If "Yes", what is the date of registration? _____

25.

26. Has the Compliance Officer been approved by the Commission?

Yes No

26.

27. How many suspicious transactions reports have been reported to the MLRO during this examination period?

27.

	Points Scored (for Commission use only)
28. Of the number of suspicious transactions reports made to the MLRO during this examination period, how many did not warrant making a report to the FIU after the internal review/investigation? <div style="text-align: right; margin-right: 50px;"><input type="text"/></div>	
29. How many suspicious transactions reports have been made to the FIU during this current examination period? <div style="text-align: right; margin-right: 50px;"><input type="text"/></div>	
PART V: TRAINING AND STAFF AWARENESS PROCEDURES	
30. Is there a policy manual for AML/CFT staff training? Yes <input type="radio"/> No <input type="radio"/> If "Yes", please attach a copy of the manual.	30. _____
31(a). Has any staff participated in AML/CFT training sessions conducted either locally or abroad during the examination period? Yes <input type="radio"/> No <input type="radio"/> 31(b). Does company conduct AML/CFT training for its intermediaries (i.e. agents, brokers, subagents, and salespersons)? Yes <input type="radio"/> No <input type="radio"/> 31(c). Does company conduct AML/CFT training for its Board of Directors? Yes <input type="radio"/> No <input type="radio"/> Please attach list detailing venue(s), participant(s) and dates(s).	31. _____ _____ _____
32. Do the Insurance Commission's Guidelines form part of the AML/CFT training and awareness procedures for staff? Yes <input type="radio"/> No <input type="radio"/>	32. _____

DEFINITION TERMS

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

AML	Anti-money laundering
Cash	Notes and coins in any currency including postal orders, cheques of any kind including traveler's cheques, bankers' drafts, bearer bonds, bearer shares and virtual currency, coins, paper money, traveler's cheques, postal money orders and other similar bearer-type negotiable instruments.
CFT	Combating the financing of terrorism
Facility	Any account or arrangement that is provided by a financial and 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	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 and 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 <u>non-facility holder</u> ; in relation to any facility held by an insurer. Examples of this may be where: <ul style="list-style-type: none"> • 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 • A facility holder pays a sum in cash in excess of \$15,000 to the insurer to be applied for the benefit of a non-facility holder; or • 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 • 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	Money Laundering and Terrorism Financing
PF	Proliferation Financing
FCSP	A licensed Financial and Corporate Service Provider
FCSPA	The Financial and Corporate Service Providers Act, Ch. 369
FTRA	The Financial Transactions Reporting Act, 2018
FTRR	The Financial Transactions Reporting Regulations, 2018
FIU	The Financial Intelligence Unit
FI(TR)R	The Financial Intelligence (Transactions Reporting) Regulations, Ch. 367
Intermediaries	A broker, agent, sub-agent or salesperson
Transaction	Any deposit, withdrawal, exchange or transfer of funds in cash, by cheque, payment order or other instrument, and includes electronic transmissions of funds.

INSURANCE COMMISSION OF THE BAHAMAS

SAMPLING GUIDE

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

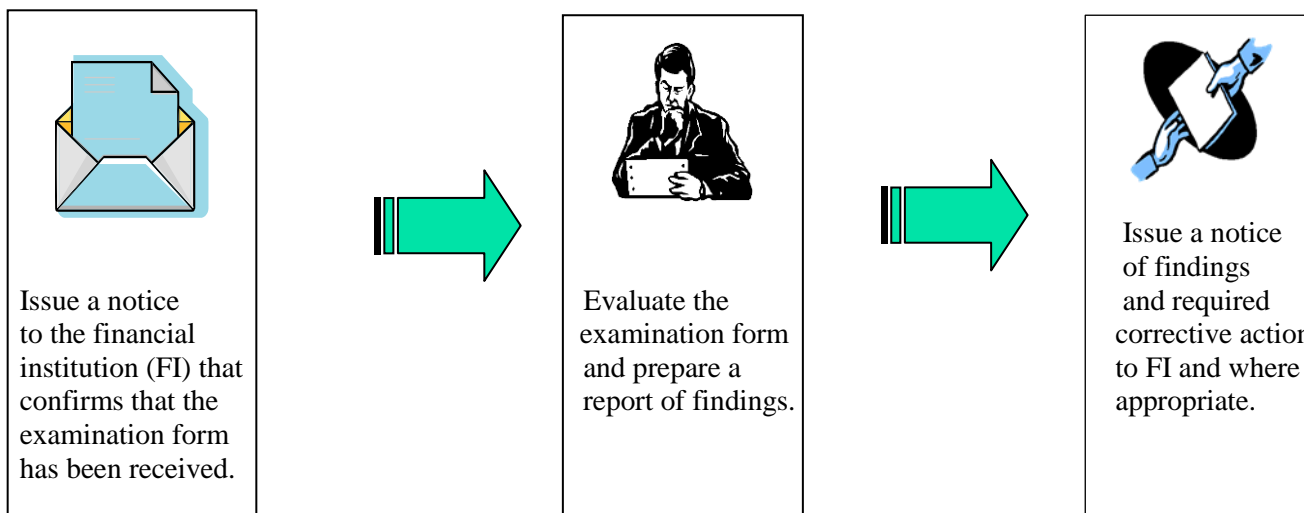
The examiner should ensure that the majority of facilities examined should be from the medium and high risk categories.

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.

# OF FACILITIES	PERCENTAGE	MINIMUM / MAXIMUM NUMBER EXAMINED
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%	*

INSURANCE COMMISSION **EVALUATION PROCESS FOR EXAMINATIONS**

When an auditor has completed an examination of a financial institution/insurance company, the auditor is required to submit the examination form to the Insurance Commission (the Commission). The Commission will then:



After an AML/CFT/PF examination form is completed, the Commission’s Examiners evaluate the financial institution’s level of compliance by assigning a score to specific questions on the form. FIs that score points of 95% to 100% are given a rating of “Good” while FIs that score less than 80% are given a rating of “Very Poor”. The table below illustrates the rating system for examinations.

Rating System for Examinations

Rating	Good	Acceptable	Poor	Very Poor
% Points	95% -100%	90%-94%	80%-89%	< 80%

Examinations which are rated ‘**Poor**’ or ‘**Very Poor**’ reveal that a financial institution is not in compliance with AML/CFT/PF laws. Poorly rated financial institutions are informed about their specific deficiencies and a follow-up examination is arranged to address the weak areas.

During a follow-up examination, the financial institution is given advice on corrective action that must be taken to bring the institution in full compliance with AML/CFT/PF laws. The entire follow-up process is completed after all plans for corrective action are discussed and executed by the financial institution.