ANTI MONEY LAUNDERING

AML Framework

- The Prevention of Money Laundering Act (PMLA), 2002 brought into force with effect from 1st July 2005, is applicable to all financial institutions

- The application of anti-money laundering measures to insurance companies in particular, has been emphasised by international regulatory agencies

- Establishment of anti money laundering programs by financial institutions is one of the central recommendations of the Financial Action Task Force (FATF) and also forms part of the Insurance Core Principles of the International Association of Insurance Supervisors (IAIS)

- Accordingly, Insurance Regulatory and Development Authority of India (IRDAI) has set out guidelines to the Insurers and Intermediaries as part of an Anti Money Laundering Program for the insurance sector

Regulations On AML

Prevention of Money Laundering (ML) Act, 2002 (with effect from July 15, 2005) which is amended from time to time:

- Whosoever directly or indirectly
- Attempts to indulge
- Knowingly assists or knowingly is a party (“willful blindness” or “deliberate indifference”)
- Actually involved
- In any process or activity
- Connected with turning proceeds of crime into white money (veil of legitimacy)

ML is not fraud – fraud requires a loss, ML is about the nature and source of the funds

Money Laundering – Introduction

- The Prevention of Money Laundering Act, 2002 (PMLA) enacted to prevent money laundering and provide for confiscation of property derived from, or involved in, money laundering
  - Enacted on 17th Jan, 2003
  - Brought into force from 1st July, 2005
- However the subject of money laundering has gained increasing relevance in the recent times
- Criminals including terrorists use techniques and tools of money laundering to sustain and finance their operations
- Money laundering - a global problem
- Report of International Monetary Fund (IMF) - the aggregate size of money laundering in the world could be somewhere between two and five percent of the world’s Gross Domestic Product (GDP)

Money Laundering – Definition

- Any act or attempted act to disguise the source of money or assets derived from unethical / illegal activities
- Process to turn ‘dirty money’ into ‘clean money’ through a series of financial transactions so that origins of the funds becomes obscure
- Money can be obtained illegally/ unethically from various activities like drug trafficking, terrorism, organized crime and fraud
- Benami Accounts are the root cause of money laundering and black money layering in the economy via financial system

Stages Of Money Laundering

STAGE 3 - INTEGRATION:

Laundered funds are made available as apparently legitimate funds

STAGE 2 - LAYERING:

Use of multiple accounts, banks, trust, intermediaries, countries to disguise the origin

STAGE 1 - PLACEMENT:

Illegal funds or assets are first brought into the financial system

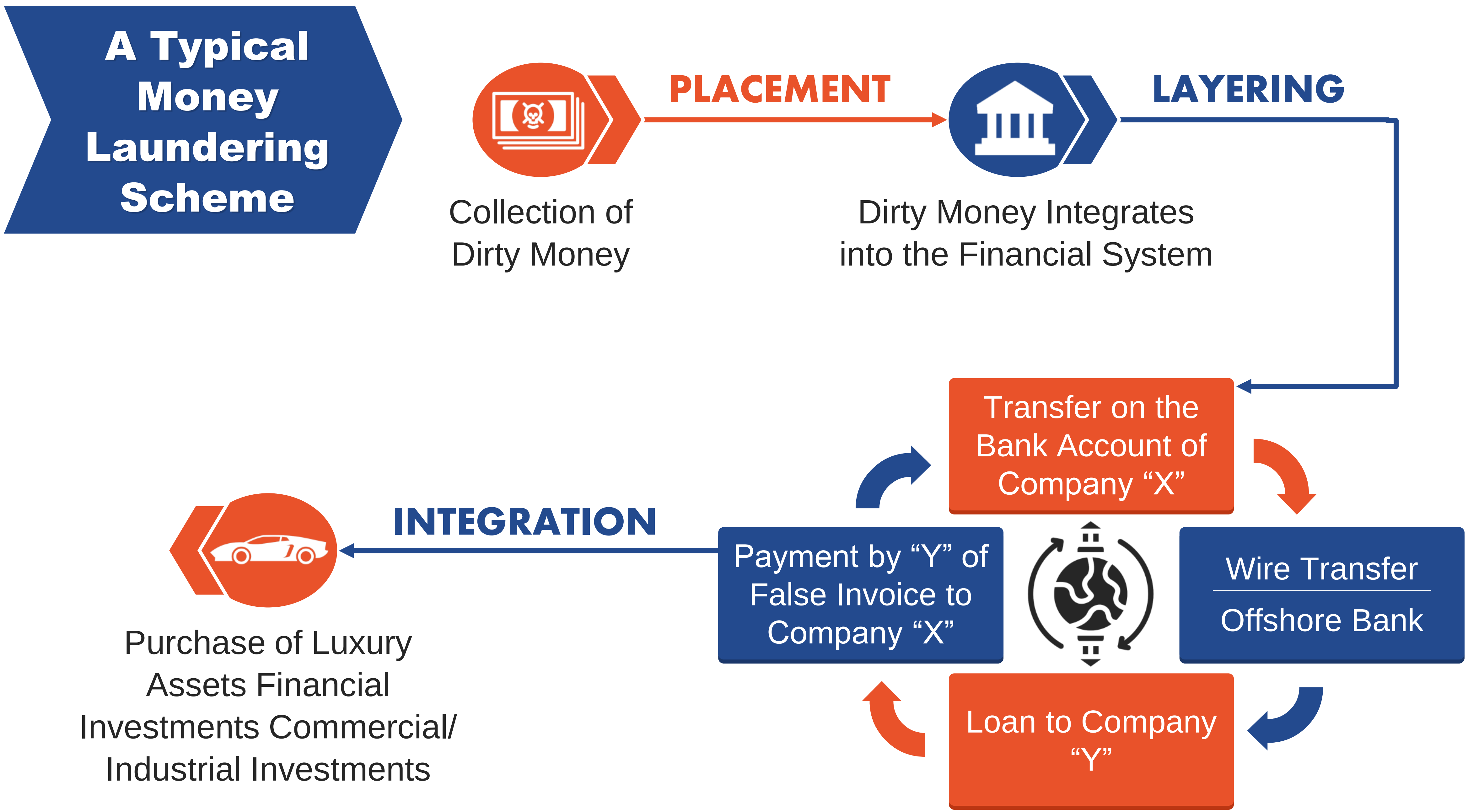
Three Stages Of Money Laundering

PLACEMENT of proceeds derived from illegal activities – the movement of proceeds, from the scene of the crime to a place, or into a form, less suspicious and more convenient for the criminal

LAYERING involves the separation of proceeds from illegal source through the use of complex transactions designed to obscure the audit trail and hide the proceeds. The criminals frequently use shell corporations, offshore banks or countries with loose regulation and secrecy laws for this purpose

INTEGRATION represents the conversion of illegal proceeds into apparently legitimate business earnings through normal financial or commercial operations. Integration creates the illusion of a legitimate source for criminally derived funds and involves techniques as numerous and creative as those used by legitimate businesses

How Money Laundering Works



Sources Of Illegal Money

Money laundering generally refers to ‘washing’ of the proceeds or profits generated from :

1. Drug trafficking
2. People smuggling
3. Arms, antique, gold smuggling
4. Prostitution Rings
5. Financial frauds
6. Corruption, or
7. Illegal sale of wild life products and other specified predicate offences

AML Program

EVERY INSURER :

- Should have Board approved Internal Policies, Procedures & controls
- Appoint a Principal compliance officer & Designated Director
- Train employees, agents & Sales Force on AML
- Report transactions to FIU-IND
- Retain specified records for 5 years
- Have Internal Control/Audit
- Periodic review of the program.

Aim Of AML Program

- Prevent our business channels / products / services from being a conduit for money laundering

- Mitigate risk by preventing, detecting and reporting any suspicions of money laundering to the appropriate authorities

- Report / assist / cooperate with law enforcement agencies to investigate and track money launderers

- Protect company’s reputation and brand equity

- Educate & train sales staff and agents

Insurance Industry – Money Laundering

- IRDAI has issued Master circular on AML & CFT dated 1st August, 2022 effective from 1st November, 2022.
- Money Launders may use insurance companies as conduit
- Insurers offer a variety of products aimed at transferring the financial risk of a certain event from the insured to the insurer
- These products include life insurance, annuity, non-life insurance and health insurance contracts
- These products are offered to the public through trained agents of the insurance companies and also through a number of alternate distribution channels like Direct Sales Force , Bancassurance etc

IRDAI Guidelines On AML Program

AML PROGRAM :

To detect possible attempts of money laundering or financing of terrorism, every insurer needs to have an AML program which should, at a minimum, include :

1. Internal policies, procedures, and controls
2. Appointment of a Principal Compliance Officer & Designated Director
3. Recruitment and training of employees/ agents
4. Internal Control/ Audit

Our Duty As Insurers

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01 Statutory duty to make disclosures of suspicious transactions

02 Such disclosures are protected by law – we can disclose without any fear

03 Does not amount to breach of confidentiality owed to our customers

AML Compliance Program

AML COMPLIANCE PROGRAM

- 01 Risk Identification & Assessment
- 02 Customer Due Diligence
- 03 Enhanced Due Diligence
- 04 Internal Oversight and Governance
- 05 Anti-Money Laundering Program
- 06 Transaction Monitoring
- 07 Employee Due Diligence
- 08 Awareness and Training
- 09 Suspicious Activity Investigation and Reporting

Controls Under AML

- Documenting sources of funds – one of the requirements under detailed due diligence requirements
- Premium remittances in cash beyond Rs. 10 Lakh – by a ‘single remitter ’ in a month to be reported to FIU-IND
- Receipt of premium payments from 3rd parties
- Checks on assignment of policies to third parties (Except where the assignee is not govt./ regulated authority)
- Monitor Frequent Freelook cancellation
- Monitor high premium

What Is A Suspicious Transaction?

Suspicious transaction means a transaction whether or not made in cash which, to a person acting in good faith.

- Gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
- Appears to be made in circumstances of unusual or unjustified complexity; or
- Appears to have no economic rationale or bonafide purpose

Suspicious Transactions Reports (STR)

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Illustrative list of Suspicious Transactions :

1. Customer (including assignees where applicable) /beneficiaries /legal heirs/ life assured/ Nominee/ Beneficial Owner (wherever applicable) whose identity matches with any person whose name figures in the list of designated individuals and entities
2.Cash transactions or demand drafts under Rs.50,000/-towards premium, top-ups, etc.
3 (a) Multiple free look cancellations
3(b) Single policy free look cancellation
4 (a) Assignment or attempts made to assign policies to unrelated parties without consideration or inadequate consideration.
4(b) Multiple Assignments made by various unrelated customers to one common assignee.
4 (c) List of Policies assigned to unregistered entities or not registered with respective designated regulators/authorities
5. Request for purchase of insurance policy considered beyond one's declared sources of income
6. Unusual termination of policies.
7(a). Cancelled policies on the grounds of fake deaths, forgery, impersonation etc.
7 (b).Rejected applications on the grounds of forgery, impersonation etc.
8. Frequent requests for change in addresses without cogent reason
9. Borrowing the maximum amount under an insurance policy soon after buying it
10. Overpayment of premiums with a request for refund of the amount overpaid
11. Customer insisting on anonymity, reluctance to provide identifying information, or providing minimal, seemingly fictitious information.
12. Customer frauds (other than claims)
13. Media reports about a Customer
14. Information sought by enforcement agencies or Financial Sector Regulators
15. Inconsistent top-ups
16. Suspicious profile of the customer is observed
17. Premium payment or attempts to pay premium by unrelated third party (irrespective of the mode)with no economic rationale or any justified reasons.
18. List of Policies issued to entities/persons of entities who are barred/disqualified by Financial Sector Regulators/MCA.

Compliance Arrangements

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- Mr. Rajesh Ajgaonkar, Chief Compliance & Legal Officer and DPO is our Principal Compliance Officer (PCO)

- AML/CFT policy is approved by the Risk Management Committee and Board

- PCO is responsible for implementation and monitoring of AML Programme

- Action on defaulting Agents/ corporate agents/direct sales force

FIU-IND

- **FIU set up by Government Of India to track and investigate money laundering attempts**
- **Central Agency (Office at New Delhi)**
- **Independent Body reporting directly to the Economic Intelligence Council (EIC) headed by the Finance Minister**
- **Submissions of Reports to FIU-IND**

THE FUNCTIONS OF FIU-IND

- Collection of Information
- Analysis of the information
- Information Sharing
- Act as Central Repository
- Co-ordination, Research and Analysis
- Administration of the Act & Regulations
- Action based on Cash Transaction Reports (CTR) / Suspicious Transaction Reports (STR), Counterfeit Currency Reporting (CCR) and Receipts by Non Profit Organizations Transaction Reporting NTR

Reporting Requirements

- Suspicious transactions (including attempted transactions, whether or not made in cash and irrespective of the monetary value involved in such transactions) Report to FIU-IND (STR)
- Integrally connected cash transactions above Rs. 10 lakh per month to FIU-IND by 15th of next succeeding month (CTR)
- All transactions involving receipts by Non Profit Organizations (NPOs) (in the form of assignments and/or in the form of top-up remittances) of value more than Rs. 10 lakh or its equivalent in foreign currency to FIU-IND within 15th day of succeeding month (NTR)
- Premium (either in the form of assignments and/or in the form of top-up remittances) of value more than Rs. 10,00,000/- or its equivalent in foreign currency from any NPOs in the previous month
- Receipt of Counterfeit note within 15th day of succeeding month (CCR)
- Directors, officers and employees (permanent and temporary) are prohibited from 'tipping off'

Products Covered By AML Requirements

VULNERABLE FEATURES/ PRODUCTS

- Unit Linked Products which provide for withdrawals and unlimited top ups
- Single Premium products
- Free look cancellations – especially the big ticket cases

PRODUCTS EXEMPT FROM AML

- Reinsurance and retrocession contracts which do not involve transactions with customers
- Group policies

Record Keeping

- Records can also be in electronic form
- Retain internal records to permit reconstruction of individual transactions
- Records under PMLA Rules viz., STR/ CTR/ NTR/ CCR, client identification data and recordings of PCO to be maintained for 5 years
  - Contracts settled by claim - after settlement
  - Ongoing investigations - after closure is confirmed
  - Customer identification data - after the business relationship is ended
  - CTR/ STR/ NTR/CCR - from the date of transaction

Recruitment & Training Of Employees & Agents

- Periodic reviews to ensure adherence to process
- Adequate screening procedures when hiring employees
- Insurance Manuals on various procedures
- In-house training curriculum for agents
- On-going training and maintenance of records

Internal Control/ Audit

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- Internal audit should verify compliance on a regular basis
- Reports should comment on robustness of internal policies/ processes and make constructive suggestions where necessary, to strengthen the policy and implementation aspects
- Conduct periodic reviews
- Reporting under AML policy to Audit Committee & Board on quarterly basis
- Controls are complemented through proper governance in the form of supervision of the compliance framework by the Principal Officer, a strong internal audit mechanism to review the effectiveness of the framework, a constant training calendar for employees and distributors and review of the AML controls by the Audit Committee

Internal Policies Procedures And Control

KNOW YOUR CUSTOMER (KYC)

- It is the process of a business verifying the identity of its clients
- Verify identity of the customer in case of all contracts
- Identify the beneficial owner and verify its identity
- Document identity, address, recent photograph and, sources of funds as indicated in the circular
- Document the identity and address of customer duly certified by an authorized person as identified by the insurer
- PAN is Mandatory at the proposal stage
- Simplified Due Diligence needs to be done for cases where total annual premium of Rs. 10,000/- on all life insurance policies held by a single individual
- Threshold of premium laid to decide upon extent of detailed due diligence
- No contracts to be entered into with any person with known criminal background or with banned entities and those reported to have links with terrorists or terrorist organizations

KYC – Risk Categorization Of Customers

Category	Banca	Other than Banca (including Agency, Brokers and other Channels)
High	*Premium above Rs. 25 lakh	*Premium above Rs. 5 lakh
	Trusts, charities, NGOs and organizations receiving donations.	Trusts, charities, NGOs and organizations receiving donations.
	Companies with close family shareholding or beneficial ownership	Companies with close family shareholding or beneficial ownership
	Partnership Firm, MWP and HUF	Partnership Firm, MWP and HUF
	Name screening and PEP match	Name screening and PEP match
Medium	Premium amount above Rs. 5 Lakh and upto Rs. 25 Lakh	–
Low	Premium upto 5 Lakh	Premium upto 5 Lakh

**This is also applicable for NRI’s*

The risk categorization shall be evaluated by Underwriting office as per the authority granted by the Company from time to time

Know Your Customer (KYC) Tiers

KYC Layers	Nature of Documents	For all channels Amount of Premium
I	Pan card or Form 60/61 (if PAN no available)	Upto 10,000
II	Pan card or Form 60/61 (if PAN no available) and; Recent photograph & Official Valid Document for KYC	> 10,000

EDD will be done on the person paying the premium, based on the premium size as below:

- For all cases above 5 Lakh for all profiles
- For all cases where premium is 1 Lakh and above paid by Housewife, Agriculturist, Retired / Pensioner/Senior Citizen
- Irrespective of premium amount:
  - Cases having suspicion or discrepancies on investigation/disclosures/documents, matched upon name screening, PEP, Criminal Record and/ or on assessor's discretion.
  - NGO, Trust, Society, Business cover cases like Employer- Employee, Key Man, Partnership, HUF, MWPA

KNOW YOUR AGENT/ INTERMEDIARY POLICY

- Part of overall AML framework
- Genuine persons / organizations are our representatives
- The policy seeks to identify the Agent
- Require evidence of agents': Family background, Place of residence, Age, Qualification & Permanent Account Number (for Income Tax)

KYC – When?

- Before issuance of each policy
- On-going basis for existing policyholders (Top-up, assignment, etc.)
- Verification at the time of pay-out/claim stage (redemption/surrender/ partial withdrawal/ maturity/ death/ refunds/reimbursement etc.)
- At the time of Claim

Ongoing Due Diligence

- KYC of existing customer not available - to be obtained within 2 years for low risk customer and within 1 year for high risk customers.
- In addition, for continued operation of existing customer account, PAN/Form 60 for customers paying of not more than Rs.50,000, PAN/Form 60 to be obtained
- Periodically obtain a self-declaration of no change in KYC information

Politically Exposed Person (PEP)

- Politically exposed person ('PEP') is an individual who is or has been entrusted with prominent public functions. For instance, head of states or governments, senior politicians, senior government/judicial/military officials, senior executives of state owned collaboration, important political party officials; also immediate family members of the aforesaid persons which would include spouse, children, parents, siblings, spouse's parents or siblings and closed associates

- **Role Of Underwriting :**
  - Verify the credentials of PEP
  - Evaluate the proposals with extra care and diligence
  - Same should be evaluated by the Chief underwriter and decision should be made with requisite approvals
  - Report these incidence to Compliance team

List Of Other Officially Valid Documents (OVD)

- Passport
- Voter's identity card issued by Election Commission of India
- Driving License
- Job card issued by NREGA duly signed by an officer of the State Government
- Letter issued by the National Population Register containing details of name, address
- Any other document as notified by the Central Government in consultation with the Regulator
- Aadhaar (Voluntary basis)

In case of officially valid document furnished by the client does not contain updated address, the following documents shall be deemed to be officially valid documents for the limited purpose of proof of address :

- Utility bill which is not more than 2 months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill)
- Property or Municipal tax receipt
- Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address
- Letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and licence agreements with such employers allotting official accommodation
- Provided further that the policyholder shall submit updated officially valid document with current address within a period of three months of submitting the above documents

AML Norms For Partnership

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Operations Will Verify The Following Details :

Collect The Following DETAILS Of The Partnership Firms :

- Legal Name
- Address
- Names of all partners and their addresses
- Telephone numbers of the firm and the partners
- beneficial owner

DOCUMENTS To Be Collected – As A Minimum – Are :

- Registration Certificate, if registered;
- Partnership deed;
- PAN of the Firm;
- PAN of the partners and the persons holding the Power of Attorney
- PAN & OVD of Beneficial Owner.

AML Norms For Corporate

Operations Will Verify The Following Details :

Collect The Following DETAILS Of The Corporate :

- Name of the company
- Principal place of business
- Mailing address of the company
- Telephone/ fax number
- beneficial owner

DOCUMENTS To Be Collected – As A Minimum – Are :

- Certificate of incorporation and Memorandum & Article of Association;
- PAN of the Corporate;
- Resolution of the Board of Directors;
- Power of attorney granted to its managers, officers or employees to transact business on its behalf;
- PAN of managers, officers or employees holding an attorney to transact on their behalf.
- PAN & OVD of Beneficial Owner

AML Norms For Trust & Foundation

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Operations Will Verify The Following Details :

Collect The Following DETAILS Of The Trust & Foundation :

- Names of trustees, settlers, beneficiaries and signatories.
- Names and Addresses of the founder, the managers/ directors and the beneficiaries.
- Telephone/ fax numbers.
- beneficial owner

DOCUMENTS To Be Collected – As A Minimum – Are :

- Certificate of Registration;
- Trust deed;
- PAN of the Trust/ Foundation;
- PAN of the trustees, settlers, beneficiaries and those holding Power of attorney, founders/ managers/ directors and their addresses.
- PAN & OVD of Beneficial Owner.
- Trustees to disclose their status at the time of commencement of an account-based relationship or when carrying out transactions

Beneficial owner

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- Take Measures ascertain identity of the beneficial owner (BO);
- Where the client is a Company, the BO is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has a controlling ownership interest or who exercises control through other means;
- where the customer is a partnership firm, or who exercises control through other means the BO is the natural person(s)who, whether acting alone or together, or through owner more juridical person, has ownership of entitlement to more than Ten per cent. of capital or profits of the partnership
- where the customer is an unincorporated association or body of individuals, the BO is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of or entitlement to more than fifteen percent of the property or capital or profits of such association or body of individuals;
- where no natural person is identified above, the BO is the relevant natural person who holds the position of senior managing official;
- where the customer is a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with ten percent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership; and;
- Provided that in case of a trust, the Company shall ensure that trustees disclose their status at the time of commencement of an account-based relationship or when carrying out transactions
- An Ultimate Beneficial Owner (UBO) is any individual who ultimately owns or controls the company. To qualify as an UBO an individual must hold voting or ownership rights of more than 25% in the legal entity (directly or indirectly), or controls the legal entity via other means.

Introduction To UIDAI And Aadhaar

- The **Unique Identification Authority of India (UIDAI)** was established in the Year 2009 as an attached office to then Planning Commission (now Niti Aayog)
- In the Year 2015 it was moved from Niti Aayog to the then Department of Electronics & Information Technology (DeitY) of the then Ministry of Communications and Information Technology.(now Ministry of Electronics and Information Technology)
- In the year 2016 it was converted to a statutory authority under the provisions of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 ("Aadhaar Act 2016") on 12 July 2016 by the Government of India, under the Ministry of Electronics and Information Technology
- The Aadhaar Act 2016 has been amended by the Aadhaar and Other Laws (Amendment) Act, 2019 (14 of 2019) w.e.f. 25.07.2019, which is amended time to time
- UIDAI was created with the objective to issue Unique Identification numbers (UID), named as **"Aadhaar"**, to all residents of India. The UID is (a) robust enough to eliminate duplicate and fake identities, and (b) verifiable and authenticable in an easy, cost-effective way
- As on 29th September 2023, the Authority has generated 138.08 crore Aadhaar numbers to the residents of India.

Ageas Life Insurance is proposed to be KUA

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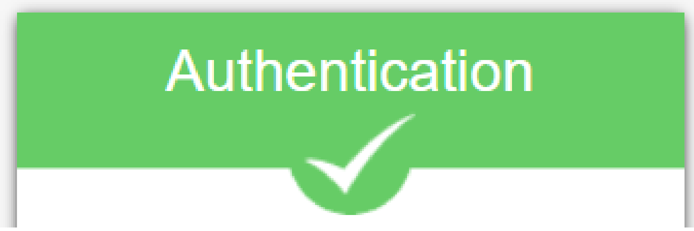
AUA — **A**uthentication **U**ser **A**gency – Get Yes/No Response from UIDAI based on information Submitted



KUA — **K**YC **U**ser **A**gency which can fetch all the data including photograph from UIDAI Database.(AUA will be upgraded to KUA-All AUA not necessarily KUA)

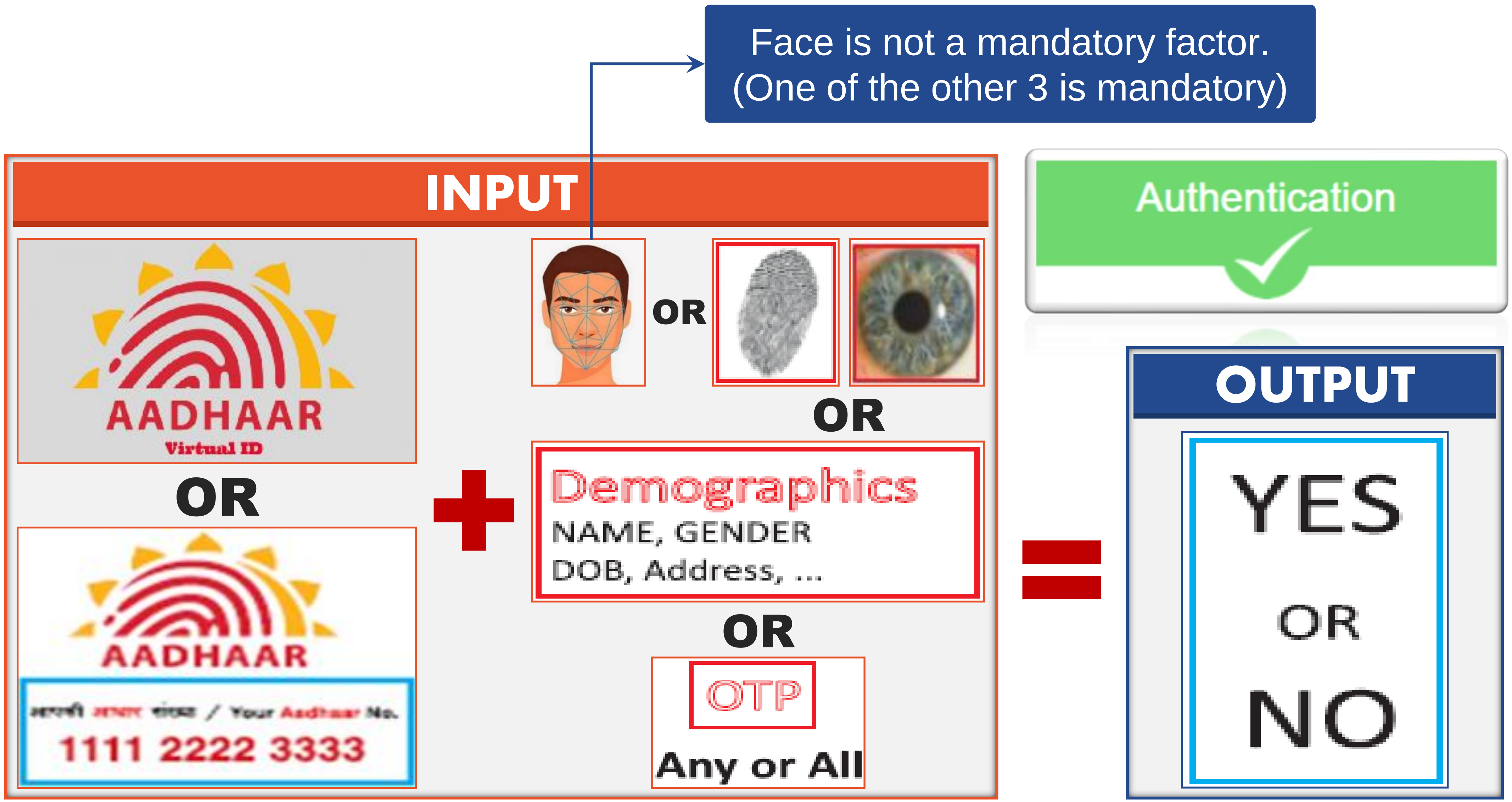
ASA — AUA/KUA cannot connect directly connect to UIDAI Database. They have to go through a **A**uthentication **S**ervice **A**gency

NPCI
भारतीय राष्ट्रीय भुगतान निगम
NATIONAL PAYMENTS CORPORATION OF INDIA

Presented By:
BHAWNA SINGH
MBA Gen- AB Sec
08616605917

Requesting Entity(RE) = AUA or KUA

Y/N Authentication Modes



Invalid Aadhaar Number

Success: The aadhaar number and the biometric information provided is valid

eKYC – Modes

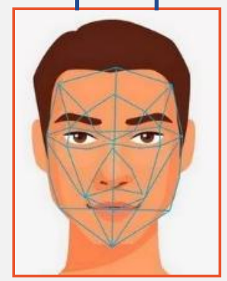
Face Authentication is additional.
OTP or Biometrics is mandatory

Face Authentication Mandatory
for Telecom service providers

INPUT

OR

+



OR

OR

OTP

=

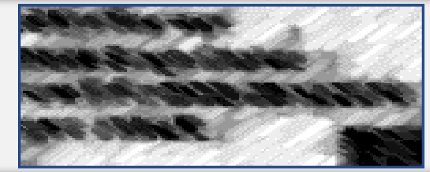
OUTPUT

Name, DOB,
Address, …

Identity Information (II)

=

Demographic Information (DI)



+

Biometric Information (BI)

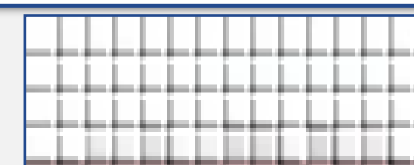
Photograph (Ph)

+

Core Biometric Information (CBI)

+

Aadhaar Number (AN)



II = DI+BI+AN

II = DI+Ph+CBI+AN

Off-line eKYC

- In eKYC Authentication the insurer fetches the data from the UIDAI Database called CIDR

- In **Offline** eKYC, the data is **either** collected from QR Code on the Aadhaar Card **or** fetched by the client from the UIDAI Database called CIDR and shared with the insurer in an XML format

- Offline eKYC is a paperless process

Where is the QR Code?

Important Note: eKYC

- e-KYC is a **voluntary** option of KYC and customer can provide any other KYC documents
- The Company has to obtain **consent** from the customer before extracting the data from UIDAI
- The Company **does not store** Aadhaar Number in any systems of the Company
- The Company can store **masked** Aadhaar Number/ Aadhaar Copy/VID in their Systems. Last 4 digit of Aadhaar should visible in masked copy of Aadhaar.
- The Company has to undertake **Information and Security Audit** by Auditor
- Non-compliance to Aadhaar Act may lead to **Fine/Penalty, which can go upto 1 Cr** on the Company by UIDAI
- It is Company's responsibility to **comply** with Aadhaar Act; hence it is critical for every employees to **comply** with the requirements

Central KYC Records Registry (CKYCR)

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- Central KYC Registry is a centralized repository of KYC records of customers in the financial sector with uniform KYC norms and inter-usability of the KYC records across the sector with an objective to reduce the burden of producing KYC documents and getting those verified every time when the customer creates a new relationship with a financial entity

- Government has authorized Central Registry of Securitization and Asset Reconstruction and Security interest of India (CERSAI) to set up under sub- section (1) of Section 20 of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, to act as, and to perform the functions of, the Central KYC Records Registry under the PML Rules 2005, including receiving, storing, safeguarding and retrieving the KYC records in digital form of a “client”

- As per Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2015, Rule 9 (I) (1A), every reporting entity shall within ten days after the commencement of an account-based relationship with a client, file the electronic copy of the client’s KYC records with the Central KYC Registry

- A 14 digit CKYC reference Key is generated which can be further used by several financial entities instead of receiving multiple documents

Video Based Identification Process(VBIP)

- VBIP can be conducted by developing an application which facilitates KYC process either online or face-to-face in-person verification through video.

- This is used for establishment/continuation/ verification of an account based relationship or for
any other services with an individual customer/beneficiary after obtaining his/her informed consent and follow few norm and Cyber security guideline.

AFLI Sanctions Policy Overview

AFLI is committed to conducting business ethically and in full compliance with international sanctions, financial embargoes, and defence industry regulations, as outlined in the Sanctions Policy.

Compliance with International Sanctions

All AFLI business transactions must strictly adhere to international sanctions requirements:

- Observes blacklists and embargoes issued by the **United Nations (UN), European Union (EU), Financial Action Task Force (FATF), Organisation for Economic Co-operation and Development (OECD)**, and other relevant authorities.
- Prohibits any dealings with entities subject to full embargoes or asset freezes.
- **No exceptions** are permitted for transactions involving sanctioned entities.

Commitment to Ethical Business Practices

- AFLI ensures ethical conduct in all operations by:
- Aligning with **AFLI's Code of Conduct** and principles.
- Implementing robust **Know Your Customer (KYC)** and **Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT)** procedures.

Enhanced Due Diligence Requirements

- Under this policy, AFLI is required to perform Enhanced Due Diligence (EDD) in the following cases:
- Transactions involving **high-risk jurisdictions**, **Politically Exposed Persons (PEPs)**, or entities flagged by **Transparency International** or the **Office of Foreign Assets Control (OFAC)**.
- In cases of ambiguity, the **Compliance Officer's opinion is final and binding**.

Applicability

- This policy applies to the following segments:
- **Life insurance business**.
- **Investment exposures**
- **Vendors including Outsourced activities**
- **Employees of the Company**.

Freezing Of Accounts – Under Section 51A Of UAPA

Freezing of Accounts:- Implementation of Section 51A of The Unlawful Activities (Prevention) Act, 1967 (UAPA) :

- By virtue of Section 51A of UAPA, the Central Government is empowered to freeze, seize or attach funds of, prohibit an individual or entity from making funds, financial assets or economic resources for the benefit of the individuals or entities listed and/or prevent entry into or transit through India any individual or entities that are suspected to be engaged in terrorism

- The Company will ensure that the procedure as laid down for freezing of insurance policies of designated individuals/entities shall be followed by the Company at all times including filing of a Suspicious Transaction Report (STR) with FIU-IND

- Freezing of insurance contracts would require not permitting any transaction (financial or otherwise) against the specific contract in question

Guidelines On Implementation Of Section 51A Of UAPA

- List of individuals and entities subject to UN sanction measures under UNSC Resolutions (referred to as ‘designated individuals/entities’) circulated to the life and general insurance companies through the respective Councils, on receipt of the same from the Ministry of External Affairs (MEA)

- Insurers are advised to maintain an updated list of designated individuals/entities in electronic form - run a check - on a regular basis to verify whether designated individuals/ entities are holding any insurance policies with the Company

Punishment For Non–Compliance

AS PER SEC.4 OF THE PREVENTION OF MONEY LAUNDERING ACT, 2002

Whoever commits the offence of Money Laundering shall be punishable with rigorous imprisonment for a term which shall not be less than three years but which may extend to seven years and shall also be liable to fine which may extend to five lakh rupees.

The Way Forward

- Don’t just comply; comply in spirit
- Think beyond; not just as a compliance requirement
- Adopt a strategic approach of “Compliance + Business”
- Educate and sensitize the front line staff
- To enable Ageas Federal to be free from integrity and reputation threats


THANK YOU !!