



Guidance Note for General Insurers and their Intermediaries on Minimum Due Diligence Requirements for Policyholders

INTRODUCTION

In accordance with the sections 25-30 of the Financial Transactions Reporting Act, 2018 (FTRA), general insurers are required to report suspicious transactions to the Financial Intelligence Unit (FIU). The Insurance Act, 2005 empowers the Commission to ensure compliance with the FTRA and has the authority to impose both administrative and monetary penalties for ML/TF/PF breaches by section 207, Insurance Act, 2005 and section 45, External Insurance Act, 2009.

The importance of performing customer due diligence process is underscored in the Financial Action Task Force Recommendations and the accompanying Methodology. The information obtained enables insurance companies to scrutinize transactions throughout the course of the business relationship. The ability to conduct ongoing due diligence is significant in The Bahamas' fight against money laundering, terrorist financing and proliferation financing.

To adequately do this, general insurers and their intermediaries should seek to obtain all the necessary information from its policyholders that will enable them to fulfil this requirement. Insurance companies and intermediaries, as part of the due diligence process, must collect sufficient information on policyholders to assess and verify as low, medium, or high-risk clients. General insurers assessing information on the policyholders should obtain documentary evidence sufficient to establish the identity of the client.

PURPOSE

This Guidance Note summarizes the minimum information and documents that should be obtained by general insurers and their intermediaries for all policyholders. Insurers, through their intermediaries, should consider the information and documents submitted in their risk assessment of policyholders.

This Guidance Note should be read in conjunction with the FTRA and its Regulations, Proceeds of Crime Act, 2018 and the Commission's revised AML/CFT/CPF Guidelines (2018).

KNOW YOUR CUSTOMER (KYC) INFORMATION AND CUSTOMER DUE DILIGENCE (CDD) DOCUMENTS

The application for both new and renewing clients should include information that allows the insurer to assess additional risk elements to determine whether enhanced due diligence should be conducted. The company should obtain the information through the application document or other appropriate means, to assess the following:

- Source of Funds/Source of Wealth
- Address of Applicant
- Nationality



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- Politically Exposed Persons (PEPS) and related parties, including immediate family members, close associates, or related companies
- Information on ownership and control structure of the facility holder

In addition to the information indicated above, general insurers and their intermediaries should also seek to obtain, at minimum, the following documents as part of their due diligence process:

	New Application	Renewal
Individual	<ul style="list-style-type: none"> • Valid Government issued photo identification • Proof of Current Address¹ 	<ul style="list-style-type: none"> • Valid Government issued photo identification • Confirmation of Current Address²
Corporate Entities	<ul style="list-style-type: none"> • Certificate of Incorporation • Valid Company Business Licence • Letter of Good Standing (for holding companies) • Valid Government issued photo identification for authorized Principal Representative(s) * • Confirmation of Beneficial Owners* 	<ul style="list-style-type: none"> • Confirmation of Beneficial Owners* • Valid Company Business Licence • Letter of Good Standing (for holding companies)

Should the KYC and CDD information collected reveal that a customer is a PEP or should be considered other than low-risk, general insurers should conduct enhanced due diligence to complete the risk profile of the client.

For renewing clients, insurers should confirm that all KYC and CDD information is kept current. If the policyholder information has changed, insurers should conduct the necessary due diligence to reassess the policyholders' risk profile.

PENALTIES FOR NON-COMPLIANCE

General insurance companies and intermediaries carrying on general insurance business are required to comply with sections 25-30, FTRA. These penalties can be found in section 238, Insurance Act and section 60, External Insurance Act and are applicable to individuals and companies.

General Insurers and intermediaries should review the Commission's Schedule of Administrative Monetary Penalties which took effect on December 31, 2018 and can be found on our website (www.icb.gov.bs).

¹ Proof of Address – Policyholders residing at a location that is owned or rented in the name of another individual, the beneficial owner of the residence must confirm in writing that the client resides at that location. Proof of address not required for policyholders rated as "low risk"

² If there has been a change in address, policyholder required to provide proof of address

* Confirmation of documents may be collected in the event of a claim submitted to insurer/intermediary