

# LIFE INSURANCE COMPANIES, BROKERS AND INDEPENDENT AGENTS

## Legislative requirements effective June 23, 2008



The following summary of the legislative requirements under the PCMLTFA applicable to life insurance companies, brokers or independent agents. If you are a life insurance agent and an employee of a life insurance company or broker, these requirements are the responsibility of the life insurance company except with respect to reporting suspicious transactions and terrorist property, which is applicable to both.

For information about legislative requirements in effect before June 23, 2008, see the applicable guidelines published before 2008.

### REPORTING

#### Suspicious Transactions

You must report where there are reasonable grounds to suspect that a transaction or an attempted transaction is related to the commission or the attempted commission of a money laundering offence or a terrorist activity financing offence.

See *Guideline 2: Suspicious Transactions* and *Guideline 3: Submitting Suspicious Transaction Reports to FINTRAC*

#### Terrorist Property

You must report where you know that there is property in your possession or control that is owned or controlled by or on behalf of a terrorist or a terrorist group.

See *Guideline 5: Submitting Terrorist Property Reports to FINTRAC*

#### Large Cash Transactions

You must report large cash transactions involving amounts of \$10,000 or more received in cash.

See *Guideline 7: Submitting Large Cash Transaction Reports to FINTRAC*

### RECORD KEEPING

You must keep the following records:

- Large cash transaction records
- Client information records
- Copies of official corporate records (binding provisions)
- Copies of suspicious transaction reports
- Beneficial ownership records

See *Guideline 6A: Record Keeping and Client Identification for Life Insurance Companies, Brokers and Agents*

### ASCERTAINING IDENTITY

You must take specific measures to identify the following individuals or entities:

- Any individual who conducts a large cash transaction
- Any individual or entity that purchases an annuity or life insurance policy for which it may pay \$10,000 or more (including reasonable measures to obtain beneficial ownership information for an entity)
- Any individual for whom you have to send a suspicious transaction report (reasonable measures and exceptions apply)
- Any individual member of a group plan account when contributions to the plan are not made by payroll deductions or by the plan's sponsor

### POLITICALLY EXPOSED FOREIGN PERSON

If you receive a lump-sum payment of \$100,000 from an individual for an annuity or a life insurance policy, you have to take reasonable measures to determine whether you are dealing with a politically exposed foreign person. You also have to keep records and take additional measures.

See *Guideline 6A: Record Keeping and Client Identification for Life Insurance Companies, Brokers and Agents*

### THIRD PARTY DETERMINATION

Where a large cash transaction record is required, you must take reasonable measures to determine whether the individual is acting on behalf of a third party. In addition, where an annuity or life insurance policy is purchased and the client is required to pay \$10,000 or more over the duration of the policy, you must take reasonable measures to determine whether the client is acting on behalf of a third party.

In cases where a third party is involved, you must obtain specific information about the third party and their relationship with the individual providing the cash or the client.

See *Guideline 6A: Record Keeping and Client Identification for Life Insurance Companies, Brokers and Agents*

### COMPLIANCE REGIME

The following five elements must be included in a compliance regime:

- The appointment of a compliance officer
- The development and application of written compliance policies and procedures
- The assessment and documentation of risks for money laundering and terrorist financing and measures to mitigate high risks
- Implementation and documentation of an ongoing compliance training program
- A documented review of the effectiveness of policies and procedures, training program and risk assessment

See *Guideline 4: Implementation of a Compliance Regime*

