



CENTRAL BANK OF TRINIDAD & TOBAGO

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March 29, 2019

CIRCULAR LETTER TO:

INSURANCE COMPANIES AND BROKERS REGISTERED UNDER THE INSURANCE ACT CHAP 84:01
THE ASSOCIATION OF TRINIDAD AND TOBAGO INSURANCE COMPANIES
THE INSURANCE BROKERS ASSOCIATION OF TRINIDAD AND TOBAGO

COPIED TO:

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF TRINIDAD AND TOBAGO ("ICATT")
THE INSTITUTE OF INTERNAL AUDITORS ("IIA")

Ref: CB-OIFI-914/2019

**AMENDMENT TO THE DEFINITION OF "FINANCIAL INSTITUTION"
UNDER THE PROCEEDS OF CRIME ACT CHAP. 11:27**

As you are aware, the Miscellaneous Provisions (Proceeds of Crime, Anti-Terrorism and Financial Intelligence Unit of Trinidad and Tobago) Act, 2018 ("the Act") was enacted on December 31, 2018. Amendments made under Clause 2 of the Act exempts insurance agents, as well as insurance companies and brokers conducting non-life insurance business, from anti-money laundering and combatting the financing of terrorism ("AML/CFT") requirements.

As such, the Central Bank is issuing this Circular Letter to clarify the AML/CFT obligations of insurance agents, companies and brokers registered under the Insurance Act, Chapter 84.01.

1. Insurance Agents

Insurance agents are no longer included in the definition of a 'financial institution' under Section 2 of the Proceeds of Crime Act (as amended) ("POCA"). As such, insurance agents do not have to comply with Section 55C of the POCA to establish an AML/CFT Compliance Programme. However, **insurance companies** are required to ensure that agents who act on their behalf:

- i. Comply with the insurance company's AML/CFT policies and procedures; and
- ii. Receive AML/CFT training, at a minimum, on an annual basis.

2. Life insurance and other investment related insurance

Insurance companies and brokers that are involved in the underwriting and placement of life insurance, and other investment related insurance, must continue to comply with all applicable AML/CFT obligations on the basis of risk. This includes composite insurance companies and brokers who provide both life and non-life insurance products. Please note the following:

- i. Term life insurance is exempted from these AML/CFT obligations;

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- ii. For group life insurance, where insured persons have no active powers (for example, to inject funds directly or to exercise early surrender of the policy), it is not necessary to conduct customer due diligence checks on insured persons. However, in accordance with Regulation 25(2) of the Financial Obligations Regulations, 2010 (as amended) ("FOR"), you are reminded of your obligation to carry out identification procedures which may be limited to shareholders and directors of the company in whose name the group life insurance policy is held; and
- iii. Pursuant to Regulation 27 of the FOR you are reminded of the identification and verification requirements for recipients of payments made in respect of claims; beneficiaries who are natural persons, legal persons or legal arrangements; and beneficiaries who are politically exposed persons. **This also applies to beneficiaries named under a term life insurance policy.**

3. Non-Life Insurance

Insurance companies and brokers who are registered to conduct non-life business (health and general insurance) are exempt from Section 55C of the POCA. Notwithstanding, the following **mandatory requirements** are applicable to all exempt persons, including providers of term life insurance:

- i. Identify and report suspicious activities/transactions in accordance with Section 52(1) of the POCA. Relevant employees must be aware of the ML/TF risk indicators associated with the various classes of non-life business to enable identification of suspicious activities/transactions. Employees must also be aware of the internal process for reporting suspicion to a designated person within the company;
- ii. Screen insured persons against the lists of designated persons and report potential matches to the Financial Intelligence Unit of Trinidad and Tobago ("FIUTT"), in accordance with the Economic Sanctions Orders and Section 33(1) of the Anti-Terrorism Act ("ATA"), Chapter 12:07 (as amended). At a minimum, the screening must occur at the time of establishing a new relationship, whenever the lists are thereafter updated and prior to the payout of funds made in respect of claims;
- iii. The penalties for non-compliance with (i) and (ii) above are contained in Section 53(3) of the POCA and Section 33(6) of the ATA respectively. The penalty for non-compliance with the Economic Sanctions Orders is contained in Section 7 of the Economic Sanctions Act, Chapter 81:05; and

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- iv. Providers of non-life insurance products must continue to collect basic customer information as is necessary for the underwriting of insurance risk and to ensure that the identity of the recipient of an insurance claim is verified prior to the payout of funds. This includes the customer's name, address, date of birth, place of birth and nationality. You are reminded that the identity of beneficiaries who are natural persons, legal persons or legal arrangements; and beneficiaries who are politically exposed persons, must also be verified before the payout of funds or before rights are vested.

Accordingly, although exempt from certain AML/CFT obligations, the Central Bank expects that providers of non-life insurance products will have mechanisms in place to facilitate the identification and reporting of suspicious activities/transactions and for screening against the designated lists. Since these requirements pre-dated the exemption, it is understood that such mechanisms should already be in place to facilitate reporting to the FIUTT using the prescribed forms and systems.

4. External AML Audit 2018 for Non-Life Insurance Companies and Brokers

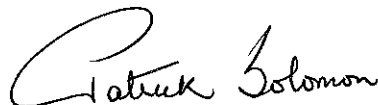
Further to discussions with ICATT as well as representations from the industry, the Central Bank advises that non-life insurance companies and brokers will not be required to submit an AML/CFT external audit report for the 2018 reporting period. The Central Bank will be testing for compliance with the requirements noted in Section 3 as part of its ongoing surveillance and routine on-site examinations.

The legislation referenced in this Circular Letter can be found at <https://www.central-bank.org.tt/core-functions/financial-stability/amlcft>.

Any questions regarding this Circular Letter may be directed to aml@central-bank.org.tt.

Please be guided accordingly.

Yours sincerely



Patrick Solomon
INSPECTOR OF FINANCIAL INSTITUTIONS