



AMIR POLICIES & PROCESSES

ANTI MONEY LAUNDERING POLICY

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LAUNDERING (AML)

INTRODUCTION

Anti money laundering legislation has been enacted in most parts of the world to combat money laundering by criminals, terrorists and terrorist groups.

In Australia the relevant legislation is the Anti Money Laundering and Counter Terrorism Financing Act 2006. In the UK the relevant legislation is the Anti-Money Laundering / Financial Crime, and Sanctions regulations.

Money laundering is defined as: “The process used by criminals to disguise the origin and ownership of the proceeds of their criminal activities in order to avoid prosecution, conviction and confiscation”.

We have implemented the following AML Policy and Procedure to ensure we play our part in stamping out such illegal behavior and meet the general obligations imposed by AML legislation in Australia and the United Kingdom. Our Anti Money Laundering Policy is read in conjunction with the MSM [Compliance Policy and Procedures](#).

In developing the Policy and Procedures we have taken a risk-based approach. Therefore, our documentation, systems and procedures are appropriate and proportionate to the inherent risk of breach or violation of the law represented by the product type, book of business, underlying client base and the channels through which business is conducted.

OVERVIEW

Our AML processes involve the following key steps:

- The Board and senior management have made a commitment to implementing and maintaining an effective AML program within the business.
- Risk Assessment
- Implementation of processes to identify and report on suspicious activities.
- Implement a “Know Your Client” approach to reduce the risk of Money Laundering.
- Training all staff on our AML Policy and Procedures.
- Ensure all policy / coverage documents are retained for a minimum 5 years to enable tracking of any historical issues.

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RISK ASSESSMENT

The following table analyses the key factors that contribute to or indicate an exposure by the business to Anti Money Laundering activities.

INDICATOR	COMMENTARY	RISK ASSESSMENT
Dealing with clients / intermediaries outside of Australia and New Zealand.	Business only deals with Australian businesses and some New Zealand based clients.	Low
AML Legislation within Australia and New Zealand.	Both Australia and New Zealand have comprehensive AML legislation in place	Low
Industry particularly susceptible to Money Laundering	Insurance industry is not considered a high-risk industry	Low
Dealing via intermediaries	All intermediaries the business deals with (who handle client money) are AFS Licensees subject to the Corporations Act or licensed under comparable NZ legislation.	Low
Examples of Money Laundering evident in same business scenarios as ours.	No known or published examples in Australia or New Zealand relevant to our operations.	Low

SUMMARY OF RISK ASSESSMENT

Based on the above table we believe we have assessed that we have minimal exposure to Money Laundering and the processes and procedures implemented reflect this assessment.

Based on such minimal exposure we have decided not to implement any routine checking of clients on Australian, New Zealand and international databases that hold the names of “At Risk” entities or entities that have had a sanction imposed on them.

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KNOW YOUR CLIENT

In cases where we are dealing directly with the end client or user of the insurance cover, we will ensure the following matters are considered:

- False identity, e.g., Temporary/false addresses
- Early cancellations
- Reluctance to prove evidence of identity if requested
- Lack of reason to take out a policy
- Use of third parties to place cover
- Payment of or to clients that appear to have no connection with the customer
- Large cash payments
- Corporate clients where we encounter difficulties and delays in obtaining financial information
- Overseas where a request to insure goods in transit to or situated in countries where terrorism, the production of drugs, drug trafficking or organised crime may be prevalent
- Substantial premiums paid by customers with limited means.

In all other cases where we are not dealing with the end client, we will be dealing with an entity that holds an Australian AFS Licence or equivalent New Zealand Licence. In such cases we are unable to assess the client exposures but have taken the view that there is minimal risk given the typical client profile of the Licensees with whom we deal.

SUSPICIOUS ACTIVITIES

The following are examples of typical suspicious activities that should trigger staff to make further enquiries to assure the business that it is not unknowingly involved in any money laundering where there:

- Is difficulty in obtaining information about, or doubts over the bone fides of, the policyholder or other parties involved;
- Are transactions set up and then quickly cancelled for no identifiable reason;
- Are transactions involving placements from, or the involvement of intermediaries, in different jurisdictions for no discernible purpose;
- Are return premiums, overpayments or claim payments where a third party appears to benefit;
- Is Premium Funding of policies where client will only take cover if premium funding available;
- Are transactions where insurance does not appear to be the primary object or make no economic sense;
- Are over-inflated values (e.g., on jewellery/fine art).

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Training and Staff Awareness

We have developed a standard AML Training Package that comprises of an AML PowerPoint presentation that all staff are required to complete. Details of completed training will be recorded in each staff members Training Register.

This training package has also been included on our Induction List for new staff. The Induction List is retained with each staff members staff file.

Reporting and Recording

All suspicious transactions are to be reported to our Compliance Officer as shown on our Organisation Chart. All such reports are to then be included in our Compliance Breach register. The Compliance Officer will then discuss the matter with the Responsible Manager(s) to determine what further action / responses are required on a case-by-case basis.

Sanctions

Within Australia and New Zealand (as well as in many overseas jurisdictions) there are significant penalties to businesses and individuals that engage in or facilitate Money Laundering. These penalties range from fines / loss of Licence to operate a business to jail sentences for the individuals concerned.