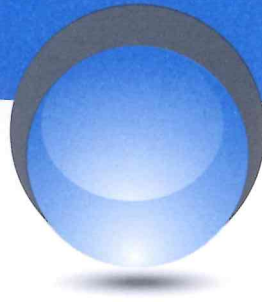


THE INSURANCE COMMISSION OF THE BAHAMAS



NOTICE

To: All Registered Insurers and Intermediaries

Date: July 18, 2018

Re: Amendments to the Financial Transactions Reporting Act (FTRA) 2018 and Proceeds of Crime Act (POCA) 2018

Please note that the Financial Transactions Reporting Act (FTRA) 2018 and Proceeds of Crime Act (POCA) 2018 came into force on May 25, 2018. Both Acts contain several amendments that impact all registered insurers and intermediaries of the insurance industry. The Insurance Commission of The Bahamas ("the Commission") conducted a review of these amendments to the existing legal and reporting requirements that will affect the insurance industry. From our review, the Commission has concluded that registrants should become familiar with the following amendments:

Long-term Insurers:

Section 3(b)(i) of the FTRA has defined long-term insurers as a financial institution. Accordingly, financial institutions must undertake the following new requirements, in addition to previous requirements, to comply with the FTRA:

1. Customer Due Diligence - Every financial institution must take all appropriate and necessary measures to obtain the due diligence information when opening an account or establishing a business relationship with a facility holder. Further, financial institutions must ensure that they have available the proper processes and procedures to satisfactorily conduct due diligence in accordance with the requirements of the Act.
2. Ongoing Due Diligence – Every financial institution must ensure that they conduct ongoing due diligence as a means of confirming that all information obtained remains current and accurate.
3. Risk Assessment – Every financial institution will be required to conduct a risk assessment to identify the risks associated with its products, services, transactions and delivery channels. The risk management system should appropriately assess the level of risk of their business relationships and facility holders as High, Medium or Low. Financial institutions will be required to document (in writing) the outcome of the risk assessment. The risk assessment must be submitted to the Commission in the first instance. Thereafter, it should be regularly updated and made available for review by the Commission.

4. Compliance Officer – Every financial institution is mandated to have a Compliance Officer under the FTRA.

General Insurers:

Section 60 of the FTRA states that the providers of general insurance business, as defined by the Insurance Act, shall comply with sections 25 – 30 of the FTRA. Therefore, all financial institutions, and by extension general insurers, must report suspicious transactions in writing to the Financial Intelligence Unit (FIU). General insurers must apprise themselves of the requirements to report suspicious transactions and the correlated penalty for failing to report. General insurers also remain obligated to report predicate crimes to AML/CFT, such as fraud, under POCA.

Intermediaries:

Pursuant to section 24(1) of the Insurance Act, 2005, the sale and distribution of insurance products must occur through a registered insurance intermediary. Therefore, it is incumbent upon all insurers facilitating insurance business through the various classes of intermediaries to ensure that adequate systems, processes and procedures are in place to monitor ongoing compliance with all AML/CFT requirements outlined in the FTRA and other anti-money laundering legislation. All intermediaries must co-operate with insurers in the fulfillment of their duties under the FTRA and POCA.

Given the amendments noted above, the Commission is presently amending its Anti-Money-Laundering and Combating the Financing of Terrorism (AML/CFT) Guidelines for Insurance Companies. It is envisaged that the amendments to the Guidelines will reflect the Commission's supervisory intent for all licensed and registered entities to conform with international best practices arising from both Acts.

The Commission encourages all licensees to conduct a review of both Acts and to assess the impact the legislation may have on its operations.

Should you have any further inquiries regarding the above please address your queries in writing to policies@icb.gov.bs.



Michele C. E. Fields
Superintendent of Insurance

