



**Future Generali India Insurance Company  
Limited**

**Anti-Money Laundering Policy**

## DOCUMENT SUMMARY

---

<b>Title</b>	Anti- Money Laundering Policy
<b>FGII Classification</b>	Compliance AML
<b>Document code</b>	FGII/COMP/20-21/20
<b>Approved by</b>	Board of Directors
<b>Effective date</b>	9 <sup>th</sup> February 2021
<b>Accountable Function</b>	Compliance
<b>Key contact</b>	Ashish Lakhtakia

## CHANGE / HISTORY LOG

Version No.	Rollout Date	Changed by	Approved by	Purpose of revision
1	31-May-2013	Compliance	BOD	AML policy for General Insurers - Circular dated: 7 <sup>th</sup> Feb, 2013
2	30-May-2014	Compliance	BOD	Amended to incorporate changes with reference to Record keeping
3	21-May-2015	Compliance	BOD	Incorporated in align with Regional Officer - for reporting purposes.
4	12-May-2018	Compliance	BOD	Incorporation of Rule 9 as amended
5	14-Feb-2019	Compliance	BOD	Removal of Aadhaar Authentication and Rule 9
6	02-Nov-2020	Compliance	BOD	Modified as per IAD Observations
7	9 <sup>th</sup> -Feb-2021	Compliance	BOD	Amendments to customer due-diligence and ongoing monitoring procedures

## REGULATORY REFERENCES

- IRDAI AML Guidelines for General Insurers, 2013 and
- Circulars pertaining to PMLA released by IRDAI
- Report on the Red Flag Indicators issued by FIU-IND for the Insurance Sector

## **INDEX**

---

- A. BACKGROUND AND OBJECTIVES**
- B. SCOPE**
- C. ROLES AND RESPONSIBILITIES**
- D. CUSTOMER DUE DILIGENCE PROCEDURES**
- E. ONGOING MONITORING AND REPORTING OBLIGATIONS**
- F. TRAINING AND COMMUNICATION**
- G. OTHER PROCEDURES**
- H. POLICY REVIEW AND GROUP REPORTING**
- I. ANNEXURES**

## **A. BACKGROUND AND OBJECTIVES:**

### **1. Background:**

The Prevention of Money Laundering Act, (PMLA) 2002 brought into force with effect from 1st July 2005, is applicable to all the financial institutions, which include insurance institutions. Further to the above said guidelines, the Authority notified additional amendments under the Prevention of Money Laundering (Amendment) Act, 2012, the Prevention of Money Laundering (Maintenance of Records) Amendments Rules, 2013 and the latest being , the Prevention of Money Laundering (Maintenance of Records) Second Amendment Rules, 2017 dated June 01 2017, issued by the Authority. The application of Anti-Money Laundering measures to non-depository financial institutions generally, and to the insurance companies in particular, has also been emphasized by international regulatory agencies as a key element in combating money laundering. Establishment of anti money laundering programs by financial institutions is one of the central recommendations of the Financial Action Task Force (FATF) and also forms part of the Insurance Core Principles (ICPs) of the International Association of Insurance Supervisors (IAIS). Accordingly, *the IRDAI issued regulatory guidelines on February 07, 2013 specifically for Non - Life Insurers as part of the Anti Money Laundering Programme/Counter Financing Terrorism (AML/CFT) for them, effective April 01, 2013, and related circulars thereof from time to time.* The Authority vide circular dated 29<sup>th</sup> January 2019 directed that Aadhaar Card as one of the acceptable documents for KYC- under certain conditions for availing financial services including insurance and also for linking the existing policies with the same.

### **2. Responsibility of Future Generali India Insurance Company Limited:**

The obligation to establish an Anti-Money Laundering program applies to an insurance company. Hence the responsibility for guarding against insurance products being used to launder unlawfully derived funds or to finance terrorist acts, lies on Future Generali India Insurance Company Limited, which develops and bears the risks of its products.

### **3. Objective:**

The objective of this document is to lay down the detailed AML Policy of Future Generali India Insurance Company Limited ("FUTURE GENERALI") to ensure that none of its products are vulnerable to Money Laundering and also to ensure that FUTURE GENERALI is not used as a conduit for Money laundering.

#### 4. Money Laundering - Definition

2.1 Money Laundering is moving illegally acquired cash through financial systems so that it appears to be legally acquired.

2.2 There are three common stages of money laundering as detailed below which are resorted to by the launderers and insurance institutions may unwittingly get exposed to a potential criminal activity while undertaking normal business transactions:

- **Placement** - *the physical disposal of cash proceeds derived from illegal activity.*
- **Layering** - *separating illicit proceeds from their source by creating complex layers of financial transactions designed to disguise the source of money, subvert the audit trail, and provide anonymity; and*
- **Integration** - *creating the impression of apparent legitimacy to criminally derived wealth.*

2.3 If the layering process has succeeded, integration schemes place the laundered proceeds back into the economy in such a way that they re-enter the financial system appearing to be normal business funds. Financial institutions such as insurers are therefore placed with a statutory duty to make a disclosure to the authorized officer when knowing or suspecting that any property, in whole or in part, directly or indirectly, representing the proceeds of drug trafficking or of a predicated offence, or was/ is intended to be used in that connection, is passing through the institution. Such disclosures are protected by law, enabling the person with information to be able to disclose the same without any fear. Insurance institutions likewise need not fear breaching their duty of confidentiality owed to customer INR

#### B. SCOPE

This Policy establishes the general framework as well as setting the minimum standard to which FUTURE GENERALI adheres to. The contents of this policy have been defined in alignment to the aforementioned regulatory requirements and are applicable to all employees, customers, and other third-parties (agents, suppliers, etc.) of FUTURE GENERALI.

Based on the IRDAI guidelines, the following categories of products are exempt from the purview of AML Policy:

- i) Reinsurance and retrocession contracts where the contracts are between insurance companies for reallocation of risks within the insurance industry and do not involve transactions with customers
- ii) Group insurance businesses, which are typically issued (as per guidelines on group insurance policies) to a company, financial institution, or association and generally restrict the ability of an individual insured or participant to manipulate its investment.

*The hitherto, exempt standalone health/medi-claim policies of Future Generali shall also be brought under the purview of these AML/CFT requirements based on the assessed risks associated with each of the product profile*

## **C. ROLES AND RESPONSIBILITIES**

### **1. BOARD OF DIRECTORS & SENIOR MANAGEMENT**

- a) The Board of Directors of FUTURE GENERALI is ultimately responsible for defining the strategies, directives, and policies for the effective management of the company's AML/CTF risks. The Board of Directors shall:
- i. Ensure that an effective AML/CTF compliance culture thrives and operates at all levels of the business and that this is supported by an active AML/CTF compliance awareness and monitoring process;
  - ii. Appoint Principal Compliance Officer and establish an independent, permanent, and effective AML/CTF Function;
  - iii. Approve the AML/CTF Policy and oversee its implementation;
  - iv. Review the reports prepared by the AML/CTF Function, at least annually;
  - v. Ensure that AML/CTF-related issues are resolved effectively and expeditiously by Senior Management, with the assistance of the AML/CTF Function;
  - vi. Ensure the effectiveness and adequacy of the AML/CTF risk management system and issue instructions for the definition of corrective measures identified by the AML/CTF Function;
  - vii. Receive timeous notification from the AML/CTF Function of any significant ML/TF related events.
- b) The Senior Management of Future GENERALI is responsible for the implementation, maintenance, and monitoring of the AML/CTF framework, following the directives of the Board of Directors The Senior Management shall fulfill the following duties to effectively manage the AML/CTF risk:
- i. Set and follow the highest standards of integrity leading by example and demonstrating an open and receptive attitude towards AML/CTF;
  - ii. Ensure that the all the company policies are communicated, implemented, and adhered to and that the minimum standards set are met;
  - iii. Build AML/CTF awareness through ensuring that all staff receive appropriate AML/CTF training;

- iv. Create an environment of accountability in which the staff are not only assessed on productivity measures, but also rewarded for their ability to proactively manage AML/CTF risks;
- v. Provide the AML/CTF function with sufficient resources, management support and access they need to detect and manage AML/CTF risks;
- vi. Inform the Principal Compliance Officer of any changes that may impact AML/CTF risk in the business;
- vii. Implement the instructions given by the Board of Directors regarding the remediation actions necessary to correct identified issues or faults.

## **2. APPOINTMENT OF THE PRINCIPAL COMPLIANCE OFFICER**

FUTURE GENERALI shall designate a Principal Compliance Officer, who shall be at senior level and preferably not below the Head (Audit/Compliance)/Chief Risk Officer and intimate the name of the Principal Compliance Officer to IRDA and FIU. Any change in incumbency will be intimated to the FIU and IRDA immediately. The Principal Compliance Officer shall report to the senior management i.e. Chief Executive officer and Board of Directors

The Principal Compliance Officer and the staff assisting him in execution of the AML guidelines shall have timely access to customer identification data, other KYC information and records.

### **Responsibilities of the Principal Compliance Officer:**

The Principal Compliance Officer shall:

- i. Ensure that the Board approved AML program is being implemented effectively, including monitoring compliance by the company's insurance agents with their obligations under the program;
- ii. Ensure that employees and agents of FUTURE GENERALI have appropriate resources and are well trained to address questions regarding the application of the program in light of specific facts.
- iii. Be responsible for regulatory reporting, as prescribed under the IRDA guidelines, for both Cash Transactions and Suspicious Transactions.
- iv. Advising and reporting to the FUTURE GENERALI'S Board of Directors on AML/CTF risks;
- v. Investigating and assessing suspicious activity reports and reporting to the relevant authorities;



- vi. Monitoring and responding to legal and regulatory developments in relation to AML/CTF;
- vii. Monitoring and testing of AML/CTF controls to evaluate and ensure their effectiveness;
- viii. Providing Group AML and/or the Country/Regional Compliance Officer with regular reporting;
- ix. Informing promptly and updating Group AML and/or the Country/Regional Compliance Officer on major ML/TF-related issues;
- x. Participating in exchange of issues, best practice and lessons learned across the entity, with other control functions and with Group AML.

### **3. AML FUNCTION**

As part of the Internal Control System, FUTURE GENERALI shall establish an AML/CTF function, as a specialised unit of the Compliance Function that focuses on the prevention of ML and TF. The AML function's mission is to:

- i. Design and implement an effective AML/CTF compliance programme;
- ii. Give advice and report to the Board of Directors on AML/CTF risks
- iii. Investigate and assess suspicious activity reports and report to the relevant authorities;
- iv. Monitor and respond to legal and regulatory developments in relation to AML/CTF;
- v. Monitor and test the AML/CTF controls to evaluate and ensure their effectiveness;
- vi. Define appropriate remediation actions when deficiencies have been identified.

### **4. INTERNAL CONTROL / INTERNAL AUDIT**

FUTURE GENERALI's internal audit / inspection departments shall verify on a regular basis, compliance with policies, procedures and controls relating to money laundering activities and make constructive suggestions, wherever necessary, to strengthen this policy and the implementation aspects. Exception reporting under AML policy shall be done to Audit Committee of the Board.

### **5. Responsibility on behalf of the agents and corporate agents:**

This policy shall apply for all sales made by Agent and it shall be the responsibility of the Agent and Corporate Agent to ensure due compliance of the terms of the Policy in due co-operation with the Company and its officials, as applicable and the regulations formulated by the Insurance Regulatory & Development Authority, from time to time.

It is further provided that defaulting agents, who expose FUTURE GENERALI to AML risks or routinely non-comply the provisions of the Regulations and the Policy, shall be terminated with immediate effect and the details in this regard will be intimated to Insurance Regulatory & Development Authority for further action.

The following steps shall be taken to strengthen the level of control on the agents and corporate agents engaged by FUTURE GENERALI:

- a. A clause shall be added making KYC norms mandatory as part of the contracts.
- b. Services of defaulting agents who expose FUTURE GENERALI to AML related risks on multiple occasions shall be terminated and the details reported to IRDA for further action.

#### **D. CUSTOMER DUE DILIGENCE**

##### **1. Basic Due Diligence :**

Considering the potential threat of usage of financial services by a money launderer, FUTURE GENERALI shall make reasonable efforts to determine the true identity of all customers requesting for its services. For the purposes of these norms, the term customer also refers to the proposer/policyholder; beneficiaries and assignees. Where a client is a juridical person, verification of identity is required to be carried out on persons purporting to act and authorized to act on behalf of a customer. Special care has to be exercised to ensure that the contracts are not anonymous or under fictitious names.

##### **a. Know Your Customer (KYC) requirements**

- i. The Claimant / Customer is expected to furnish a copy of his Address proof and identity proof at the time of claim / refund, where such claim / refund payout exceeds a sum of INR 100,000/- or more per claim / premium refund. However, while documenting address proof, steps need be taken to ensure compliance with the objective of PMLA and Rules framed thereunder. At this point also, additional customer information will be collected from all sources.
- ii. A list of documents when the claim / refund payout exceeds INR 100,000/- or more for compliance with KYC requirement for individuals and others is given in **Annexure I**. It shall be mandatory to obtain any one of the documents mentioned to clearly establish the customer's identity and permanent and current address. The above list is illustrative and additions to the above list can be done only with the approval of the Managing Director. Any other document that is accepted should be such that it would satisfy regulatory/enforcement authorities, if need be at

a future date that due diligence was in fact observed in compliance with guidelines and the PML Act.

Documents collected towards the identity and address proof of the Individual Customer should be duly certified by an authorized person (i.e. the advisor/ agent/ or employee of FUTURE GENERALI).

- iii. Remittance of premium is an important stage of entering into contract; hence, cash transactions need more diligence and care. As a rule, a client cannot tender more than INR 50,000/- by cash towards his insurance policies with FUTURE GENERALI without quoting its PAN number. In case of customers not required to have PAN or with only agricultural income, Form 60/61 prescribed under the provisions of Income Tax Rules shall be obtained.
- iv. Additional customer information to facilitate AML monitoring may be collected from the customer. In case of annualized premium exceeding INR 1 lakhs or more, copy of PAN card shall be obtained.
- v. A declaration to the effect that the premium has been paid out of legally declared and assessed sources of income of the proposer shall be obtained from the Customer. In case the premium is paid out of any account other than the proposer's own, he shall ensure that such payment is allowed under the Income Tax Act, 1961 and there is always insurable interest between the payee and the insured.
- vi. While carrying out the KYC norms, special care which includes determination of the true identity of all the customers requesting for its services, shall be exercised to ensure that the contracts are not anonymous or under fictitious names.

**b. When should KYC be done?**

- i. KYC norms are mandatory at the time of customer onboarding when premium payments exceed thresholds specified in Section D.1.a above.
- ii. KYC norms are mandatory at time any claim / refund payout exceeding the threshold limit of INR 100,000/- or more per claim / premium refund.  
All the payments for claims /refund payout shall be made through account payee cheques, bank drafts or by pay order only.
- iii. In cases where payments are made to third party service providers such as hospitals/ garages/ repairers etc., the KYC norms shall

apply on the **customers** on whose behalf service providers act, and further, agents of the Company (both retail and corporate) are expected to co-operate with FUTURE GENERALI and its employees to implement the said Regulations. A clause requiring their co-operation will also be inserted in the contract to be signed with the agents.

- iv. AML checks will not be performed where assignment is to Banks / Financial Institutions / Capital Market intermediaries regulated by IRDA / RBI / SEBI, respectively.  
Where assignments are made to **non-related third parties**, AML checks would be higher.
- v. Notwithstanding the above, FUTURE GENERALI is required to ensure that no vulnerable cases go undetected. Especially where there is suspicion of money laundering or terrorist financing, or where there are factors to indicate a higher risk, AML/CFT checks will have to be carried out on such assignments and STR should be filed with FIU-IND, if necessary

## **2. Name Screening**

- a. FUTURE GENERALI shall not enter into a contract with a customer whose identity matches with any person with known criminal background or with banned entities and those reported to have links with terrorists or terrorist organizations.
- b. FUTURE GENERALI shall maintain a list of such entities as would be intimated to the Company from time to time by the appropriate authority. At present, the following lists are considered by FUTURE GENERALI in the screening process:
  - i. United Nations Security Council Consolidated List
  - ii. European Union Financial Sanctions List
  - iii. Specially Designated Nationals and Blocked Persons List issued by the Office of Foreign Assets Control (OFAC SDN List)
  - iv. Ministry of Home Affairs - Banned entity List
- c. FUTURE GENERALI shall establish and maintain effective and appropriate procedures, systems, and controls for ensuring that its business is conducted in compliance with legal and regulatory requirements relating to screening.
- d. If any prospect's name is matching with the names in the banned entities list, KYC verification shall be done and suitable procedures applied to ensure that no person/entity with criminal background or banned entities is contracted with.

### **3. Enhanced Due Diligence (EDD)**

FUTURE GENERALI shall undertake EDD measures in respect of customers deemed to be of higher risk including transactions involving higher risk countries or defined by applicable law or regulation as posing higher risk, high risk businesses, anonymous transactions, etc.

Some of these EDD measures may include:

- a. Increased levels of due diligence to strengthen the knowledge about the customer including the source of wealth and the source of funds
- b. Escalation for approval to Senior Management before commencement / continuation of business or at trigger events
- c. Ongoing monitoring including review of relationships and transactions (frequency, thresholds, volumes, etc.)

#### **Source of funds**

Care has to be exercised to avoid unwitting involvement in insuring assets bought out of illegal funds. It is imperative to ensure that the insurance being purchased is reasonable, especially in other than products like motor insurance that are mandated by law. Accordingly, customer's source of funds, his estimated net worth etc., should be documented where considered necessary. Proposal form shall also have questionnaires/declarations on sources of fund. FUTURE GENERALI should take appropriate measures, commensurate with the assessed risk of customer and product profile as part of their due diligence measures which may include:

- i. conducting independent enquiries on the details collected on /provided by the customer where required,
- ii. consulting a credible database public or other etc.

Future Generali shall maintain relevant records and details in such a way that it enables verification at a later date and support the fact of having established sources of funds involved in the insurance contract.

### **4. Risk Assessment of the Products**

The AML/CFT requirements focus on the vulnerability of the products offered by the insurers to any of the process of money laundering. FUTURE GENERALI shall carry out risk assessment of its various products before deciding on the extent of due diligence measures to be applied in each case.

#### **E. Ongoing Monitoring and reporting Obligations**

##### **a. Suspicious Transactions (including Suspicious Cash Transactions):**

The AML program envisages submission of Suspicious Transaction Reports (STR) / Cash Transactions Reports (CTR) to the Financial Intelligence Unit-India (FIU-IND) set up by the Government of India to track possible money laundering attempts and for further investigation and action as detailed below.

##### **Monitoring & Reporting of Suspicious Transactions:**

FUTURE GENERALI has devised a rule-based monitoring process derived from the 'Red Flag Indicators' issued by FIU-IND, wherein, exception reports would be generated on predefined parameters at fixed intervals and exceptions would be reviewed for ascertaining any "Suspicious Transaction". Any suspicious transactions that are identified shall be reported to the FIU-IND **within 7 working days of identification** in the prescribed format. Besides the above, employees / FCs shall be responsible to report any suspicious transactions that are noticed by them to the Principal Compliance Officer of FUTURE GENERALI for further analysis and reporting.

An illustrative list of potentially suspicious scenarios is provided in **Annexure II**.

All transactions, involving receipts by non-profit organizations (either in the form of assignments and/or in the form of top-up remittances) of value more than INR 10 lakh, or its equivalent in foreign currency, be reported to FIU-IND by **15th day of next succeeding month**.

The Board of Directors of the Company, officers, and the employees (permanent and temporary) shall be prohibited from disclosing the fact that a Suspicious Transactions Report or related information of a policyholder/ prospect is being reported or provided to the FIU-IND.

##### **b. Monitoring and Reporting of Cash Transactions:**

With a view to ensuring that premiums are paid out of clearly identifiable sources of funds, it has been decided that:

Future Generali shall not establish business relationships with any shell banks nor establish or permit transactions on anonymous accounts. Furthermore, business relationships shall not be established by

Future Generali, where the identity of the beneficial owner(s) of the customer is required but where such identity cannot be determined.

For the purpose of this clause, “Shell Banks” shall mean a financial institution incorporated in a jurisdiction in which it has no physical presence, and which is unaffiliated with a regulated financial group.

*Remittances of premium by cash above INR 50,000/- shall be accepted only after the customer provides its correct PAN number. In case of customers not required to have PAN or with only agricultural income, Form 60/61 prescribed under the provisions of Income Tax Rules shall be obtained.*

In case, the premium is collected by the sales intermediaries of the Company, the said payments can be in turn routed through banking channel, only.

For integrally related transactions, premium amount greater than INR 1,000,000/- received in cash in a calendar month shall be examined more closely for possible angles of money laundering. This limit will apply at an aggregate level considering all the roles of a single person-as a proposer or assignee.

Any cash transaction above INR 10 lakh and integrally connected cash transactions above INR 10 lakh per month shall be reported to FIU-IND by **15th day of the succeeding month.**

All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security (e.g. Government securities, Fixed Deposit certificates, cheques, document of title to land or goods etc) has taken place shall also be reported to the FIU-IND within **7 working days from the date of identification.**

Premium collected from various customers and remitted by intermediaries is however, excluded from these reporting requirements.

FUTURE GENERALI shall lay down proper mechanisms to check any kind of attempts to avoid disclosure of PAN details. In case of possible attempts to circumvent the requirements, the same shall be reviewed from the angle of suspicious activities and shall be reported to FIU-IND, if required.

The above clauses should not be selectively interpreted on individual transaction basis. Splitting of the insurance policies/issue of number of policies to one or more entities facilitating individuals to defeat the spirit of the AML/CFT guidelines should be avoided. Where there is possibility of transactions being integrated through a single remitter, the insurer should refuse to accede to the requests for cash deposits.

#### **F. Record Keeping:**

FUTURE GENERALI shall maintain the records (either in electronic or in paper form) of types of transactions mentioned under Rule 3 of PMLA Rules 2005 and the copies of the Cash / Suspicious Transactions reports submitted to FIU for a period of 10 years from the date of transaction between the client and the FUTURE GENERALI as well as those relating to the verification of identity of

clients for a period of 10 years from the date of cessation of relationship with the client in order to enable FUTURE GENERALI to comply swiftly with information requests from the competent authorities. Such records shall be sufficient to permit reconstruction of individual transactions (including the amounts and types of currency involved (if any) so as to provide, if necessary, evidence for prosecution of criminal activity. In the case of long term insurance, full documentary evidence is usually retained based on material completed at the initiation of the proposal of the contract, together with evidence of processing of the contract up to the point of maturity.

FUTURE GENERALI shall retain the records of those contracts, which have been settled by claim or refund exceeding the threshold limits of INR 100,000/- or more, for a period of at least 10 years after that settlement. Sharing of information on customers may be permitted between different organizations such as banks, insurance companies, Income tax authorities, local government authorities on request.

FUTURE GENERALI shall maintain the records of all the transactions with the customers for a minimum period of 5 years from the date of the transaction or for such period as may be prescribed under the applicable regulations, which is more.

Further, in such cases, customer identification data obtained through the customer due diligence process, account files and business correspondence shall be retained for at least 5 years after the business relationship is ended for such cases.

In situation where the records relate to ongoing investigations, or transactions that have been the subject of a disclosure, they shall be retained until it is confirmed that the case has been closed, where practicable, FUTURE GENERALI shall retain relevant identification documents for all such transactions and report the offer of suspicious funds.

## **G. TRAINING AND COMMUNICATION**

### **a. Recruitment and Training of employees/agents:**

The selection process of agents/corporate agents shall be monitored. It shall be ensured that if any unfair practice is being reported, then action is taken after due investigation. FUTURE GENERALI may perform periodic risk management reviews to ensure that Future Generali is in strict adherence to laid down process and strong ethical and control environment. FUTURE GENERALI shall have adequate screening procedures when hiring employees / FC's. Instruction manuals on the procedures for selling insurance products, customer identification, record-keeping, acceptance and processing of insurance proposals, issue of insurance policies shall also be set out.

The concept of AML shall be part of in-house training curriculum for employees/ agents.



The following training requirements are considered essential based on the class of employees:  
*New employees:* A general appreciation of the background to money laundering, and the subsequent need for identifying and reporting of any suspicious transactions to the appropriate designated official shall be provided to all new employees who will be dealing with customers or their transactions, irrespective of the level of seniority. There shall be adequate screening procedure while hiring employees.

b. **Sales/Advisory staff:**

Members of staff who are dealing directly with the public (whether as members of staff or agents) are the first point of contact with potential money launderers and their efforts are therefore vital to the strategy in the fight against money laundering. It is vital that “front-line” staff is made aware of FUTURE GENERALI’s AML policy for dealing with non regular customers particularly where large transactions are involved, and the need for extra vigilance in these cases.

c. **Processing staff:**

Those members of staff who receive completed proposals and account payee cheques for payment of premiums shall be appropriately trained in the processing and verification procedures.

d. **Administration/Operations supervisors and managers:**

A higher level of instruction covering all aspects of money laundering procedures shall be provided to those with the responsibility for supervising or managing staff.

e. **Ongoing training:**

Refresher training at regular intervals shall be provided to ensure that staff does not dilute its approach to AML Implementation. Training shall be imparted to all staff, dealing with customers, on AML Regulations and the Policy. Robust instruction manuals on procedure for selling insurance products, Customer identification, record-keeping, acceptance and processing of insurance proposals, issue of insurance policies shall be set out. There shall be periodic risk management reviews. The training be conducted in-house and shall be reviewed in 6 - 12 months horizon, the training records will be maintained by the corporate learning and development department.

## H. OTHER PROCEDURES

a. **Implementation of Section 51A of UAPA:**

By virtue of Section 51A of UAPA, the Central Government is empowered to freeze, seize or attach funds of and/or prevent entry into or transit through India any individual or entities that are suspected to be engaged in terrorism. To implement the said section an order reference F. No. 17015/10/2002-IS-VI dated 27th August, 2009 has been issued by the Government of India.

Any communication under this section shall be addressed to Dr. Mamta Suri, Joint Director, Sectoral Development Department, Insurance Regulatory and Development Authority, 3rd Floor, Parishram Bhavan, Bashir Bagh, Hyderabad-500 004 E-mail: mamta@irda.gov.in; Telephone: 040 23381173; Fax: 040 6682 3334

A consolidated list of all the UAPA Nodal Officers of various agencies governed by the order will be circulated every year and on every change in the list, on receipt of the same from Ministry of Home Affairs

**b. Procedure for freezing of insurance policies of 'designated individuals/entities':**

In case any matching records are identified, the procedure required to be adopted is as follows:

FUTURE GENERALI shall immediately and in any case within 24 hours from the time of identifying a match, inform full particulars of the insurance policies held by such a customer on their books to the Joint Secretary (IS-I), Ministry of Home Affairs, at Fax No.011-23092569 and also convey over telephone on 011-23092736. The particulars apart from being sent by post should necessarily be conveyed on e-mail id: [jsis@nic.in](mailto:jsis@nic.in).

FUTURE GENERALI shall also send a copy of the communication mentioned in 3.1.10 (a) above to the UAPA Nodal Officer of the State/UT where the account is held, IRDA and FIU-IND.

In case, the match of any of the customers with the particulars of designated individuals/entities is beyond doubt, FUTURE GENERALI would prevent designated individuals/entities from conducting any transactions, under intimation to the Joint Secretary (IS-I), Ministry of Home Affairs at Fax no. 011-23092569 and also convey over telephone on 011- 23092736. The particulars apart from being sent by post should necessarily be conveyed on e-mail id: [jsis@nic.in](mailto:jsis@nic.in).

FUTURE GENERALI shall file a Suspicious Transaction Report (STR) with FIU-IND in respect of the insurance policies held by designated individuals/entities, in the prescribed format.

On receipt of the particulars of suspected designated individual/entities IS-I Division of MHA would cause a verification to be conducted by the State Police and/or the Central Agencies so as to ensure that the individuals/entities identified by FUTURE GENERALI are the ones listed as designated individuals/entities and the insurance policies, reported by insurance companies are held by the designated individuals/entities.

In case, the results of the verification indicate that the insurance policies are owned by or are held for the benefit of the designated individuals/entities, an order to freeze these insurance policies under

section 51A of the UAPA would be issued within 24 hours of such verification and conveyed electronically to the concerned office of insurance company under intimation to IRDA and FIU-IND.

The said order shall take place without prior notice to the designated individuals/entities.

'Freezing of insurance contracts' would require not-permitting any transaction (financial or otherwise), against the specific contract in question.

**c. Procedure for unfreezing of insurance policies of individuals/entities inadvertently affected by the freezing mechanism, upon verification that the individual/ entity is not a designated individual/entity**

Any individual or entity, if they have evidence to prove that the insurance policies, owned/held by them has been inadvertently frozen, shall move an application giving the requisite evidence, in writing, to the concerned insurance companies.

FUTURE GENERALI shall inform and forward a copy of the application together with full details of the insurance policies inadvertently frozen as given by any individual or entity, to the Nodal Officer of IS-I Division of MHA within two working days.

The Joint Secretary (IS-I), MHA, the Nodal Officer for IS-I Division of MHA shall cause such verification as may be required on the basis of the evidence furnished by the individual/entity and if he is satisfied, he shall pass an order, within 15 working days, unfreezing the insurance policies owned/held by such applicant, under intimation to the concerned insurance company. However, if it is not possible for any reason to pass an Order unfreezing the assets within 15 working days, the Nodal Officer of ISI Division shall inform the applicant.

**d. Implementation of requests received from foreign countries under U.N. Security Council Resolution 1373 of 2001**

U.N. Security Council Resolution 1373 obligates countries to freeze without delay the funds or other assets of persons who commit, or attempt to commit, terrorist acts or participate in or facilitate the commission of terrorist acts; of entities owned or controlled directly or indirectly by such persons; and of persons and entities acting on behalf of, or at the direction of such persons and entities, including funds or other assets, derived or generated from property owned or controlled, directly or indirectly, by such persons and associated persons and entities.

To give effect to the requests of foreign countries under U.N. Security Council Resolution 1373, the Ministry of External Affairs shall examine the requests made by the foreign countries and forward it electronically, with their comments, to the UAPA Nodal Officer for IS-I Division for freezing of funds or other assets.

The UAPA Nodal Officer of IS-I Division of MHA, shall cause the request to be examined, within 5 working days, so as to satisfy itself that on the basis of applicable legal principles, the requested designation is supported by reasonable grounds, or a reasonable basis, to suspect or believe that the proposed designee is a terrorist, one who finances terrorism or a terrorist organization, and upon his satisfaction, request would be electronically forwarded to the Nodal Officer in IRDA. The proposed designee, as mentioned above would be treated as designated individuals/entities.

Upon receipt of the requests by these Nodal Officers from the UAPA Nodal Officer of IS-I Division, the list would be forwarded to insurance companies and the procedure as enumerated at paragraph 3.1.9 above on freezing of insurance policies shall be followed.

The freezing orders shall take place without prior notice to the designated persons involved.

IRDA would communicate all Orders under section 51A of UAPA relating to insurance policies, to all the insurance companies after receipt of the same from IS-I Division of MHA.

A list of individuals and entities subject to UN sanction measures under UNSC Resolutions (hereinafter referred to as 'designated individuals/entities') received from the Ministry of External Affairs (MEA) would be circulated to the insurance companies through the Councils.

## **I. POLICY REVIEW AND GROUP REPORTING**

### **a. AML Compliance and Reporting to Generali Group**

Principal Compliance Officer shall evaluate and monitor the effectiveness of AML Controls and provide regular reports about the FUTURE GENERALI's AML measures to the Board of Directors FUTURE GENERALI should also ensure that significant ML/TF related events are reported timeously to the Board of Directors and to the Head of Group AML.

Principal Compliance Officer shall set out the planned AML related activities, taking into consideration the relevant areas of FUTURE GENERALI, its exposure to AML risks and Group AML's policies and guidance. In line with the Group Compliance Policy, AML/CTF related activities can be integrated into the Compliance Plan.

At least on an annual basis, within the month of June, Principal Compliance Officer shall provide a report to Board of Directors and to Group AML detailing FUTURE GENERALI's risks, controls, achievements, issues, and corresponding remediation actions in the previous year

### **b. Review of AML policy:**

The AML policy shall be reviewed at least annually and changes effected based on experience of the Company or directions issued by the Authority.

.....  
**Annexure I**

**Customer Identification Procedure**

**Documents that may be obtained from customers**

Features	Documents
<p><i>Insurance Contracts with Individuals</i></p> <ul style="list-style-type: none"> <li>• Identity Proof</li> </ul>	<ol style="list-style-type: none"> <li>1. Passport</li> <li>2. PAN Card</li> <li>3. Voter's Identity Card</li> <li>4. Driving License</li> <li>5. Ration Card (bearing a photograph of the Customer)</li> <li>6. Letter from a recognized public authority or public servant verifying the identity of the customer</li> <li>7. Current Passbook with details of permanent/present address (updated up to the previous month)</li> <li>8. Current statement of bank account with details of permanent/present residence address (as downloaded from internet).</li> <li>9. Written confirmation from the banks, where the prospect is a customer <i>(This document is not required or insisted from the customer segment for Micro Insurance Products, who live in remote areas and have limited access to banking facilities. The document(s) highlighted in Point 7 and 8 above are sufficient for the purpose.)</i></li> <li>10. Employee identity card of a listed company or public sector Company</li> <li>11. Personal identification and certification by FUTURE GENERALI employees for identity of the prospective policyholder.</li> <li>12. Board (e.g. SSC, HSC, SSLC, etc) or University mark sheets bearing photo</li> <li>13. University ID cards bearing photo issued to students</li> <li>14. Employee ID cards bearing photo issued by Central or State Govt</li> <li>13. Kisan credit card bearing photo</li> <li>14. Bank pass book bearing photo</li> <li>15. Defense ID card / Defense dependent's card / Ex-serviceman card bearing photo</li> </ol>

	<p>16. Identity cards bearing photo issued by professional bodies such as:</p> <ul style="list-style-type: none"> <li>• Bar Council</li> <li>• Indian Medical Association</li> <li>• Institute of Chartered Accountants of India</li> <li>• Institute of Company Secretaries of India</li> <li>• Institute of Cost &amp; Works Accountants of India</li> </ul> <p>17. Senior citizen card bearing photo</p> <p>18. Pension ID card issued by State/ Central Govt bearing photo.</p> <p>19. Job Card issued by NREGA duly signed by an Officer of the State Government.</p> <p>20. The Letter issued by the Unique Identification Authority of India containing details of name, address and Aadhar number.</p>
--	--

**Documents that may be obtained from customers (cont.)**

<p><b><u>Insurance Contracts with Individuals</u></b></p> <ul style="list-style-type: none"> <li>• Proof of Residence</li> </ul>	<ol style="list-style-type: none"> <li>1. Telephone bill including mobile, landline, wireless etc type of connections, not more than 6 months old from the date of Insurance Contract</li> <li>2. Letter from any recognized public authority or public servant</li> <li>3. Credit card statement</li> <li>4. Electricity bill</li> <li>5. Passport</li> <li>6. Driving License</li> <li>7. Ration card</li> <li>8. Valid lease or leave and license agreement along with rent receipt, which is not more than 3 months old</li> <li>9. Employer's certificate for residence proof. (Certificates of employers who have in place systematic procedures for recruitment along with maintenance of mandatory records of its employees)</li> <li>10. Current Passbook with details of permanent/present address (updated up to the previous month)</li> <li>11. Current statement of bank account with details of permanent/present residence address (as downloaded from internet)</li> <li>12. Written confirmation from the banks where the prospect is a customer <i>(This document is not required or insisted from the customer segment for Micro Insurance Products, who live in remote areas and have limited access to banking facilities. The document(s) highlighted in Point 10 and 11 above are sufficient for the purpose.)</i>.</li> <li>13. Consumer Gas connection card/book (with transactions within the last 3 months)</li> </ol>
--	--

	14. Gas Bill / Gas connection letter (less than 3 months old) 15. Water Tax Bill mentioning flat number or owner's name (less than 3 months old)
<b><u>Proofs of both Identity and Residence (for all insurance products)</u></b>	i. Written confirmation from the banks where the prospect is a customer, regarding identification and proof of residence. ii. Current Passbook with details of permanent/present residence address (updated upto the previous month). iii. Current statement of bank account with details of permanent/present residence address (as downloaded).

Note:

1. In case, where the document acts as a proof for both Photo Identity and Residence, then documents under the above category Identity Proof and/or Proof of Residence is not required.
2. Copy of any one of the documents listed to be procured for necessary verification.
3. Copy of the page where photograph of customer and name of customer is mentioned should be provided for identity proof.
4. Copy of the page where address of customer and name of customer is mentioned should be provided for address proof.
5. If residence address is available in the identity proof submitted, this document will serve the purpose of both an identity and residence proof.

**Documents that may be obtained from customers (cont.)**

Features	Documents
<p><b><i>Insurance Contracts with companies</i></b></p> <ul style="list-style-type: none"> <li>• Name of the company</li> <li>• Principal place of business</li> <li>• Mailing address of the company</li> <li>• Telephone/Fax Number</li> </ul>	<ol style="list-style-type: none"> <li>1. Certificate of incorporation and Memorandum &amp; Articles of Association</li> <li>2. Resolution of the Board of Directors to take a Policy and identification of those who have authority to give instructions on the Policy.</li> <li>3. Power of Attorney granted to its managers, officers or employees to transact business on its behalf</li> <li>4. Copy of PAN allotment letter</li> </ol>
<p>Insurance Contracts with partnership firms</p> <ul style="list-style-type: none"> <li>• Legal name</li> <li>• Address</li> <li>• Names of all partners and their addresses</li> <li>• Telephone numbers of the firm and partners</li> </ul>	<ol style="list-style-type: none"> <li>1. Registration certificate, if registered</li> <li>2. Partnership deed</li> <li>3. Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf</li> <li>4. Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses.</li> </ol>
<p><u>Insurance Contracts with trusts &amp; foundations</u></p> <p>Names of trustees, settlers, beneficiaries and signatories</p> <p>Names and addresses of the founder, the managers/ directors and the beneficiaries</p> <p>Telephone/ fax numbers</p>	<ol style="list-style-type: none"> <li>1. Certificate of registration, if registered</li> <li>2. Power of Attorney granted to transact business on its behalf</li> <li>3. Any officially valid document to identify the trustees, settlers, beneficiaries and those holding Power of Attorney, founders/ managers/ directors and their addresses</li> <li>4. Resolution of the managing body of the foundation/ association.</li> </ol>



## Annexure II

### Illustrative scenarios for monitoring of potentially suspicious transactions:

1. Customer insisting on anonymity, reluctance to provide identifying information, or providing minimal, seemingly fictitious information
2. Cash based suspicious transactions for payment of premium over and above 5 lakh per person per month. It should also consider multiple DDs each denominated for less than 50,000/-
3. Frequent free look surrenders by customers;
4. Assignments to unrelated parties without valid consideration;
5. Policy from a place where he does not reside or is employed;
6. Frequent request for change in addresses;
7. Inflated or totally fraudulent claims e.g. by arson or other means causing a fraudulent claim to be made to recover part of the invested illegitimate funds;
8. An established trend or pattern or frequent overpayment of premium with a request for refund of the overpaid amount;
9. Frequent cancellation of policies for the return of premium by an insurer's cheque.