

## **Star Health and Allied Insurance Co. Ltd.**

### **ANTI MONEY LAUNDERING/COUNTER FINANCING TERRORISM (AML/CFT) POLICY**

#### **1. Background**

IRDA vide its circular dated March 31, 2006 had advised all the Insurance Companies to put into place a proper policy framework on the Anti Money Laundering/ counter financing of terrorism. The Prevention of Money Laundering Act, 2002 which brought into force with effect from July 1, 2005, is applicable to all the financial institutions, which include insurance institutions. Establishment of anti money laundering programs by financial institutions is one of the central recommendations of the Financial Action Task Force and also forms part of the Insurance Core Principles of the International Association of Insurance Supervisors (IAIS).

Financial institutions such as insurers are therefore placed with 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.

#### **Adoption of Anti Money Laundering Policy (AML Policy)**

The Board of Directors of the Company adopted this Anti Money Laundering Policy (AML Policy) and Subsequently as per the requirements of IRDA, the policy is being reviewed annually and periodically for changes in applicable law. The Policy is now updated with the requirements as per the latest guidelines issued by IRDA on AML/CFT for general insurers vide its circular no. IRDA/SDD/GDL/CIR/020/02/2013 dated February 8, 2013.

#### **2. Definitions:**

1. **ACT** means the Prevention of Money Laundering Act, 2002 (PMLA).
2. **Money Laundering** means moving illegally acquired cash through financial systems so that it appears to be legally acquired.
3. **AML Programme** means the programme to be put in place by every insurer to discharge the statutory responsibility to detect possible attempts of money laundering or financing of terrorism.
4. **NIC** means National Insurance Company Limited
5. **Principal Compliance Officer (PCO)** means an officer nominated by the Chairman Cum Managing Director, who would be responsible for ensuring compliance with the provisions of the PMLA.
6. **FIU-INDIA** means Financial Intelligence Unit-India
7. **IRDA** means the Insurance Regulatory and Development Authority of India
8. **KYC** means Know Your Customer Policy.

#### **3. Money Laundering cycle**

The process of money laundering, regardless of its degree of complexity, is in three stages, namely the placement stage, layering stage and integration stage. It is a process of concealing the existence, illegal source or application of income derived from criminal activity, and the subsequent disguising of the source of that income to make it appear legitimate.

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Stages of Money laundering: -

- 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.

#### **4. AML Program**

In order to discharge the statutory responsibility to detect possible attempts of money laundering or financing of terrorism, the AML program shall include:

1. Internal policies, procedures, and controls;
2. Appointment of a Principal Compliance Officer;
3. Recruitment and training of employees/agents;
4. Internal Control/Audit;

#### **1. Internal policies, procedures, and controls;**

##### **1.1 Know Your Customer (KYC) Norms;**

###### **1.1.1 What are KYC norms?**

(i) Where a client is a judicial person, verification of identity is required to be carried out on persons purporting to act and is 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.

(ii) Insurers shall verify and document identity, address and recent photograph (in case of individual customers) as part of compliance with KYC norms. A list of documents to be verified under KYC norms for individuals and others is given in **Annexure 1**(which is illustrative). No further documentation is necessary for proof of residence where the document of identity submitted also gives the proof of residence. Any document that is accepted by the Insurer should be such that it would satisfy regulatory/enforcement authorities, if need be at future date due diligence was in fact observed by the Insurer in compliance with the guidelines and the PML Act.

(iii) Insurance premium paid by persons other than the person insured should be looked into establish insurable interest.

(iv) Proposal form may also have questionnaires/declarations on source of fund. Insurers shall take appropriate measures, commensurate with the assessed risk of customer and product profile as part of the due intelligence measures. Relevant records and details must be maintained 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.

(v) At any point of time during the contract period, where an insurance company is no longer satisfied that it knows the true identity of the customer, an STR should be filed with FIUIND.

(vi) Insurers are advised to maintain an updated list of designated individuals/entities in electronic form and run a check on the given parameters on a regular basis to verify whether designated individuals/entities are holding any insurance policies with the company. An updated list of individual and entities which are subject to various sanction measures as approved by Security council

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committee established pursuant to UNSC 1267 can be accessed in the United Nations website at <http://www.un.org/sc/committees.1267/consolist.shtml>

(vii) Insurers are required to conduct detailed due diligence while taking insurance risk exposure to individuals/entities connected with countries identified by FATF as having deficiencies in their AML/CFT regime. Special attention should be paid to business relationships and transactions, especially those which do not have apparent economic or visible lawful purpose. In all such cases, the background and purpose of such transactions will as far as possible, have to be examined and written findings maintained for assisting competent authorities. Agents/Corporate agents will have to be appropriately alerted to ensure compliance with this stipulation. While using the FATF public Statements being circulated through the insurance councils, insurers should go beyond the FATF statements and consider publicly available information when identifying countries which do not or insufficiently apply the FATF recommendations.

(viii) Similar measures shall be applied on countries considered as high risk from terrorist financing or money laundering perspective based on prior experiences, transaction history or other factors e.g., legal considerations, or allegations of official corruption.

#### **1.1.2 When should KYC be done?**

- Insurers are required to carry out KYC norms at the settlement stage where claim payout/premium refund crosses a threshold of Rs. One lakhs per claim/premium refund.
- In cases where payments are made to third party service providers such as hospitals etc., the KYC norms shall apply on the customers on whose behalf service providers act.
- AML/CFT checks become more important in case of claims on the policies assigned by the policyholder to a third party not related to him.
- Insurers are 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.

#### **1.1.3 Risk Assessment and Exempt Products**

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

Standalone health/ Medi-claim policies shall also be brought under the purview of AML/CFT requirements based on the assessed risks associated with each of the product profile.

Money laundering activities expose the Company to various risks such as:

- a. Compliance/Legal/Regulatory Risk:** Risk of loss due to failure of compliance with key regulations governing the Company's operations and existence.
- b. Reputation Risk:** Risk of loss due to impact on the reputation of the Company.
- c. Operations Risk:** Risk of loss resulting from inadequate or failed internal processes, people and Systems or from external events.

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**d. Financial Risk:** Risk of loss from negative financial impact arising out of any of the above risks

Based on the vulnerability criterion and after examining the product and business coverage the following products are exempt from the purview of AML/CFT requirements

- a. Reinsurance and retrocession contracts where the treaties are between insurance Companies for reallocation of risks within the insurance industry and do not involve transactions with customers
- b. Group insurance business which are typically issued to a company, financial institution or association and generally restrict the ability of an individual insured /participant to manipulate.

#### **1.2 Implementation of Section 51 A of UAPA**

By virtue of Section 51A of the Unlawful Activities (Prevention) Act, 1967 (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. [The list is accessible at website <http://www.mha.nic.in/BO>]. To implement the said section an order reference F. No. 17015/10/2002-IS-VI dated 27<sup>th</sup> August, 2009 has been issued by the Government of India. The salient aspects of the order with particular reference to insurance sector are provided at **Annexure 3**.

Shri A. Venkateswara Rao, General Manager, Sectoral Development Department, Insurance Regulatory and Development Authority of India, Sy. No- 115/1, Financial District, Nanakramguda, Gachibowli, Hyderabad-500032; E-mail: [avrao@irda.gov.in](mailto:avrao@irda.gov.in) ( a generic Email id should be given); Telephone: 040 23381227; is the UAPA Nodal Officer for the purposes of implementation in the insurance sector.

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 the Ministry of Home Affairs.

#### **1.3 Reporting Obligations**

The AML/CFT program envisages submission of Reports on certain transactions to a Financial intelligence Unit-India (FIU-IND) set up by the Government of India to track possible money laundering attempts and for further investigation an action.

##### **i. Suspicious Transaction Reports**

a. Suspicious activity monitoring program should be appropriate to the Company and the products it sells. Special attention should be paid to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose. Background of such transactions, including all documents/office records/memorandums pertaining to such transactions, as far as possible, should be examined by the Principal Compliance Officer ( refer para 2 (iii) )for recording his findings. These records are required to be preserved for ten years as indicated in clause 1.4

**A list of suspicious transactions is provided in Annexure 2**

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b. Insurance Companies should report the suspicious transactions immediately on identification. Such reports should include attempted transactions, whether or not made in cash, irrespective of the monetary value involved. When such transactions are identified post facto the contract, a statement may be submitted to FIU-IND within 7 working days of identification in prescribed formats.

c. Director, officers and 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.

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

a. With a view to ensuring that premiums are paid out of clearly identifiable sources of funds, premium/proposal deposits remittances in cash beyond Rs. 50,000/-per transactions shall be accepted subject to the customer quoting PAN. Insurers shall verify the authenticity of the details of PAN so obtained. 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.

b. From the perspective of AML/CFT guidelines, it becomes imperative to obtain the details of PAN of the person/entity funding the premium/proposal deposit on an insurance policy.

c. Any cash transactions above Rs. 10 lacs and integrally connected cash transactions above Rs. 10 lacs per month shall be reported to FIU-IND by 15th of succeeding month.

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

e. Insurers 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.

f. 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.

#### **iii. Reporting of receipts by Non-profit Organisations:**

All transactions, involving receipts by non-profit organizations of value more than Rs. 10 lakhs, or its equivalent in foreign currency, should be reported to FIU-IND by 15th day of next succeeding month.

#### **iv. Reporting of counterfeit Currency/Forged Bank notes (CCR)**

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 or a document has taken place facilitating the transaction should be reported within 7 days to FIU-IND.

#### **1.4 Record Keeping**

(i) The Insurer/Agents/Corporate Agents are required to maintain the records of types of transactions mentioned under Rule 3 of PMLA Rules 2005 as well as those relating to the verification of identity of clients shall be maintained for a period of five years after the business relationship between a client and the reporting entity has ended or the account has been closed, whichever is later. Records

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pertaining to all other transactions, ( for which insurance companies are obliged to maintain records under other applicable Legislations/Regulations/Rules) insurance companies are directed to retain records as provided in the said Legislations/Regulations/Rules but not less than a period of five years from the date of transaction. The record of documents evidencing identity of customers and beneficial owners as well as account files and business correspondence relating to the customer shall be maintained for at least a period of five years after the business relationship with the customer has ended. Records can also be in electronic form.

(ii) Sharing of information on customers may be permitted between different organizations such as banks, insurance companies, income tax authorities, local government authorities on request.

(iii) Insurance institutions should implement specific procedures for retaining internal records of transactions both domestic or international, to enable them to comply swiftly with information requests from the competent authorities. Such records must 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.

(iv) Companies should retain the records of those contracts, which have been settled by claim (maturity or death), surrender or cancellation, for period of at least five years after that settlement.

(v) In situation where the records relate to ongoing investigations, or transactions which have been the subject of a disclosure, they should be retained until it is confirmed that the case has been closed where practicable, insurance institutions are requested to seek and retain relevant identification documents for all such transactions and to report the offer of suspicious funds.

(vi) In case of customer identification data obtained through the customer due diligence process, account files and such business correspondences should be retained for at least five years after the business relationship is ended.

## **2. Compliance arrangements**

- All the functions would adhere to the AML standards of the company
- A detailed AML/CFT policy should be drawn up encompassing aspects of Customer acceptance policy, Customer identification procedure, Monitoring transactions, Risk management framework as evolved by the Insurer.
- AML policy should have the approval of the Board
- AML policy should be reviewed annually and changes effected based on experience
- The guidelines place the responsibility of a robust AML/CFT program on the Insurers and steps are taken to strengthen the level of control on the agents and corporate agents.
- A list of rules and regulations covering performance of agents and corporate agents must be put in place. A clause should be added making KYC norms mandatory and specific process document can be included as part of the contracts.
- Services of defaulting agents who expose the insurers to AML/CFT related risks on multiple occasions should be terminated.

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- Insurance company when faced with a non-compliant agent or corporate agent should take necessary action to secure compliance, including when appropriate, terminating its business relationship with such an agent/corporate agent.

#### **Appointment of a Principal Compliance Officer and his responsibilities**

Chief Financial Officer of the Company is designated as the Principal Compliance Officer under AML / CFT guidelines, the details of which has been communicated to IRDA. The respective functional and business heads will be responsible for the KYC/AML procedures adherence in their respective businesses/ functions and report compliance thereof to the Principal Compliance officer at periodic intervals.

Functions of the Principal Compliance Officer:

- i. Establish, review and revise Anti Money Laundering Policy of the Company, as per Regulatory Guidelines.
- ii. Ensure that the AML program is being implemented effectively, including monitoring compliance by the Company's intermediaries (Employees, Agents, Brokers, Corporate Agents)
- iii. Ensure that adequate support is provided to staff to address their concerns/questions on AML.
- iv. Ensure that Regulatory reporting requirements are being met by reporting AML related exceptions to Financial Intelligence Unit – India (FIU-IND), as applicable.
- v. Ensure confidentiality of information reported to the FIU-IND, and subsequent record keeping.

**Prohibitions:** Directors, officers and employees (permanent and temporary) shall be prohibited from disclosing to anybody, the fact that a Suspicious Transactions Report or related information of a policyholder/prospect is being reported or provided to the FIUIND.

#### **3. Recruitment and Training of Employees /Agents:**

- The selection process of agents/corporate agents should be monitored carefully. The Authority monitoring the agents should monitor sales practices followed by agents and ensure that if any unfair practice is being reported then action is taken after due investigation; Periodic risk management reviews should be conducted to ensure company's strict adherence to laid down process and strong ethical and control environment.
- The concept of AML/CFT would be part of in-house training curriculum for all employees including agents in all training centres.
- Training of different classes of employees outlined below:
  - New employees – Irrespective of seniority, a general orientation of the background to money laundering and the need for identifying and reporting of any suspicious transactions to the designated official of the company.
  - Sales staff – They are the front-line people to directly interact with the potential money launderers. They shall be fully trained to be made aware of the Company's policy in dealing with non-regular customers, particularly where large transactions are involved.
  - Processing staff – Training shall be provided to effectively identify the possible money laundering transactions, while processing the proposal forms.

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- Administrative Supervisors / Managers – A higher level of instruction covering all aspects of money laundering procedures shall be provided.
- On-going training – This shall be done for all levels of employees as refresher and updating at regular intervals.

The Training Department shall coordinate and maintain records of training materials and training imparted to staff in the various categories detailed above.

#### **4. Internal Control and Audit:**

- Company's Internal Audit Department shall regularly verify and ensure compliance with policies, procedures and controls relating to money laundering activities.
- A detailed report with specific comments on the robustness of the internal policies and processes in regard and constructive suggestions where necessary to strengthen the policy and implementation to this shall be submitted at least annually, as part of the internal audit schedule.
- Exception reporting under AML/CFT policy should be done to Audit Committee of Board

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#### **Annexure 1:**

#### **List of Documents for KYC purposes**

#### **Where the Client is an individual**

- i. Passport
  - ii. PAN Card
  - iii. Voter's Identity Card issued by Election Commission of India
  - iv. Driving License
  - v. Aadhaar number (subject to notification under section 11A of PMLA allowing insurers to perform online authentication)/ Proof of possession of Aadhaar (if offline)
  - vi. Job card issued by NREGA duly signed by an officer of the State Government
  - vii. Letter issued by the Unique Identification Authority of India or National Population Register containing details of name, address and Aadhaar number.
  - viii. Any other documents approved by the government from time to time
1. Provided that where simplified measures for due diligence are applied for verifying the identity of the clients the following documents shall be deemed to be 'officially valid documents':
    - a. identity card with applicant's Photograph issued by Central/State Government Departments, Statutory/ Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, and Public Financial Institutions;
    - b. letter issued by a gazetted officer, with a duly attested photograph of the person;
  2. Provided further that where simplified measures for due diligence are applied for verifying the limited purpose of proof of address of the clients, where a prospective customer is unable to produce any proof of address, the following documents shall be deemed to be 'officially valid documents':
    - a) utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
    - b) Property or Municipal tax receipt;
    - c) Bank account or Post Office savings account statement;
    - d) Pension or family pension payment orders (PPOs) issued to retired employees by Government Department or Public Sector Undertakings, if they contain the address;
    - e) Letter of allotment of accommodation from employer issued by State or Central Government departments, statutory or regulatory bodies, public sector undertakings,

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scheduled commercial banks, financial institutions and listed companies. Similarly, leave and licence agreements with such employers allotting official accommodation; and

- f) Documents issued by Government departments of foreign jurisdiction and letter issued by Foreign Embassy or Mission in India.

<b>Features</b>	<b>Documents</b>
<b>Insurance Contracts with companies</b>	<ul style="list-style-type: none"> <li>i. Certificate of incorporation</li> <li>ii. Memorandum &amp; Articles of Association</li> <li>iii. Permanent Account Number of the company</li> <li>iv. Resolution of the Board of Directors and Power of Attorney granted to its managers, officers or employees, as the case may be, to transact on its behalf</li> <li>v. One copy of officially valid document containing details of identity and address, one recent photograph and Permanent Account numbers or Form 60 of the managers, officers or employees , as the case may be, holding an attorney to transact on the company's behalf</li> </ul>
<b>Insurance Contracts with partnership firms</b>	<ul style="list-style-type: none"> <li>i. Registration certificate, if registered</li> <li>ii. Partnership deed</li> <li>iii. Permanent Account Number of the Partnership firm; and</li> <li>iv. One copy of officially valid document containing details of identity and address, one recent photograph and Permanent Account numbers or Form 60 of the managers, officers or employees , as the case may be, holding an attorney to transact on its behalf;</li> </ul>
<b>Insurance Contracts with trusts &amp; foundations</b>	<ul style="list-style-type: none"> <li>i. Registration Certificate</li> <li>ii. Trust Deed</li> <li>iii. Permanent Account Number or form 60 of the Trust; and</li> <li>iv. One copy of officially valid document containing details of identity and address, one recent photograph and Permanent Account numbers or Form 60 of the managers, officers or employees , as the case may be holding an attorney to transact on its behalf;</li> </ul>
<b>Insurance Contracts with Unincorporated association or a body of individuals</b>	<ul style="list-style-type: none"> <li>i. Resolution of the managing body of such association or body of individuals;</li> <li>ii. Permanent Account Number or Form 60</li> </ul>

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	<p>of the unincorporated associations or a body of individuals;</p> <p>iii. Power of attorney granted to him to transact on its behalf;</p> <p>iv. One copy of officially valid document containing details of identity and address, one recent photograph and Permanent Account numbers or Form 60 of the managers, officers or employees , as the case may be holding an attorney to transact on its behalf;;</p> <p>v. Such information as may be required by the RE to collectively establish the legal existence of such an association or body of individuals.</p>
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Any other ‘Officially valid document’ that shall be notified by the Central Government, in consultation with the Regulator from time to time.

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#### **Annexure 2**

#### **Illustrative list of 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 ` Rs. 5 lakhs per person per month.
3. Third Party transactions;
4. Frequent free look cancellation by customers;
5. Assignments to unrelated parties without valid consideration;
6. Request for purchase of a policy in amount considered beyond apparent need;
7. Policy from a place where he does not reside or is not employed;
8. Frequent request for change in addresses;
9. 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
10. Overpayment of premiums with a request for a refund of the amount overpaid.
11. Cancellation of policies for the return of premium by an Reporting entity's cheque;
12. Media reports about a customer;
13. Information sought by Enforcement agencies;
14. Unusual termination of policies;
15. Borrowing the maximum loan amount against a policy soon after buying it

**Note: The list is only illustrative and not exhaustive. Red Flag Indicators issued by FIU-IND also be taken in account for Suspicious Transaction wherever necessary. For more examples on Suspicious Transactions please visit <http://www.iaisweb.org>**

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#### **Annexure 3**

#### **Implementation of Section 51A of UAPA:**

To implement the said section an order reference F. No. 17015/10/2002-IS-VI dated 27<sup>th</sup> August, 2009 has been issued by the Government of India. The salient aspects of the order with particular reference to insurance sector are detailed in the following paras:

#### **i. 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:

- a. Reporting entity 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).
- b. The Reporting entity shall also send a copy of the communication mentioned in (1) (a) above to the UAPA Nodal Officer of the State/UT where the account is held, IRDAI and FIU-IND.
- c. In case, the match of any of the customers with the particulars of designated individuals/entities is beyond doubt, Reporting entities 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).
- d. Reporting entities shall file a Suspicious Transaction Report (STR) with FIU-IND in respect of the insurance policies covered by paragraph (1) (a) above, carried through or attempted, in the prescribed format.
- e. 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 the Reporting entities are the ones listed as designated individuals/entities and the insurance policies, reported by Reporting entities are held by the designated individuals/entities.
- f. 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 Reporting entities under intimation to IRDAI and FIU-IND.
- g. 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.

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- ii. **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**
- a. 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 Reporting entities.
  - b. Reporting entities 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.
  - c. 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 Reporting entities. However, if it is not possible for any reason to pass an Order unfreezing the assets within 15 working days, the Nodal Officer of IS-I Division shall inform the applicant.
- iii. **Implementation of requests received from foreign countries under U.N. Security Council Resolution 1373 of 2001**
- a. 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.
  - b. 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.
  - c. 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 IRDAI. The proposed designee, as mentioned above would be treated as designated individuals/entities.
  - d. Upon receipt of the request by Nodal Officer in IRDAI from the UAPA Nodal Officer of IS-I Division, the list would be forwarded to Reporting entities and the procedure as enumerated at paragraphs (1) on freezing of insurance policies shall be followed.
  - e. The freezing orders shall take place without prior notice to the designated persons involved.
- iv. IRDAI would communicate all Orders under section 51A of UAPA relating to insurance policies, to all the Reporting entities after receipt of the same from IS-I Division of MHA.