



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila

Circular Letter (CL) No.:	2014 - 33
Date:	14 July 2014

CIRCULAR LETTER

TO : All Insurance and Pre-need Companies, Mutual Benefit Associations, Insurance and Reinsurance Brokers and Other Supervised Entities

SUBJECT : Anti-Money Laundering Council (AMLC) National Risks Assessment (NRA) Project Data/Information Collection Requirement

On 20 June 2014, the Office of the President issued Memorandum Circular No. 64 entitled **“Enjoining All Concerned Agencies to Fully Support and Actively Participate in the Conduct of the Money Laundering/Terrorism Financing (ML/TF) National Risk Assessment (NRA) Through Involvement in the ML/TF NRA Working Group”**.

The Insurance Commission is part of the ML/TF NRA Working Group headed by the Anti-Money Laundering Council (AMLC). As such, it is required to gather data and information from its regulated entities, which is an important element in identifying, assessing and understanding the money laundering and terrorism financing risks for the country.

As part of its data and information gathering, the Insurance Commission shall require, if necessary, pertinent data and information from the regulated entities. Cooperation from all concerned entities is expected as it will ensure the success of formulating internationally accepted standards to address Money Laundering/Terrorism Financing.

Accordingly, all regulated entities are required to furnish the information/data in Annex A or as required by the AMLC NRA Sub-Working Groups namely, (Group 1) Threat Assessment; (Group 2) National Vulnerability; (Group 5) Insurance Sector Vulnerability; (Group 6) Financial Institutions Vulnerability; and (Group 9) Non-Profit Organizations.


EMMANUEL F. DOOC
Insurance Commissioner

**Office of the President
of the Philippines
Malacañang**

MEMORANDUM CIRCULAR NO. 64

ENJOINING ALL CONCERNED AGENCIES TO FULLY SUPPORT AND ACTIVELY PARTICIPATE IN THE CONDUCT OF THE MONEY LAUNDERING / TERRORISM FINANCING (ML/TF) NATIONAL RISK ASSESSMENT (NRA) THROUGH INVOLVEMENT IN THE ML/TF NRA WORKING GROUP

WHEREAS, the Asia/Pacific Group (APG) on Money Laundering is committed to the effective implementation and enforcement of internationally accepted standards to address Money Laundering/Terrorism Financing (ML/TF);

WHEREAS, under the international standards on combating money laundering and terrorism financing, countries are required to identify, assess and understand the money laundering and terrorism financing risks for the country and are mandated, based on said assessment, to apply a risk-based approach to ensure that measures to prevent or mitigate money laundering and terrorism financing are commensurate with the risks identified;

WHEREAS, the Philippines is a member of the APG and in compliance with the international standards on combating money laundering and terrorism financing, the Philippines will be conducting a ML/TF National Risk Assessment (NRA); and

WHEREAS, there is a need to constitute an NRA Working Group consisting of representatives from relevant government agencies and the private sector dedicated to the accomplishment of the objectives and completion of the ML/TF risk assessment process.

NOW, THEREFORE, all concerned Heads of Departments, Agencies, Offices and Instrumentalities of the National Government, specifically those named in **ANNEX A**, attached herewith, hereinafter referred to as the ML/TF NRA Working Group, are enjoined to extend support and participation in the conduct of the ML/TF NRA. The Working Group shall have nine (9) subgroups, namely: (1) Threat Assessment; (2) National Vulnerability; (3) Banking Sector Vulnerability; (4) Securities Sector Vulnerability; (5) Insurance Sector Vulnerability; (6) Other Financial Institutions' Vulnerability; (7) Designated Non-Financial Business and Professions Vulnerability; (8) Financial Inclusion Products Risk Assessment; and (9) Non-profit Organizations.

The duly authorized representatives of the member-agencies of the Working Group should be senior officials with rank not lower than Assistant Secretary or its equivalent and shall have technical knowledge and operational experience and with authority to share information. Further, member agencies shall designate an alternate member who should have the same qualifications.



The Anti-Money Laundering Council (AMLC) is designated as the lead agency of the Working Group. Through its Executive Director, the AMLC may issue operational guidance and instructions to the concerned agencies as may be necessary from time to time and may call on other agencies for assistance in the performance of its tasks.

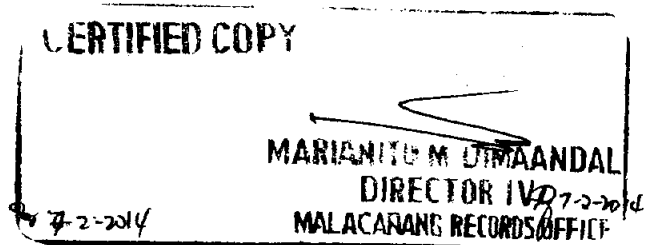
The initial funding requirement of TWO MILLION PESOS (₱ 2,000,000.00) shall be charged against the Contingent Fund of the Office of the President, subject to the availability of funds and pertinent budgetary, accounting, and auditing rules and regulations. Funding for the subsequent years of operation shall be incorporated in the annual budget of the AMLC.

This Memorandum Circular shall take effect immediately.

By Authority of the President:


PAQUITO N. OCHOA, JR.
Executive Secretary

Manila, Philippines 20 June 2014



ANNEX A

Financial Intelligence Unit

Anti-Money Laundering Council

Supervisory Authorities

Bangko Sentral ng Pilipinas

Insurance Commission

Securities and Exchange Commission

Law enforcement and other relevant government agencies

Anti-Terrorism Council

Bureau of Customs

Bureau of Immigration

Bureau of Internal Revenue

Cooperative Development Authority

Civil Service Commission

Department of Environment and Natural Resources

Department of Finance

Department of Foreign Affairs

Department of Justice

Department of Social Welfare and Development

Department of Trade and Industry

Inter-Agency Council Against Trafficking

Intellectual Property Office of the Philippines

Intelligence Service Armed Forces of the Philippines

Land Registration Authority

National Bureau of Investigation

National Intelligence Coordinating Agency

Office of the Ombudsman

Office of the Solicitor General

Presidential Anti-Organized Crime Commission

Philippine Amusement and Gaming Corporation

Philippine Center on Transnational Crime

Philippine Drug Enforcement Agency

Philippine Deposit Insurance Corporation

Philippine Ports Authority

Philippine National Police - Anti-Cybercrime Group

Philippine National Police - Anti-Kidnapping Group

Philippine National Police – Aviation Security Group

Philippine National Police - Criminal Investigation and Detection Group

Philippine National Police – Highway Patrol Group

Philippine National Police - Intelligence Group

Professional Regulation Commission – Board of Accountancy

Professional Regulation Commission – Board of Real Estate Service

Supreme Court – Office of the Court Administrator

Note: Each Sub-Working Group will specify which information/data are needed to be submitted by the companies.

INFORMATION/DATA REQUIREMENTS	
INFORMATION FOR SPECIFIC SECTORS	<ul style="list-style-type: none"> <input type="checkbox"/> Guidance Notes/Recommendations on the prevention of ML in the specific sectors (Banking & FIs, Securities, DNFBPs, Insurance, FIs) to oversee the issue of guidelines to facilitate the implementation of laws, rules, regulations and directives of the Central Bank of [Name of Country]? <input type="checkbox"/> Information on the size, depth and characteristics of the sector. Importance/share of the sector in Country's economy (GDP). Comparison of the size of the sector with region countries, peer countries, advanced economies etc. <ul style="list-style-type: none"> ○ <u>(Central Bank of [Name of Country], Ministry of Finance and Chamber of Commerce and so forth)</u> <input type="checkbox"/> Information on AML monitoring system, data collection systems in banking/securities/ insurance sector/other sectors <ul style="list-style-type: none"> ○ <u>(Central Bank, Bankers, Insurance and Securities Associations, academics, sample of individual institutions and so forth)</u> <input type="checkbox"/> Information on AML software used by LEA, FIU (i2, goAML and so forth). Do reporting entities provide all information the FIU online? Rate the quality of information provided. Does such information assist in the detection of Suspicious Transactions and creation an effective "audit trail" in the event of an investigation? <input type="checkbox"/> Staff knowledge in banks, insurance companies, others (statistics on AML trainings given to staff, statistics on trainings by authorities to banks, Insurance companies, others) <ul style="list-style-type: none"> ○ <u>(Central Bank, Bank, Insurance, Securities associations and so forth)</u> <input type="checkbox"/> Staff Integrity in sectors (statistics on integrity breaches, findings of on-site/off-site examinations) <ul style="list-style-type: none"> ○ <u>(Central Bank, Insurance Regulator, Securities Regulator)</u> <input type="checkbox"/> Information on AML/CFT supervision (framework for on-site off-site supervision, adequacy of the supervision, supervision procedures, statistics on the number of staff taking part in on-site/off-site examinations, no of institutions examined, statistics and information on main findings of on-site/off-site examinations, statistics on corrective actions taken in case of breaches) <ul style="list-style-type: none"> ○ <u>(Central Bank, Insurance Regulator, Securities Regulator)</u> <input type="checkbox"/> Has the Central Bank as part of its supervisory process, carried out an assessment of the adequacy of procedures (i.e. internal controls, policies and procedures) adopted to counter money laundering and the degree of compliance with such procedures?

<p>INFORMATION FOR PRODUCT ANALYSIS</p>	<p><u>For Banking, Securities and Insurance sector (information to be provided by Individual institutions):</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Prepare a list of all the products/services offered by banking, securities and insurance sector; <input type="checkbox"/> For securities and insurance sector, in addition to product/service breakdown, please identify the categories/types of service providers. <input type="checkbox"/> Data on total assets/liabilities/total turnover/total premium income associated with different products/services; <input type="checkbox"/> Data on total volume and average transaction size for each product/service/channel. The amount of associated assets, liabilities or turnover can serve as an indicator of the volume. Average transaction size doesn't need to be precise and can be estimated based on sampling/interviews with sector. <input type="checkbox"/> Statistics on PEPs and other risky customers, international transactions, transactions with off shore centers/tax heavens, high risk regions and so forth, for each of the products. <input type="checkbox"/> Information on client risk profiling and monitoring systems of the financial institutions.
<p>INFORMATION FOR FINANCIAL INCLUSION PRODUCTS/SERVICES</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Information on current regulatory framework. Please discuss whether the regulatory framework recognizes simplification in low risk situations. If yes, under what conditions, what kind of simplification? Is the current framework adequately accommodates financial inclusion? If no, what are the problems? <input type="checkbox"/> Information on the policies/procedures for the launch of any financial inclusion products/services (with simplified CDD etc.). Is there any pre-authorization process? How is the involvement of the regulatory authority. <input type="checkbox"/> Information on the Financial Inclusion Product/Services already being offered by the financial or non-financial sectors. <input type="checkbox"/> Information on the Financial Inclusion Product/Services being planned by the financial or non-financial sectors. <input type="checkbox"/> Information on the simplification/ exemptions associated with the existing financial inclusion product/services.
<p>OTHER INFORMATION</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Information from most recent Mutual Evaluation report: Any information on the ML/TF risks, weaknesses, gaps, deficiencies, problems in the country need to be extracted from most recent ME report. <input type="checkbox"/> Information from other sources on potential ML activities related to sectors (public information, academic reports, studies, intelligence etc.)

SPECIFIC QUESTIONS	
GROUP 5 INSURANCE SECTOR VULNERABILITY	<i>Sector Vulnerability</i> <ul style="list-style-type: none"> ● Definition: in-depth focus on individual sectors and vulnerabilities therein
GROUP 6 FINANCIAL INSTITUTIONS VULNERABILITY	<ul style="list-style-type: none"> ● What products and services are offered in the individual sectors? ● What is the size of the individual sectors as a component of the overall economy size? ● What are the financial flows into and out of [Name of Country]? What are the major sources of financial flows into [Name of Country]? ● What is the quality of regulation and supervision of the individual sectors, with respect to general prudential or compliance, what is the quality of supervision? ● What record keeping systems are available for each of the individual sectors? How easy is it for authorities to get access to these record keeping systems? ● How knowledgeable are the staff that work in the individual sectors to the nature of the risk profile [Name of Country]? What of AML/CFT knowledge?
GROUP 8 FINANCIAL INCLUSION PRODUCTS RISK ASSESSMENT	<i>Financial Inclusion</i> <ul style="list-style-type: none"> ● How is financial inclusion in [Name of Country] defined? ● What types of financial products are offered in [Name of Country]? ● Which sectors offer financial inclusion products? To whom? Who are the major clients of financial inclusion products? ● Are there any limitations on such products?