

INTERNAL



**GULF INSURANCE GROUP (GULF) B.S.C (c)**

**ANTI-MONEY LAUNDERING (AML) AND  
COUNTER TERRORIST FINANCING (CTF)  
POLICY AND PROCEDURES**

A handwritten signature in blue ink, appearing to read 'Paul Adamson', is positioned above a horizontal line.

**Paul Adamson, Chief Executive Officer**

Authorised to sign on behalf of the Audit, Risk, Compliance and Corporate Governance Committee which approved the policy in their meeting held on 6th September 2022

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Contents

<b>1. Commitment</b> .....	3
<b>2. Legal Environment</b> .....	3
<b>3. What is Money Laundering</b> .....	4
<b>3.1 Money Laundering Offence</b> .....	4
3.1 Stages of money laundering .....	4
<b>4. Suspicious Transactions Reporting and Staff Awareness</b> .....	5
4.1 What to report .....	5
4.2 Whom to report .....	5
4.3 Staff awareness .....	5
<b>5. Anti-money Laundering Key Performance Indicators (KPI)</b> .....	6
<b>6. Know Your Customer (KYC) Procedures</b> .....	6
6.1 Verifying the identity of the customers .....	6
6.2 Obtaining complete details from the customers .....	6
6.3 Enhanced Due Diligence for Politically Exposed Persons (PEP) .....	7
6.4 Enhanced Due Diligence for Non-resident customers from High-Risk Jurisdictions .....	7
6.5 Tracking individuals or corporates linked to terrorist organization .....	8
6.6 Customer Name Screening .....	8
<b>7. Customer Risk Assessment</b> .....	8
<b>8. Know Your Intermediary</b> .....	8
<b>9. Know Your Agents and Counterparties</b> .....	8
<b>10. Know Your Employee</b> .....	9
<b>11. Accountability and Reporting</b> .....	9
11.1 Accountability .....	9
11.2 Reporting .....	9
11.3 Record retention .....	9
<b>12. AML Audit</b> .....	10
<b>13. AML/CTF Training</b> .....	10
<b>14. AML Questionnaire</b> .....	10

**15. Penalties for non-compliance .....10**

**16. Appendix A - EXAMPLES OF SUSPICIOUS TRANSACTIONS .....11**

**17. Appendix B – High Risk Jurisdictions and Jurisdictions under increased monitoring.....12**

**18. Appendix C – Money Laundering Reporting Officer .....13**

**19. Appendix D – Form for reporting suspicious transactions .....14**

## 1. **Commitments**

Gulf Insurance Group (Gulf) B.S.C (c) (hereby referred to as “GIG Gulf”) is committed to fight against the threats of Money Laundering (ML) and Terrorist Financing (TF) in the territories of its operation. GIG Gulf exercises utmost vigilance wherever its products and services are involved whether they are distributed through own distribution channels or through intermediaries. GIG Gulf is committed to adhere to the local Anti-money Laundering (AML) & Counter Terrorist Financing (CTF) regulations and adopt best global practices in fighting ML/TF risks.

## 2. **Legal Environment**

The below table depicts the links to AML/CTF regulations where GIG Gulf operates

Country	Regulations
Bahrain	<p><b>Amiri decree No 4 of 2001 with respect to preventing and prohibition of the Laundering of Money</b>  <a href="https://cbben.thomsonreuters.com/rulebook/bahrain-anti-money-laundering-law-2001">https://cbben.thomsonreuters.com/rulebook/bahrain-anti-money-laundering-law-2001</a>  <b>Central Bank of Bahrain Rule Book, Volume 3, Insurance, Financial Crime</b>  <a href="https://cbben.thomsonreuters.com/rulebook/fc-financial-crime-8">https://cbben.thomsonreuters.com/rulebook/fc-financial-crime-8</a></p>
Oman	<p><b>Royal Decree 30/2016 Issuing The Law of Money Laundering and Counter Terrorism Financing</b>  <a href="http://www.fiu.gov.om/files/English/Anti-money%20Laundering%20&amp;%20Terrorism%20Financing/Oman%20AMLCFT%20law%20final-ENG%20revised%20on%208%209%2016.pdf">http://www.fiu.gov.om/files/English/Anti-money%20Laundering%20&amp;%20Terrorism%20Financing/Oman%20AMLCFT%20law%20final-ENG%20revised%20on%208%209%2016.pdf</a>            AML Rules for insurance companies issued by the Capital Markets Authority            CMA Implementing Instructions (No. E/62/2017) of AML/CFT law for insurance companies, insurance brokers and agents</p>
Qatar	<p><b>QFC Regulatory Authority Anti-Money Laundering and Combating Terrorist Financing (General Insurance) Rules 2019</b>  <a href="https://www.qfcra.com/aml-law-and-legislation/">https://www.qfcra.com/aml-law-and-legislation/</a>  <b>Qatar State Law</b>            Law No. (20) of 2019 on Combating Money Laundering and Terrorism Financing            Implementing Regulations of Law No. (20) of 2019 on Combating Money Laundering and Terrorism Financing</p>
United Arab Emirates	<p><b>UAE Federal Law No (20) of 2018 on Anti-money laundering and Counter Terrorist Financing</b>  <a href="https://www.mof.gov.ae/en/lawsandpolitics/govlaws/pages/moneylaundering.aspx">https://www.mof.gov.ae/en/lawsandpolitics/govlaws/pages/moneylaundering.aspx</a>            Federal Decree-Law No. (26) of 2021 To amend certain provisions of Federal Decree-Law No. (20) of 2018 on anti -money laundering and combating the financing of terrorism and the financing of illegal</p>

	<p>organizations <a href="https://www.mof.gov.ae/en/lawsAndPolitics/Pages/Topics-regulated-financial-legislation.aspx">https://www.mof.gov.ae/en/lawsAndPolitics/Pages/Topics-regulated-financial-legislation.aspx</a></p> <p><b>Guidance notes issued by Central Bank UAE</b></p> <ul style="list-style-type: none"> <li>• <a href="https://www.centralbank.ae/en/cbuae-amlcft">https://www.centralbank.ae/en/cbuae-amlcft</a></li> <li>• Anti-Money Laundering and Combating the Financing of Terrorism and illegal Organizations</li> <li>• Guidance for Licensed Financial Institutions on Transaction Monitoring and Sanctions Screening</li> <li>• Guidance for licensed financial institutions on suspicious transaction reporting</li> <li>• Guidance for licensed financial institutions on the implementation of targeted financial sanctions</li> <li>• Guidance on Targeted Financial Sanctions For financial institutions and designated non-financial business and professions (DNFBPs)</li> <li>• Guidance on Targeted Financial Sanctions for The Insurance Sector</li> <li>• Guidance for licensed financial institutions on the risks related to Politically Exposed Persons</li> </ul>
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### **3. What is Money Laundering**

Money laundering is the process by which the true origin and ownership of proceeds of criminal / illegal activities are concealed and transforming these proceeds of criminal / illegal activities into legitimate capital

#### **3.1 Money Laundering Offence**

Under the Bahrain AML Law (and in almost all other AML laws of other applicable jurisdictions), a money laundering offence includes:

- a. Conducting a transaction with the crime proceeds
- b. Concealing the crime proceeds
- c. Receiving/transferring the crime proceeds
- d. Retention/possession of the crime proceeds.
- e. Tampering with the evidence on Money laundering
- f. Knowing of any money laundering offence or providing any facility to any person committing the money laundering offence

In addition, the above as per the provisions of the AML law following are also considered money laundering offences

- g. Failure to disclose information
- h. Failure to comply with official orders
- i. Prejudicial disclosure of information

#### **3.1 Stages of money laundering**

The Money Laundering process often involves the following three Stages:

- a. Placement

Placement is the first stage by which funds derived from a criminal activity are introduced into the financial system, either directly or through using other retail businesses. This can be in the form of large sums of cash or a series of smaller sums.

**b. Layering**

The aim of the second stage is to disguise the transaction through a succession of complex financial transactions with the purpose of erasing as quickly as possible all links with its unlawful origin. The funds may be converted into shares, bonds, life insurance policies or any other easily negotiable asset or may be transferred to other accounts in other jurisdictions

**c. Integration**

Complex integration schemes then place the laundered funds back into the economy through real estate, business assets, securities and equities, in such a way that they re-enter the financial system appearing as normal business funds that have been legitimately earned. It is the final stage in which the money launderer takes the illegal money back into the legitimate economy

#### **4. Suspicious Transactions Reporting and Staff Awareness**

##### **4.1 What to report**

Staff who handle customer business (or are managerially responsible for such staff) should make a report promptly to the MLRO if they know or suspect that a customer (or a person on whose behalf a customer may be acting) is engaged in money laundering or terrorism financing, or if the transaction or customer's conduct otherwise appears unusual or suspicious.

The key to recognizing "suspicions" is knowing enough about the Customer and the Customer's normal expected activities to recognize when a Transaction is abnormal

**Failure to report a suspicious transaction without reasonable excuse would be considered as a professional mistake.**

##### **4.2 Whom to report**

Staff should report any suspicious or unusual transaction to respective Branch Money Laundering Reporting Officer (MLRO) or to Regional MLRO

The staff may discuss the matter with his/her line manager, but need not wait for the line manager's approval to report to MLRO

The MLRO will analyze reported suspicious transactions and decide whether to report it to the regulators. The MLRO will keep the name of the staff member who reported the suspicious transaction confidential

MLRO will analyze the reported suspicious transactions and decide whether to report it to the Financial Intelligence Unit (FIU).

##### **4.3 Staff awareness**

AML Policy is available to all staff. It will be circulated to all staff and uploaded in GIG Gulf Intranet. The policy is also uploaded on GIG Gulf's website

AML/CTF training is provided to all relevant staff. New joiners are required to complete AML/CTF E-training within three months of their joining date. AML/CTF E-training is assigned to all new joiners by HR L&D team.

**5. Anti-money Laundering Key Performance Indicators (KPI)**

GIG Gulf has developed AML KPIs for all staff to ensure compliance with AML/CFT requirements outlined in CBB Financial Crime Module of Insurance Rule Book. The performance evaluation and remuneration of senior management and staff of the licensee must be based on the achievement of KPI relevant to AML/CFT requirements.

**6. Know Your Customer (KYC) Procedures**

**6.1 Verifying the identity of the customers**

The identity of the customers must be systematically verified. Verifying the identity consists in either:

- seeing an original valid Commercial Registration for entities /ID for individuals and filing a copy marked "original sighted" by GIG Gulf staff
- obtaining and filing a certified copy of a valid Commercial Registration for entities /ID for individuals (electronic copies acceptable)

By law, the following persons can certify a document: a chartered accountant, or a lawyer, or an official from a ministry/embassy/consulate, providing he/she clearly identify him/herself in the certification (title, business card ...). In most company, the CFO would be suitable.

Cases where the client’s name differs from the Commercial Registration must be corrected. Reluctance from the broker or client to provide proof of identity should be reported to the local MLRO, for possible reporting to the regulator as a suspicious transaction. If need be, brokers should be reminded of their AML responsibility under the law.

Cash payments from the customer exceeding AED10,000/BHD1,000/QAR10,000/OMR1,000 must be reported to the respective Branch MLRO for verification. The payments can be accepted only after clearance from MLRO.

The threshold for payments from customers through Credit Card is AED100,000/BHD10,000/QAR100,000/OMR10,000.

However, MLRO can increase the threshold from time to time based on business requirements. MLRO will perform AML risk assessment prior to the approval of increase in threshold.

**6.2 Obtaining complete details from the customers**

The data below should be collected upon sales or policy renewals. Under no circumstances should GIG Gulf maintain anonymous or fictitious accounts.

Natural Persons	Legal Entities
a) Full legal name	a) Full legal name and other trading names used
b) Full residential address	

c) Date and Place of birth	b) Registration number
d) Nationality	c) Legal form
e) Current CPR or Iqama number or government issued national identification proof	d) Registered address
f) Telephone/fax and email address (where applicable)	e) Type of business activity
g) Occupation	f) Date and place of incorporation
h) Employer's name and address	g) Telephone, fax and email address
i) Anticipated premium volume	h) Regulatory body or listing body
j) Source of funds	i) Name of external auditor
k) Signature of the customer	j) Anticipated premium volume
l) A certification from the customer that he is acting on his behalf	k) Source of funds
	l) Details of Shareholders/Owners (holding or controlling more than 20% of shares)
	m) Details of Directors
	n) Details of Authorised Signatories

### **6.3 Enhanced Due Diligence for Politically Exposed Persons (PEP)**

PEPs include heads of States, senior members of the government, the judiciary, the military, or state-owned companies. PEPs also include Members of Parliaments and senior members of political parties.

GIG Gulf relies on World-check listing and data from customers to identify PEPs.

Maintaining a business relationship with a PEP or PEP family member implies enhanced due diligence measures that should be summarized in a report signed by the General Manager, copied to the MLRO and filed in the customer file:

- Establishing the source of wealth/source of funds
- Stating the expected customer activity (what policies, for what amounts)
- Detaining the existence of any foundation, trust, company or any complex financial structure used in dealing with GIG Gulf

Note that this report can be researched without necessarily questioning the client (PEP are not always accessible!).

Each branch is required to maintain a list of PEP clients

The senior management (general managers/delegated personnel) should record his approval for taking a client who is a PEP after due consideration of the potential risk for GIG Gulf.

The Regional MLRO will maintain the same PEP list at regional level for continuous monitoring.

### **6.4 Enhanced Due Diligence for Non-resident customers from High-Risk Jurisdictions**

Enhance Due Diligence (EDD) will be applied for customers who are non-resident and comes from high risk jurisdictions and jurisdictions under increased monitoring by FATF. Please refer [Appendix B](#) for the list of high risk countries and jurisdictions under increased monitoring



### **6.5 Tracking individuals or corporates linked to terrorist organization**

GIG Gulf should screen its clients database for persons subject to sanctions especially those connected to terrorist organizations , as identified by the United Nations and regularly updated under <https://www.un.org/securitycouncil/sanctions/information>. Branch MLROsand designated staff have access to World-check login which can be used to review new clients against the sanctioned lists.

### **6.6 Customer Name Screening**

GIG Gulf uses Refinitiv system (World Check) for batch screening and real time screening. GIG Gulf uploads the Batch of New Customers and Counterparties every week for batch screening. Ongoing screening happens for all customers and counterparties on a daily basis. Payees/Beneficiaries are also screened on a weekly basis

Realttime screening happens for all marine cargo transactions. This helps in identifying the parties listed under sanctions prior to issuance of the policy and this helps GIG GULF to identify the potential threats.

Branch MLROs must investigate the alerts generated and notify Regional MLRO in case of any positive matches against the applicable sanctions/PEP lists.

## **7. Customer Risk Assessment**

GIG Gulf has AML Risk Assessment process in place. GIG Gulf has adopted Risk Based Approach (RBA) in identifying ML/TF risk in line with regulatory requirements.

The risk assessment process and procedure are shown in AML Risk Framework document.

## **8. Know Your Intermediary**

As per AML regulations, the brokers have the same responsibility as the insurance companies for KYC checks. They must notably obtain sufficient client details, establish the source of their funds, and report suspicious transactions.

It is the responsibility of the staff dealing with brokers and agents to ensure that they are licensed by the insurance regulators and documents evidencing this must be obtained and maintained.

The brokerage agreement should clearly state the intermediary's responsibility to implement AML procedures. GIG Gulf may rely on the intermediary's customer due diligence (KYC) process, however, the ultimate responsibility for customer due diligence remains with GIG Gulf.

## **9. Know Your Agents and Counterparties**

It is the responsibility of the insurance company to ensure that agents or authorised representatives are properly informed about the AML regulation, policies & procedures.

GIG Gulf should conduct the KYC of the customer sourced through agents or authorised representatives.

Background check of counterparties to be done especially if the domicile of the counterparty is in a sanctioned country. The screening is done to ascertain whether the counter party is or has been involved in any financial crime. Finance team should refer to Regional Office Compliance team before effecting any payment to counterparties located in sanctioned countries.

## **10. Know Your Employee**

GIG Gulf performs screening (through World Check) of the potential candidates prior to their recruitment. This ensures that candidates having criminal background are not employed by the company.

## **11. Accountability and Reporting**

### **11.1 Accountability**

Every year, the Audit Committee, approves the company's updated AML policy and reviews the AML report. Significant matters will be reported by the Audit Committee to the Board.

The MLRO is responsible for:

- collecting internal STR/SAR, investigating STR/SAR and informing the relevant regulators whenever appropriate
- drafting and updating the company's AML/CTF policy
- monitoring the progress in implementing the relevant procedures across the operations and informing the Management and the Audit Committee
- maintaining archives of all STR, annual reports, training programs for a period of 5 years minimum
- providing AML/CTF training to all relevant staff

### **11.2 Reporting**

The Regional MLRO is responsible for the preparation of GIG Gulf's Annual MLRO report. Branch MLRO is responsible for the preparation of AML report of respective branches in line with local AML regulatory requirements.

The key areas covered in the Regional MLRO report are:

- Local regulations – Current regulations and changes during the period
- Organization and Scope – Entities covered and AML function in the company
- AML/CTF Program – Key elements of the AML/CTF Program of the entity
- AML/CTF Reviews – Audits and Regulatory examinations
- Suspicious Transaction/Activity Report
- Internal reviews performed by compliance team

### **11.3 Record retention**

The branches must comply with record keeping requirements as specified in the respective country's regulation. This may vary from country to country.

In Bahrain, customer records, training records and compliance records must be maintained for a period of five years after the transaction is completed while transaction records must be maintained for a period of ten years.

In Qatar, all records must be maintained for a period of ten years.

In Oman, all records must be maintained for a period of ten years.

In UAE, all records must be maintained for a period of ten years.

## **12. AML Audit**

- AML Audit is conducted by Internal Audit team as per regulatory requirements and as per audit plan
- External Auditors perform AML Agreed Upon Procedures (AUP) as per regulatory requirements

## **13. AML/CTF Training**

AML/CTF Training is provided to all relevant staff annually. The training covers the regulatory requirements, trends in ML/TF, STR/SAR reporting, and other relevant AML/CTF topics

## **14. AML Questionnaire**

AML Questionnaires received from banks and other third parties must be forwarded to GIG Gulf Compliance for review prior to submission to banks or other third parties

## **15. Penalties for non-compliance**

GIG Gulf faces a huge reputational risk if it is deemed to be involved in Money Laundering related prosecution or faces regulatory censure for non-compliance with Anti-Money Laundering regulations of the respective countries.

The AML regulations in all the countries impose criminal liability on the firms/individuals deemed to be involved in Money laundering and this includes fines, cancellation of license and imprisonment. Employees need to be aware that they can be individually prosecuted for involvement in Money Laundering offence. **Failure to disclose information and tipping off customers under suspicion are deemed to be money laundering offence.**

**CONSULT YOUR MLRO IN CASE OF ANY DOUBTS WHETHER A TRANSACTION CONSTITUTES A SUSPICIOUS TRANSACTION**

## **16. Appendix A - EXAMPLES OF SUSPICIOUS TRANSACTIONS**

### **Sales / underwriting:**

- Any large payments in cash (cash payments in excess of BHD1,000/AED10,000/OMR1,000/QAR10,000) are considered material and should be reported to MLRO for verification
- Payment by way of third-party cheque or money transfer where there is a variation between the account holder, the signatory and the insured
- A proposer who is not resident and where the purchase of an insurance policy in the GCC appears abnormal or suspicious, or any proposer with no discernible reason for purchasing insurance
- Any transaction in which the insured is unknown or is a front covering several unconnected individuals
- Any transaction where the customer has no clear insurable interest
- A transaction not in keeping with normal practice in the market to which they relate, e.g. with reference to size or class of business
- Refusal to provide the information and identification documents, could also constitute suspicious transaction and should be reported

### **Endorsements / cancellations:**

- Assignment of policies to apparently unrelated third parties
- Early cancellation of policies with return of premium, with no discernable purpose or in circumstances which appear unusual

### **Claims:**

- Abnormal settlement instructions, including large cash payment, or payment to apparently unconnected parties, or to countries in which the insured is not known to operate.
- Large claims in the first year, need special attention as this could indicate layering whereby laundered funds are given the legitimacy of insurance funds.

## **17. Appendix B – High Risk Jurisdictions and Jurisdictions under increased monitoring**

<https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-june-2022.html>

### **High Risk Jurisdictions**

High-risk jurisdictions have significant strategic deficiencies in their regimes to counter money laundering, terrorist financing, and financing of proliferation. For all countries identified as high-risk, the FATF calls on all members and urges all jurisdictions to apply enhanced due diligence, and in the most serious cases, countries are called upon to apply counter-measures to protect the international financial system from the ongoing money laundering, terrorist financing, and proliferation financing (ML/TF/PF) risks emanating from the country. This list is often externally referred to as the “black list”

SI No	Jurisdiction
1	Iran
2	North Korea

### **Jurisdictions under Increased Monitoring**

Jurisdictions under increased monitoring are actively working with the FATF to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing. When the FATF places a jurisdiction under increased monitoring, it means the country has committed to resolve swiftly the identified strategic deficiencies within agreed timeframes and is subject to increased monitoring. This list is often externally referred to as the “grey list” as at June 2022.

SI No	Jurisdiction	SI No	Jurisdiction
1	Albania	18	South Sudan
2	Barbados	19	Syria
3	Burkina Faso	20	Turkey
4	Cambodia	21	Uganda
5	Cayman Islands	22	United Arab Emirates
6	Gibraltar	23	Yemen
7	Haiti		
8	Jamaica		
9	Jordan		
10	Mali		
11	Morocco		
12	Myanmar		
13	Nicaragua		
14	Pakistan		
15	Panama		
16	Philippines		
17	Senegal		

**18. Appendix C – Money Laundering Reporting Officer**

Country	MLRO	Email
Bahrain	Ajay Kumar	<a href="mailto:Ajay.kumar@gig-gulf.com">Ajay.kumar@gig-gulf.com</a>
Oman	Mohamed Jawad Al Lawati	<a href="mailto:Mohamed.allawati@gig-gulf.com">Mohamed.allawati@gig-gulf.com</a>
Qatar	Nishath Fathima Kasheef	<a href="mailto:Nishath.kasheef@gig-gulf.com">Nishath.kasheef@gig-gulf.com</a>
UAE	Amal Al Bulooshi	<a href="mailto:Amal.albulooshi@gig-gulf.com">Amal.albulooshi@gig-gulf.com</a>

**GIG Gulf Regional MLRO**

Name	Email	Contact Number
Ajay Kumar	<a href="mailto:Ajay.kumar@gig-gulf.com">Ajay.kumar@gig-gulf.com</a>	+973 66328120

**19. Appendix D – Form for reporting suspicious transactions**

**Gulf Insurance Group (Gulf) B.S.C (c)**

**Branch:-----**

**In respect of**     Individual     Corporate

**Date of transaction/attempted transaction**

1. Full legal name of the customer	
2. Nationality	
3. CR No/TL No/ID No	
4. Full permanent address	
5. Date of Birth/Date of Incorporation	
6. Occupation/Business Activity	
7. Contact Person & Designation (for corporates)	
8. Mobile/Telephone Number	
9. E mail address	
10. Website (if available)	
11. Source of funds	

<b>Documents collected</b>	
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**Transaction details**

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<p><b>Reasons for Suspicion (attach additional sheets if required and note number of pages attached)</b></p>   
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**Name and Signature of employee reporting**

**Date:**

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**Branch MLRO Comments, Name and Signature**

**Date:**

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