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AML Risk Manager for Life Insi fYfg
2TTf dᴿɘⱽ Detection and Mitigation of Money Laundering

The `]ZУ insurance industry,˙is˙increasingly susceptible to money laundering activities, which]b˙h˙fb˙UfY˙Uggc∨∏UhYX˙dfYX]∏UhY˙∨f]a Yg˙gi V∖˙Ug˙ZfUi X˙drug trafficking, arms dealing and organized crime. Life insurers must be diligent in establishing an effective AML program or risk non-compliance ∨∏h∨h]cbg˙UbX˙Z]bYg˙Zfca ˙fY[i˙Uh∩cfg˙and significant reputational f]g_. AML Risk Manager from Fiserv provides comprehensive capabilities to detect, alert, manage and report money laundering threats, enabling compliance officers to focus on investigation.

The life insurance sector, like other financial services, is attractive to money launderers seeking to place funds into a financial product that will provide them with a reliable, clean return of funds invested. Vulnerable life insurance products have a cash-out value. For instance, "dirty money" could be used to purchase a policy and then the policy could be cancelled early for an Y˙Y∨∏fcb]∨∅ bXg˙h∩UbgΖУf. That cash payment would be "clean." Or, overpayment of premiums has been used as a method of money laundering. Money launderers may "accidentally," but on a recurring basis, significantly overpay their premiums and request a refund for the excess.

Under the Financial Action Task Force (FATF), all life insurance companies that offer products with a cash value, investmentg or annuit]Уg must implement an AML program, train employees and report suspicious activity. To meet these requirements and mitigate these risks, compliance officers need to be armed

with processes and technology suited to the specific needs and risks of life insurance firms. With its proven track record in the life insurance industry, AML Risk Manager can help quickly and cost effectively manage these challenges and meet regulatory compliance requirements.

AML Risk Manager is a comprehensive solution that helps life insurance companies:

- G∩fYb[h∖Yb risk protection
- Streamline compliance operations
- Reduce operational costs
- Improve investigationU˙ efficiency
- Implement a risk-based approach to suspicious activity detection
- Meet regulatory requirements

Key Capabilities

Monitoring and Alerts

AML Risk Manager provides innovative monitoring of transactions and events involving policies, parties and products based on known insurance money laundering scenarios, such as lump sum payments, early withdrawals, frequent address changes or high-risk payment methods.

When unusual activity is detected, alerts are delivered directly to the desktop and ranked by risk so that the most suspicious alerts can be investigated first. Alerts can easily be segmented based on your organizational structure, policies and processes. For example, Politically Exposed Persons (PEP) matches can be forwarded to one group, while suspicious activity alerts are forwarded to another.

The monitoring technology for AML Risk Manager generates highly accurate alerts of detected suspicious behavior directly to your desktop.

The solution uses a unique combination of detection techniques including analytics, rules, advance inference, behavioral profiling, peer group analysis and list matching designed specifically to identify insurance money laundering risks. This unique approach delivers highly accurate results, minimizing the numbers of false positives your compliance team receives.

AML Risk Manager also monitors non-financial events such as change of address, change of beneficiary and early redemption / cancellation, as well as monitoring activity around the end of the free-look period, the planned maturity date and tax considerations. Intermediaries can also be monitored leveraging the solution's peer group analysis capability to detect any abnormal broker or agent behavior. Further, AML Risk Manager scores each policy at policy acceptance and on an ongoing basis, so that high-risk customers and relationships are monitored more closely.

Watch List Checking

AML Risk Manager checks policy holders, beneficiaries and other parties against a variety of watch lists depending on your specific requirements, including OFAC, OSFI, UN-Sanctioned, EU, FinCEN and commercially available third-party lists (including PEP and terrorists). Custom or internal lists are also supported.

Risk Scoring

AML Risk Manager can create a risk rating for each policy and policy holder based on a risk profile using characteristics such as the customer's PEP status, country, product type and policy value. Each risk rating and profile is updated and monitored on an ongoing basis with any changes in the subject's characteristics or behavior. Risk rating customers and policies enables you to immediately respond to regulator requests to show your highest risk relationships. F]g_΅gΨ¢fYg΅ also inform detection scenarios, ensuring that you are investigating activities related to high-risk policies first.

Investigation and Analysis

AML Risk Manager provides an easy-to-use investigation environment for advanced drill-down to all policy transactions, events and information, including activity with associated parties. Network or link analysis provides an innovative and highly effective way to help investigators visualize and investigate policy activity to uncover suspicious links and associations between parties, intermediaries and companies listed on each policy.

AML Risk Manager provides link analysis to identify suspicious networks between policy holders and potential agents. In this example, a party is both a captive agent on a policy as well a recipient of funds from that customer's policy.

Case Management

AML Risk Manager provides a fully integrated case management system to streamline compliance operations and to help investigators organize, prioritize and manage investigations – while creating a permanent audit trail for regulatory review, if needed. All relevant case information can be stored and easily updated as new information and evidence is uncovered.
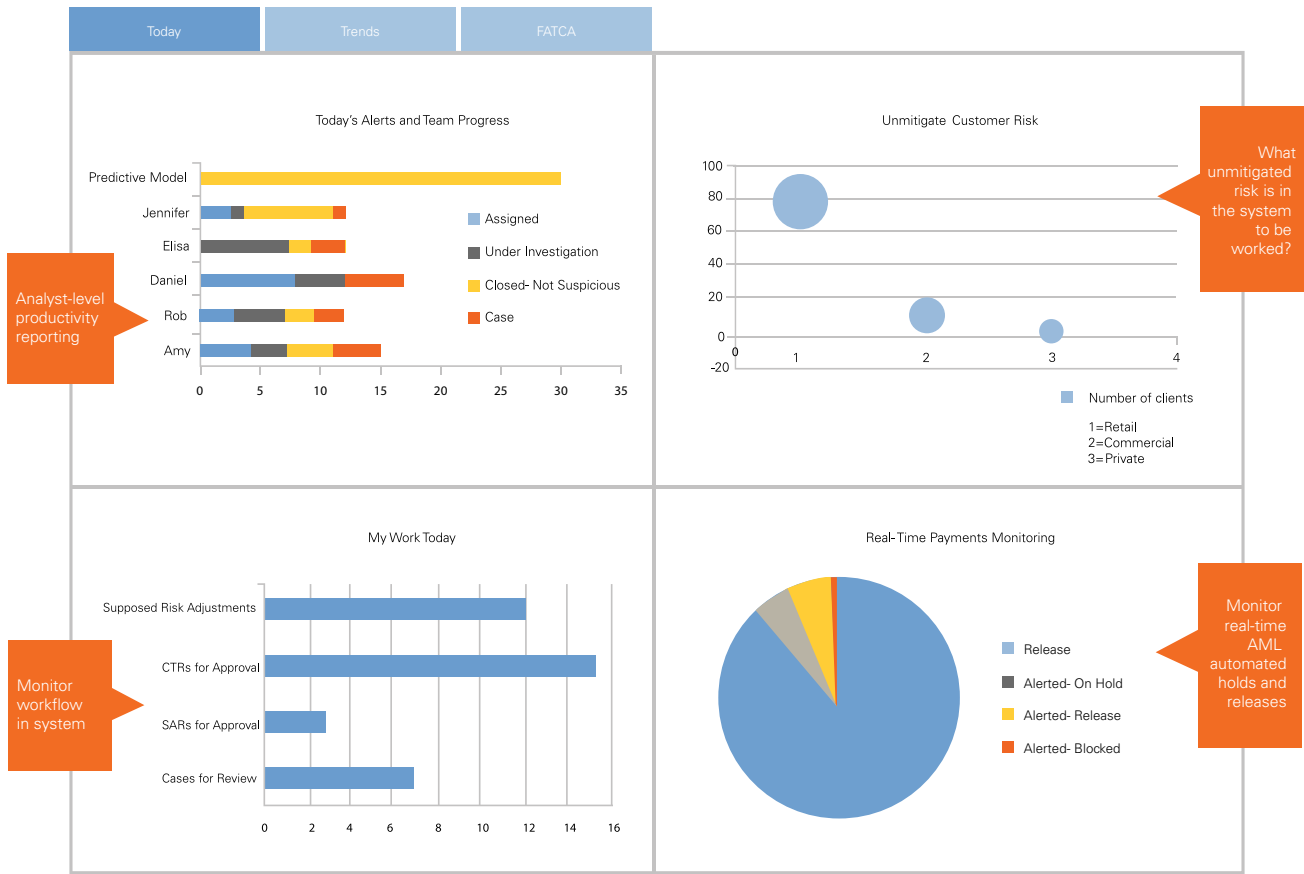
Reporting

Whether your life insurance firm is organized by country or product line, has a central compliance department or teams per business unit, our flexible system is easily configured to meet your specific requirements. AML Risk Manager supports a variety of country-specific compliance regulations and reporting requirements, and is able to manage multiple currencies and languages.

Reports are automatically generated based on defined suspicious activity criteria and can be configured based on the specific reporting requirements imposed by local authorities or regulatory bodies such as FinCEN and FINTRAC. AML Risk Manager includes a library of reporting templates, including SARsž GHF gž and threshold-based reports supporting both paper and electronic format, as required.

A variety of supporting documents can be attached to each case including correspondence, documentation, scans and images, making it faster, easier and more efficient to manage cases.

Customizable Dashboards

Today's Alerts and Team Progress

Predictive Model
Jennifer
Elisa
Daniel
Rob
Amy

0   5   10   15   20   25   30   35

Legend:
- Assigned
- Under Investigation
- Closed- Not Suspicious
- Case

Analyst-level productivity reporting

Unmitigate Customer Risk

100
80
60
40
20
0
-20

0   1   2   3   4

Number of clients

1=Retail
2=Commercial
3=Private

What unmitigated risk is in the system to be worked?

My Work Today

Supposed Risk Adjustments
CTRs for Approval
SARs for Approval
Cases for Review

0   2   4   6   8   10   12   14   16

Monitor workflow in system

Real-Time Payments Monitoring

Legend:
- Release
- Alerted- On Hold
- Alerted- Release
- Alerted- Blocked

Monitor real-time AML automated holds and releases

Start your morning by getting a quick and complete view of your AML operations program and have the insight you need right at your fingertips.

Supporting AML Into the Future

More than 1,200 organizations across 70 countries worldwide use anti-money laundering and fraud detection software from Fiserv. Fiserv has been working with clients to manage AML risk for more than 20 years, spanning a variety of financial service types, including banks, credit unions, money-service bureaus, brokerages and insurance organizations.

Our ongoing development and road map is informed by organizations such as Financial Action Task Force (FATF), FinCEN, European Central Bank and the Wolfsberg Group, enabling us to design and provide the technology that helps our clients achieve their goals, and to drive the strategic insights that empower them to implement technology efficiently and effectively. Our goal is to provide the tools, solutions and expertise to support our customers' AML programs today and in the future.

Key Benefits

AML Risk Manager identifies key money laundering indicators, including:

- Unusual number of policy owners per address

- Unusual number of policies per customer (smurfing)

- Change of address, beneficiary or ownership, followed by a large payment

- Deposits higher than the face amount of the policy

- Change of bank account associated with a policy followed by a large withdrawal

- Early cancellation or surrender within a certain period and/or above a certain value

- Premiums paid with cash or other high-risk instruments

- International transfers by PEP

- Policies with high in-and-out activity within a certain period

- Investment exceeds normal value for income or occupation

- Frequent loan withdrawal with corresponding cash payment

- Regular premium payments followed by large lump-sum investment

- Reduction in face amount or change to cheaper policy to get refund

- Surrenders before or after certain tax/age dates

- Multiple uses of free-look/cooling-off period

Connect With Us

For more information about AML Risk Manager, call 800-872-7882 or +44 (0) 845-013-1000 outside North America, email getsolutions@fiserv.com or visit www.fiserv.com.

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