

# FORTUNE GENERAL INSURANCE CORPORATION

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## I. OVERVIEW

**Fortune General Insurance Corp.** ("FGEN"), in compliance with **IC Circular No. 2018-48 and 2018-60**, hereby adopts the following policies and procedures taking into consideration the amendments introduced by **Republic Act. No. 9194** to the **Anti-Money Laundering Act of 2001** ("Act"). FGEN upholds its social responsibility in providing prudential insurance business.

## II. OBJECTIVE/SCOPE

- To define procedural guidelines in customer identification
- To set guidelines in maintenance and retention of transaction records
- To enable FGEN to identify money laundering transaction schemes
- To report positively identified suspicious transactions to the Anti-Money Laundering Council (AMLC) and the Insurance Commission (IC).
- To educate all officers and staff of FGEN on money laundering schemes and to provide training to combat these.
- To create AMLA teams/committees to address the concerns of the AMLC

## III. DEFINITION OF TERMS

### A. What is Money Laundering?

Money laundering is the processing of the proceeds of a crime to disguise their origin. It is a process intended to mask the benefits derived from serious offenses or criminal conduct as described under the Act, so that it will appear to have originated from a legitimate source

Generally, the money laundering process involves three stages:

- a. Placement – The physical disposal of cash proceeds derived from illegal activity.
- b. Layering- Separating the illicit proceeds from their source by creating complex layers of financial transactions designed to disguise the audit trail and provide anonymity or to obscure the source of the funds.
- c. Integration- Provides appearance of legitimacy to criminally-derived wealth. If the layering process has succeeded, the 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.

FGEN is an entity engaged in the business of non-life insurance. As an insurance company, FGEN accepts premium and provide payments depending on the loss from a particular financial event usually to and from a wide variety of clientele.

#### **IV. DUTIES AND RESPONSIBILITIES OF RESPONSIBLE OFFICERS**

##### **A. AMLA Committee**

The AMLA Committee shall be composed of three (3) directors and two (2) senior-management officers. The AMLA Committee shall assess and evaluate report/s on covered and/or suspicious transactions in relation to IC and AMLC regulatory requirements.

##### **B. Internal Auditor**

1. Devises an audit program to detect any money laundering activities;
2. Extends investigative services to document covered and/or suspicious transactions as referred by the AMLA Committee;
3. Confirms whether or not the Preliminary Covered/Suspicious Transaction Report (PCSTR) is an Identified Covered/Suspicious Transaction.

##### **C. Compliance Officer**

The Legal Officer of FGEN shall be the designated Compliance Officer. As Compliance Officer, the Legal Officer shall,

1. Establish and maintain a manual of compliance procedures in relation to the business of FGEN.
2. Conducts training for all Branch Managers and other staff members of all FGEN offices which directly transact with FGEN clients to ensure full awareness for combating money laundering including orientation on existing money laundering schemes.
3. Ensure compliance by all Branch Managers and other staff members of FGEN offices with the provisions of AMLA, as amended, its Implementing Rules and Regulations, IC Circular Letters No. 2018-48 and 2018-60 and FGEN's established manual for operations for combating money laundering.
4. Disseminate to the members of the board, the officers and all other necessary employees of FGEN memorandum circulars, resolutions, instructions, and policies issued by the AMLC and by the IC in all matters relating to the prevention of money laundering.
5. Receives preliminary report on covered and/or suspicious transactions from the Branch Managers.

6. Calls for a meeting with the AMLA Committee to evaluate the preliminary covered and/or suspicious transaction report submitted by the Branch Managers; and after affirmation by the AMLA Committee, reports the covered and/or suspicious transaction to the AMLC and the IC.

7. The Compliance Officer shall likewise act as the liaison between FGEN and the AMLAC in matters relating to AMLA compliance. He shall submit to the AMLAC written reports on FGEN's compliance with the provisions of the AMLA.

#### **D. Branch Managers**

1. Re-orient/train, if necessary, their staffs/marketing assistants on the features of covered and/or suspicious transactions.

3. Train their respective staffs/ marketing assistants to be fully aware of their responsibilities in combating money laundering and to be familiar with its system for reporting and investigating covered and/or suspicious transactions.

4. Prepare the Preliminary Report on Covered and/or Suspicious Transactions for his/her branch for submission to the Compliance Officer.

#### **E. Marketing Assistants**

As the marketing assistants are the ones in-charge with the duty and responsibility to market the insurance products of FGEN, said marketing assistants shall:

1. Ensure that customer identification and the nature of a business is properly established and fully documented;

2. Be cognizant of transactions that can be classified "covered" and/or "unusual" or "suspicious."

3. In case the "covered" and/or "suspicious" transaction was accomplished in the head office, prepare the Preliminary Report on Covered and/or Suspicious Transactions for submission to the Compliance Officer

### **V. POLICY AND PROCEDURAL GUIDELINES**

#### **A. Customer Identification**

FGEN and all its branches shall always adopt the "KNOW YOUR CUSTOMER" (KYC) rule at all times.

1. The following information shall be required in the Insurance Application Forms from customers:

a) complete name/business name/proprietor's name of the client

- b) present, permanent and mailing address
- c) date and place of birth
- d) nationality
- e) contact details (avoid pre-paid cellular phones numbers, if possible)
- f) nature of work, name of employer or nature of business or profession
- g) sources of funds or property, whenever necessary
- h) tax identification number, SSS number, GSIS number, if available
- i) specimen signature or biometrics of the client
- j) names of beneficial owner or beneficiaries, if applicable
- k) complete name, address, contact information of beneficial owner or beneficiary

FGEN, its branch heads and/or marketing assistants shall request its clients who present only photocopies of identification cards and other documents to produce the original thereof for verification purposes. Failure of its clients to present original identification cards/documents will cause the insurance application not to be processed. For this purpose, the notice of requirements disseminated by FGEN to its prospective clients-applicants shall contain a notice stating as follows:

*“IMPORTANT INFORMATION ABOUT PROCEDURES  
FOR APPLYING AN INSURANCE*

*To help the government fight money laundering activities, the Anti-Money Laundering Act, as amended, requires all covered institutions to obtain, verify and record information that identifies each person who applies for an insurance with FGEN.*

*What this means for you: When you apply for an insurance, we will ask for your name, address, date of birth, business, TIN, SSS or GSIS Nos. and other information that will allow us to identify you. We may also ask to see your driver’s license, passport or other competent evidence of identity bearing your photograph and signature.”*

2. The following measures shall be observed in obtaining satisfactory evidence of the true and full identity, representative capacity, domicile, legal capacity, occupation or business purposes of client:

a. Request for identity documents such as passport, birth certificate, driver’s license, and other official identity cards. Official identity cards and passports are most reliable.

b. The identity documents must provide evidence of the complete and true name or name/s used, residential address, date of birth, nationality, office address and contact details.

c. At least one (1) official identity document bearing the photograph and signature of the client must be included in the identification documents presented. Official identity cards shall

refer to those issued by any of the following: the National Government of the Republic of the Philippines, its political subdivisions or instrumentalities, or government owned and controlled corporations. Passports issued by foreign governments shall be considered as *prima facie* identification documents of persons engaging in transactions with the covered institutions.

d. Easily obtained identity documents such as medical insurance cards, credit cards, and student identification cards should be considered but not be used as the sole means of identification.

e. To further establish each FGEN's client-applicants and before approving the insurance application, each FGEN office and branch shall observe the following procedures of customer identification, in addition to requiring the presentation of the afore-required identification cards, to wit:

- i. Each Branch Manager and/or marketing assistant shall require each client-applicant to fill out the application form personally. In case of corporate client-applicant, the representative shall be required to present proof of authority before filling out the application form.
  - ii. Thereafter, the handling branch manager and/or marketing assistant will require the submission of supporting documents for the verification and processing of the insurance application, such as:
    - a) For motorcar insurance, a copy of the Official Receipt and Certificate of Registration (ORCR) of the motor vehicle;
    - b) For fire and home care insurance, a copy of the title and/or proof of ownership;
    - c) For business care insurance, copies of SEC Registration, DTI Registration and Business Permit; and
    - d) For Doctor's care insurance, copy of the Professional Regulation Commission (PRC) Identification and/or any certificate of eligibility.
  - iii. The Branch Manager and/or marketing assistant shall also verify the true and full identity of the client-applicant through independent and reliable sources.
  - iv. The Branch Manager and/or marketing assistant shall then make his/her recommendation on the status of the application to the Underwriting Department which will then validate and verify all the information obtained prior to processing and issuing the insurance policy.
- f. Should FGEN have corporate entities as client-applicant, the following relevant documents shall be obtained:

- i. Certified true copies of the SEC Registration with Articles of Incorporation and By-Laws, or Articles of Partnership and Latest General Information Sheet, which lists the names of directors/partners and principal stockholders, secondary licenses.
- ii. Original documents shall be produced for verification.
- iii. Where necessary, request for additional information about the nature of business of the client, copies of identification documents of the directors and shareholders, officers.
- iv. For business entities registered outside the Philippines, corresponding documents shall be obtained, duly authenticated by the Philippine Consulate where said entities are located.
- v. If significant changes to the ownership structure occur subsequently, or if suspicions are aroused by a change in the payment profile thru a company account, further checks must be made on the identities of the new owners.
- g. For representatives, request for special authorizations which must be duly notarized.
- h. Other pertinent and reasonable documents may be requested as deemed necessary.

3. If the Branch Manager and/or marketing assistant has reason to doubt the accuracy of the information relating to the customer's identity, he/she shall report this to the Compliance Officer within 24 hours from the validation of the information.

## **B. Handling Covered and/or Suspicious Transactions**

**Covered Transactions** refer to transactions in cash or other equivalent monetary instrument involving a total amount in excess of the threshold of PhP500,000.00 within one (1) banking day.

**Suspicious Transactions** refer to transactions, regardless of the amount, where any of the following circumstances exists:

- (i) there is no underlying legal or trade obligation, purpose or economic justification;
- (ii) the client is not properly identified;
- (iii) the amount involved is not commensurate with the business or financial capacity of the client;
- (iv) taking into account all known circumstances, it may be perceived that the client's transaction is structured in order

to avoid being the subject of reporting requirements under the Act;

- (v) any circumstance relating to the transaction which is observed to deviate from the file of the client and/or the client's past transactions with the covered institution;
- (vi) the transaction is in any way related to an unlawful activity or offense under this Act that is about to be, is being or has been committed; or
- (vii) any transaction that is similar or analogous to any of the foregoing.

Covered and Suspicious transactions shall be reported by the Compliance Officer within five (5) working days from the occurrence thereof by accomplishing and filing with the AMLC the Covered Transaction Report ("CTR") and the Suspicious Transaction Report ("STR") in electronic form as prescribed by the AMLC's online reporting and registration guidelines ensuring the reports' completeness, accuracy and timeliness.

#### 1. Reporting of Covered/Suspicious Transactions

- a. Designated Reporting Officer.** The Branch Manager of each FGEN branch office and the marketing assistants in the head office shall automatically be the designated reporting officers responsible for the preparation and submission of the Preliminary Report on Covered/Suspicious Transactions (**PRCST**) to the Compliance Officer. Said PRCST should be accomplished and filed by the Branch Head or marketing assistants with the Compliance officer **not later than two (2) working days from occurrence of the subject transaction.**
- b. Preliminary Report on Covered/Suspicious Transactions (PRCST).** This shall be prepared by the Branch Manager or marketing assistants, in the head office, to document the nature and background of the covered/suspicious transactions.
- c.** Upon receipt of PRCST, the Compliance Officer shall immediately call for a meeting with the **AMLA Committee** to decide whether an investigation on the covered/suspicious transaction reported is required.

#### 2. Investigation of the Covered/Suspicious Transaction

- a.** The Internal Auditor shall prepare and standardize an audit program to detect any money laundering activity. The Internal Auditor shall perform an audit as may be required

by the AMLA Committee involving the reported covered/suspicious transactions.

- b. Accounts suspected to be involved in money laundering activities must be handled with utmost secrecy and confidentiality due to possible repercussions on the involved.
- c. Audit activity involves the background check on suspected client. The Internal Auditor should work under and report directly to the AMLA Committee.

### 3. Actions on Identified Money Laundering Transactions

- a. The AMLA Committee shall promptly deliberate and evaluate the report on the subject covered/suspicious money laundering transaction within such period as would allow the Compliance Officer to file the necessary CTR and/or STR with the AMLC within five (5) working days from the occurrence of the subject transaction.
- b. FGEN, its directors, officers and employees shall not warn their client when information on them are being reported to AMLC. FGEN should not communicate directly or indirectly such information to any other person other than the AMLC. Any violation to this confidentiality shall render FGEN liable for criminal, civil and administrative sanctions under the AMLA.
- c. FGEN must maintain a complete file on all suspicious transactions that have been reported by the Branch Manager or marketing assistant including transactions that were not eventually reported to the Council.


### C. Maintenance and Retention of Transaction Records

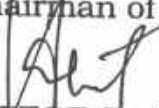
1. The following document retention periods shall be observed:
  - a. For all records of all transactions including customer identification records- **Five (5) years from the date of transaction.**
  - b. For inactive/closed accounts - the records on customer identification, account files and business correspondences shall be preserved for **five (5) years from the date when they were closed.**
2. Transaction documents shall be retained as originals or copies, on microfilm, provided that such forms are admissible in court, pursuant to the Revised Rules of Court and the E-Commerce Act and its implementing guidelines.

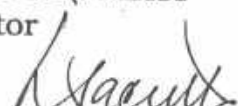



3. Records relating to ongoing investigations or transactions that have been the subject of a disclosure, shall be retained beyond the stipulated retention period until it is confirmed that the case has been closed.
4. Electronic copies of the CTRs and STRs shall be retained by FGEN at least five (5) years from date of submission to AMLC. To realize this objective and in accordance with the 2018 Guidelines on Digitization of Customer Records, FGEN shall ensure that the transaction records related to a reported covered and suspicious transactions shall be converted to an electronic form within two (2) years from October 13, 2018.


**ADOPTED AND APPROVED** by the Board of Directors this 1<sup>st</sup> day of October 2019 at Pasig City.

  
**J. ANTONIO A. CABANGON, JR.**  
Chairman of the Board


  
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Director


  
**HERMINIA S. JACINTO**  
Director


  
**ARMANDO S. MALABANAN**  
Director

  
**JUSTICE RAOUL V. VICTORINO**  
Director

  
**HELENA JOY PABALATE**  
Director

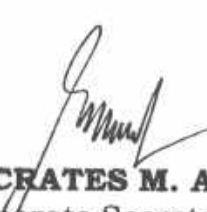
  
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