

**LIFE INSURANCE COMPANY OF ALABAMA  
ANTI-MONEY LAUNDERING TRAINING!**



## ANTI-MONEY LAUNDERING TRAINING!

In response to the September 11th terrorist attacks, Congress passed the U.S. Patriot Act (Patriot Act). This Act broadens the power of the United States government in its attempts to detect and deter terrorists.

Part of this Act is to prevent the financing of terrorists. Terrorists obtain their financing from various sources. One such source is money laundering.

In the past, banking institutions have been required to prevent money laundering through their institutions. One portion of the Patriot Act expands the requirement from banking institutions to all financial institutions. This includes the insurance industry.

Under the Patriot Act, the insurance industry is now required to try to prevent money laundering through their products.

To accomplish this, insurance companies are required to implement an anti-money laundering program. They are required to train all key employees and to train all insurance agents on the anti-money laundering program that is in place.

Each insurance company will have a different anti-money laundering program because the programs are tailored to fit each insurance company's specific business and products.

## MONEY LAUNDERING

- **Definition** - a process of filtering illegally obtained money through a series of transactions that makes the money appear to be obtained legally.
- **3 step process**
  1. **Placement** - putting illegal money into the financial system.
  2. **Layering** - putting illegal money through several financial transactions to hide its source.
  3. **Integration** - putting the illegal money back into circulation with the appearance of it being legal.

## LIFE OF ALABAMA AML POLICY!

Life Insurance Company of Alabama does not, and will never knowingly participate in money-laundering activities with any individual or business.

Select employees and all agents of Life of Alabama will make a reasonable effort to determine the true identity of the customers purchasing Life of Alabama Products.

Life of Alabama employees and agents will adhere to all state and federal laws regarding payment of insurance premiums.

## ACCEPTANCE OF FUNDS!

- **Not knowingly accept funds from, make loans to, or do any type of business with customers whose money is believed to be derived from criminal activity;**
- **Not knowingly conduct business with any person or business whose transaction is intended to conduct, finance or support terrorist activities;**
- **Not ignore indications that an individual's or business's money originated from criminal or other illegal activity;**
- **Take appropriate measures to contact the Compliance Officer when made aware of facts that indicate suspicious transaction;**
- **Stop providing support or assistance to customers who are seeking to deceive law enforcement agencies through false, altered, incomplete or missing information;**
- **Comply with all anti-money laundering laws and regulations;**
- **Report any violations of the policy to the Compliance Officer.**

## RESPONSIBILITIES!

- **Know and follow Life of Alabama's Anti Money Laundering Policy**
  - Employees - found on the Intranet
  - Agents - found on [www.licoa.com](http://www.licoa.com)
- **Watch for suspicious activity**
  - Suspicious Activity - activity that is outside normal business procedures
- **Watch for "red flags"**
  - Red Flags - actions/items that point to suspicious activity

## EXAMPLES OF "RED FLAGS"!

- **Unusual payment methods**
- **Reluctance to give identifying information**
- **Customer gives fictitious information**
- **Frequent loans on the policy that are immediately paid back**
- **A request is made that is not within Life of Alabama standard market activities**
- **Owners or beneficiaries on a policy are foreign nationals**

## SUSPICIOUS ACTIVITY MONITORING/REPORTING

- **Report all suspicious activity or "red flags" to Compliance Officer immediately**
- **Help the Compliance Officer in the gathering of all information needed for reporting requirements (the Compliance Officer will let you know what is needed on a case by case basis)**
- **Cannot let individual know we are reporting their suspicious activity**

## PENALTIES!

- Criminal**
  - Possible fines
  - Prison sentences
- Civil**
  - Possible \$ judgments
  - Seizure of property involved
- Reputation**
  - Damage to the Company's reputation with government offices
  - Damage to the Company's reputation with the public

## TEST (circle the correct answer)

1. Money laundering is a 3 step process?

True    False

2. A reasonable effort must be made to determine the true identity of customers purchasing Life of Alabama products?

True    False

3. Red flags are actions/items that point to suspicious activity?

True    False

4. You must report all suspicious activity or red flags to the Compliance Officer

True    False

5. You can let an individual know that we are reporting their suspicious activity?

True    False

Date \_\_\_\_\_ Name \_\_\_\_\_

Agent Number: \_\_\_\_\_

(Please complete and return to the Agency Department)

Life Insurance Company of Alabama  
C/O Chuck Bracewell  
P.O. Box 349  
Gadsden, AL 35901

or

Fax 1-256-543-0019

# ANTI-MONEY LAUNDERING POLICY!

Effective Date - November 1, 2006

## **Policy:**

Money laundering is the act of converting money or other monetary instruments gained from illegal activity into money or investments that appear legitimate to conceal its illegal source. Federal law makes it illegal for financial institutions, including insurance companies, to engage in money laundering.

Life Insurance Company of Alabama does not, and will never, knowingly participate in money-laundering activities with any individual or business. Life of Alabama will train its employees and agents to help in the prevention and detection of suspicious activity. The following policy is put into place to prevent and detect suspicious activity.

### *Know your Customer*

One key aspect of preventing money laundering is to know your customer. All employees and agents are to make reasonable efforts to determine the true identity of all customers that are purchasing Life of Alabama products. No business will be conducted with customers who refuse to provide identifying information.

### *Acceptance of Funds*

Life of Alabama adheres to all state and federal laws regarding payment of premiums on insurance policies. No employee or agent of Life of Alabama will knowingly violate these laws. To adhere to this Life of Alabama employees or agents will:

Not knowingly accept funds from, make loans to, or do any type of business with customers whose money is believed to be derived from criminal activity;

Not knowingly conduct business with any person or business whose transactions are intended to conduct, finance or support terrorist activities;

Not ignore indications that an individual's or business's money originated from criminal or other illegal activity;

Take appropriate measures to contact the Compliance Officer when made aware of facts that indicate a suspicious transaction;

Stop providing support or assistance to customers who are seeking to deceive law enforcement agencies through false, altered, incomplete or missing information;

Comply with all anti-money laundering laws and regulations;

Report any violations of this policy to the Compliance Officer.

**Compliance Officer:**

The duties of the Compliance Officer will include implementation of Life of Alabama's AML Policy, training of employees and agents, monitoring of Life of Alabama's compliance with the AML Policy, keeping knowledgeable on changes in the federal laws that affect the AML policy, and updating Life of Alabama's AML policy as needed.

*Training*

Life of Alabama believes that its employees and agents are paramount to the prevention and detection of suspicious activity. All agents and select employees will undergo training on anti-money laundering and their responsibilities.

## RED FLAGS!

### Customers/Insured

- Purchase of a product inconsistent with the customer's needs (i.e. beyond their means)
- Unusual payment methods
- Early termination of products where check is directed to a 3<sup>rd</sup> party
- Transfer of the benefit to an unrelated 3<sup>rd</sup> party
- Reluctance to give identifying information when purchasing a product
- Provides fictitious information when purchasing a product
- Borrows the maximum of the loan amount available soon after purchase of the product
- Unusual patterns in transactions (i.e. purchasing multiple policies on the same individual in small increments)
- Received a request that is not within Life of Alabama's' standard market activities
- Owners of beneficiaries on a policy are foreign nationals
- Loans are frequently taken out on a policy and immediately paid back
- Provides a cell phone instead of a home phone number or gives a phone number that has been disconnected

### Agents

- Do not comply with company policies (i.e. payment policies, customer information)
- Submit applications that include false, inconsistent or suspicious information
- Make customer payments with a check drawn on the agents own account
- Agent's customers frequently cancel policies during the free look period
- Agent's customers change ownership shortly after purchasing the policy
- High money policies from the same agent