



Guide to Section II of risk based supervision data: Long-term Insurance

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General guidance

Scope

In 2018, we started collecting supervisory risk data from reporting entities for the first time. This exercise was repeated in 2019, 2020 and 2021. Historically the insurance sector has not been included in this data collection exercise however as advised on 3 December 2021, we are collecting data from insurance businesses for the first time in 2022 with respect to their 2021 business.

This guidance document relates to Section II of the 2022 risk based supervision data collection which requires the provision of activity based data from Reporting Entities issued with a permit to conduct long-term insurance business in or from within Jersey.

Long-term business is a financial services business as set out in Schedule 2 to the Proceeds of Crime (Jersey) Law 1999, specifically paragraph 2 of Part A of Schedule 2 (see below).

Any long-term business as defined in Article 1(1) of the Insurance Business (Jersey) Law 1996 except –

- (a) insurance business described in Article 5(5)(a) of that Law;*
- (b) insurance business described in Article 1 of the Insurance Business (General Provisions) (Jersey) Order 1996.*

Article 1(1) of the Insurance Business (Jersey) Law 1996 defines long-term business, by way of Part 1 of Schedule 1, as any of the following classes of insurance business:

Class	Description
I	Life and annuity
II	Marriage or civil partnership and birth
III	Linked long term
IV	Permanent health
V	Tontines
VI	Capital redemption
VII	Pension fund management

Excel workbook

The Excel workbook for a reporting entity carrying on long-term insurance business comprises 5 spreadsheets, as follows:

- › INSA - Compliance Data
- › INSB – Policyholder Data
- › INSC - Beneficial Ownership & 3rd party data
- › INSD - Use of concessions granted by the MLOI
- › INSE - Country List

Spreadsheet INSE is an input sheet for the responses to questions INSA6, INSC1, INSC2, INSD4 and INSD8.

Customers – Policyholders

The spreadsheets require any person who has been granted a permit to carry on long-term business (Category A or B) (an **insurer**) to provide data in respect of their policyholders.

The policyholders to be reported on are those whose business has been obtained by the insurer via its permit under the Insurance Business (Jersey) Law 1996, whether or not they are resident in Jersey.

Data reporting period

Generally, data should be provided for the period 1/1/2021 to 31/12/2021.

There are a few data items where the data should be provided as at the end of the reporting period (31/12/2021 or closest business day).

Data submission

Insurers are recommended to consider the data request as soon as possible. It may take some time to gather the data requested and the deadline for submission is **17:00 on 30 April 2022**.

Each insurer will be submitting a completed Excel Workbook for Section II through myJFSC, and each insurer has a designated individual who is the myJFSC contact, which, in the vast majority of cases, is the JFSC Fee Contact.

Notwithstanding that the contact has responsibility for submitting the data, the board, or equivalent, of the insurer should have oversight of the content of the submission made on their behalf.

We recognise that this is the first time this data has been requested from insurers therefore where a reporting entity has extrapolated or estimated their response provide, using the comments boxes provided at the end of each spreadsheet:

- › the specific criteria utilised;
- › details regarding which data elements have been impacted;
- › the extent they have been impacted; and
- › an estimate of the time it will take to amend any systems to provide this data on a more accurate basis.

Additionally, where the insurer feels it necessary to provide any additional data to enable us to understand the response, this information should also be included in the comments section at the bottom of each relevant spreadsheet.

With the exception of spreadsheet *INSE- Country list*, all parts of each question should be answered. Consequently, insert a “0” where relevant.

Integrity checking your submission

Before submitting your data we suggest that integrity checks should be completed, e.g.

- › Sum of INSA1(a) to (c) needs to agree to the sum of INSB1(i) to (iii).
- › INSA1(a) should equal sum of INSB3(i) to (iii).
- › No response in INSB2 should exceed INSB1, in any given column.
- › INSB3 to INSB11 cannot be individually greater than INSB2, in any column.
- › INSB11 should not exceed INSB9 or INSB10 in any given column.
- › INAB11 should not exceed INSB4.

Section INSA – insurers compliance data

Overview

This section collects data on:

- › policyholder risk ratings;
- › business which has been declined, terminated or withdrawn due to customer due diligence or other financial crime concerns;
- › referred business (the extent to which policyholders are obtained on the basis of referrals from other businesses) and
- › cash transactions (the extent to which cash is used).

Risk rating

INSA1 **Number of policyholders in each category of risk (as defined by the insurer) during the data reporting period**
(a) higher; (b) standard; (c) lower

INSA2 **Do the insurer's risk ratings as specified above include factors other than money laundering and the financing of terrorism? IF Yes, provide details at INSA13(a)**

Question **INSA1** requests data about the **number of policyholders that have been assessed as presenting (a) higher, (b) standard or (c) lower ML/TF risk** (on the basis of factors set out in section 3.3.4 of the AML/CFT Handbook).

Where use is made of a more precise risk scoring scale, it will be necessary to determine which categories in that scale approximate to higherⁱⁱ, standard or lower risk. For example, if an insurer measures risk on a score of 1 to 10, it may consider anything between 1 and 3 to present a lower risk, 4 to 7 to present a standard risk, and 8 to 10 to present a higher risk.

If an insurer includes other factors e.g. commercial risk, in its risk rating of policyholders and the ML/TF risk element cannot be reported separately, report the combined risk rating.

If a combined rating is reported select “yes” when responding to **INSA2**.

Provide an answer for every element of INSA1.

For example an insurer with zero higher risk, 4 medium risk and 6 lower risk policyholders and who only considers money laundering and terrorist financing when risk rating a policyholder, should complete the fields as follows:

INSA1(a) – Higher	0
INSA1(b) – Medium	4
INSA1(c) – Lower	6
INSA2	Choose “No” from the dropdown

Note the sum of INSA1(a) to (c) should equal the sum of AB1(i) to (viii).

Declined, terminated and withdrawn business

INSA3 **Number of applications from prospective policyholders to either (i) establish a business relationship, or (ii) carry out a one-off transaction, declined due to CDD issues or other financial crime concerns, during the data reporting period**

INSA4 Number of business relationships terminated, due to CDD issues or other financial crime concerns, during the data reporting period

In line with Section 2.4.1 of the AML/CFT Handbook (paragraph 33), questions INSA3 and INSA4 request data about:

- › the number of prospective business relationships or one-off transactions that have been **declined (INSA3)**; and
- › **business relationships that have been terminated** due to CDD issues or other financial crime concerns (**INSA4**).

This will include cases where:

- › it has not been possible to complete identification measures (before or during a business relationship) under the Money Laundering Order, including establishing the source of funds;
- › the ML/TF risk has been assessed as being too high (and so outside the insurer's risk appetite); and
- › there is suspicion of ML/TF.

This question applies also to cases where:

- › an application to form a business relationship or carry out a one-off transaction is handled by a third party, e.g. an intermediary such as an independent financial advisor, and where there is no direct contact with the prospective policyholder; and
- › an application to form a business relationship or carry out a one-off transaction has not yet been formally submitted, e.g. where CDD is applied at the time that business is being solicited (where this data is recorded).

Do not leave fields blank, insert a "0" in INSA3 and INSA4 if no prospective policyholders have been declined or policyholders terminated.

INSA5 Number of applications from prospective policyholders who have withdrawn due to CDD issues, during the data reporting period (where this data is collected)

Question INSA5 collects data on policyholder applications withdrawn solely or partly on the basis of CDD requested.

It is recognised that this data may not be recorded by an insurer. If this is the case respond with "0". Do not leave the field blank.

This question also applies to cases where an application to form a business relationship or carry out a one-off transaction is handled by a third party, e.g. an intermediary such as an independent financial advisor, and where there is no direct contact with the prospective policyholder.

Referred business

Questions INSA6, INSA7 and INSA8 request data about those **persons who referred policyholders** to an insurer **on a regular basis** during the data reporting period.

Where business is referred to an insurer but neither a one-off transaction nor business relationship result this is not considered referred business for the purpose of responding to INSA6, INSA7 and INSA8.

Persons who refer policyholders to an insurer may be third parties such as investment businesses, lawyers, accountants and trust company businesses.

Additionally, if an insurer is part of a group, any referrals from group companies or other branches of the same company should be included here.

For example, if the insurer is part of a group that has a Guernsey company/branch then referrals from the Guernsey operation should be reported.

The following should not be reported as persons who refer policyholders:

- › a third party or group entity that acts as an obliged person under Articles 16 or 16A of the Money Laundering Order (data on these persons is collected through spreadsheet INSD (Use of MLO concessions)); or
- › a policyholder acting on behalf of one or more third parties (data on these persons is collected through spreadsheet INSC (3rd party and beneficial ownership)); or
- › a person who refers policyholders on a basis that cannot be considered regular. The meaning of regular will vary by insurer and will depend on a number of factors such as the size of their current policyholder base and the amount of referred business.

Note: A person may be classified as having referred business even if an insurer does not pay that person a fee for the referrals.

INSA6 Number of persons who referred policyholders to the insurer during the data reporting period, analysed by country

Question **INSA6** requires the number of persons who referred policyholders to be analysed by country, using spreadsheet INSE.

Note:

- › the countries are listed on spreadsheet INSE alphabetically; and
- › only positive responses are required i.e. there is no need to insert "0" against every country.

INSA7 Number of persons who referred policyholders to the insurer during the data reporting period, which carry on the following activities
(a) lawyer; (b) accountant; (c) other

Question **INSA7** requires analysis of the number recorded at INSA6.

Where an insurer responds that the majority of the persons that are referring policyholders fall in "Other" (INSA7(c)) provide further details at INSA13 (General comments on section INSA). This may include referrals from existing policyholders, another group company or a trust company business.

If an insurer considers that it does not have any **persons that refer business** then insert "0" into each of INSA7(a), INSA7(b) and INSA7(c).

INSA8 Number of relationships with persons who referred policyholders to the insurer during the data reporting period that were terminated due to CDD issues, or other financial crime concerns

Question **INSA8** requires an insurer to record the number of times, during the data reporting period, that a relationship between them and a person who referred policyholders has been terminated, by either party, because of a CDD issue or other financial crime concern.

For example, in a case where the person referring policyholders considers that CDD measures applied by the insurer are impractical or excessive.

If no terminations have occurred, insert a "0" in response to INSA8.

Cash transactions

**INSA9 Number and value of cash transactions (i.e. notes and coins) for policyholders during the data reporting period (receipt or payment) in any jurisdiction**
(a) number; (b) value in GBP

Question **INSA9** requests data about the **number (INSA9(a)) and value (INSA11(b)) of cash transactions (using notes and coins)** conducted for policyholders.

This question is intended to determine the extent to which physical cash is still used in the insurance sector. For the avoidance of doubt, this does not include bank transfers, cheques or any form of virtual currency transactions.

Whilst we recognise that the use of cash is minimal in the insurance sector, it is important that this assumption is validated as cash transactions are a key risk indicator for money laundering and the financing of terrorism.

If no cash transactions occurred during the data reporting period, insert “0” at both INSA9(a) and INSA9(b).

Transaction monitoring

Whilst it is understood that transactions with an insurer may be “one-off” it is also understood that some policyholders may have an ongoing relationship with an insurer.

Where an ongoing relationship is established transaction monitoring must be undertaken (Article 13 of the MLO).

INSA10 What is the timing of the ongoing monitoring of transactions during a business relationship?
(Real-time ; Post-event ; Both ; N/A)**INSA11 Are monitoring procedures automatic or manual?**
(Automated ; Manual ; Both ; N/A)**INSA12 What rules are applied to the transaction monitoring procedures?**
(Generic ; Tailored ; Both ; N/A)

Questions **INSA10**, **INSA11** and **INSA12** need only be answered in respect of policyholders with an ongoing relationship.

Where an insurer has no ongoing business relationships respond to each of INSA10, INSA11 and INSA12 with “N/A”.

General Comments

INSA13 Provide any explanations or context comments below

If an insurer selects “yes” when responding to INSA2 details of the other factors included in the combined risk rating should be provided at INSA13(a).

A free text box is provided at **INSA13(c)** to provide general comments, explanations or context comments in relation to the other responses in section INSA-compliance data. This should include information where an insurer responds that the majority of the persons that are referring policyholders fall in “Other” (INSA7(c)) provide here further details in respect of those persons reported as “Other”. This may include referrals from existing policyholders, another group company or another financial service business.

Section INSB – Insurer’s policyholder data

Policyholder data overview

This section collects data about:

- › An insurer’s policyholders which exhibit higher ML/TF risk characteristics; and
- › the insurer’s activities.

Section INSB collects data by type of policyholder in order to establish whether any particular policyholder type exhibits higher risk factors than others. Responses need to be provided in the following policyholder types:

- › Individuals that are Jersey resident;
- › Individuals that are not Jersey residents; and
- › Other.

“Other” includes a policyholder that is any of the following:

- › Company
- › Foundations
- › Trust
- › Limited Partnerships
- › Limited Liability Partnerships
- › Separate Limited Partnerships
- › Incorporated Limited Partnerships

Policyholder analysis

INSB1 Number of policyholders that are:

(i) Individuals – Jersey resident; (ii) Individuals - non-Jersey resident; (iii) Other

Question **INSB1** requests the total number of policyholders for 2021 analysed by policyholder type.

Note that the response provided to question INSB1 provides the base for responding to all other Section INSB questions.

For example, given a response to question INSB1 as set out in the table below then the number of policyholders is the maximum number that can appear in the relevant column for all other Section INSB questions:

Policyholder type	Number of policyholders
Individuals – Jersey resident	10
Individuals - non-Jersey resident	2
Other	1

Where an insurer has no policyholders of a particular type insert “0”.

Note the sum of INSB1(i) to (viii) should equal the sum of INSA1(a) to (c).

Enhanced CDD measures

Information regarding enhanced CDD measures can be found in Section 7 of the AML/CFT Handbook.

In addition to an insurer deciding that a policyholder presents a higher risk of money laundering or financing terrorism, there are some circumstances where enhanced CDD measures are required by Articles 15,15A and 15B of the Money Laundering Order:

- › the policyholder, or some other prescribed person, is a politically exposed person (PEP) (section 7.6)
- › the policyholder has a “relevant connection” to an “enhanced risk state” (section 7.5)
- › the policyholder is a company with nominee shareholders or issues bearer shares (section 7.10)
- › the policyholder is a personal asset holding vehicle (section 7.9)
- › the policyholder, or some other person, is not physically present for identification purpose (section 7.4)
- › the policyholder is non-resident (not a Jersey resident) (section 7.7)

Under Article 15(1)(a) of the MLO, if a customer has, or proposes to have, a business relationship or proposes to carry out a one-off transaction with an insurer and the insurer is not resident in the policyholder’s country of residence or in the same country as the country from which, or from within which, the policyholder is carrying on business, an insurer must apply enhanced customer due diligence measures on a risk-sensitive basis.

INSB2 Number where enhanced CDD measures have been applied:

(i) Individuals – Jersey resident; (ii) Individuals - non-Jersey resident; (iii) Other

Using the response to question INSB1 as the base for responding, question **INSB2** requires data about the number of policyholders to which enhanced customer due diligence (**CDD**) measures have been applied.

For example, if 3 of the 10 policyholders that are reported as “individuals – Jersey” have been subject to enhanced CDD measures then respond “3”.

Enhanced due diligence data in your workbooks **should be provided in line with the requirements of the MLO**. If enhanced due diligence is undertaken as standard on non-Jersey policyholders then all policyholders where standard CDD checks are applied should be reported as having been subject to enhanced due diligence. The data needs to accurately reflect the application of enhanced due diligence as defined in the MLO. If there is a significant difference between the number of policyholders who have enhanced due diligence applied to them and the number of non- Jersey-based policyholders, then be ready to explain the difference.

If an insurer has no policyholders which have been subject to enhanced CDD measures then insert “0” in each orange box.

INSB3 Number that present higher risk of ML/TF:

(i) Individuals – Jersey resident; (ii) Individuals - non-Jersey resident; (iii) Other

Where an insurer has determined that a policyholder presents a higher risk of money laundering or financing terrorism, enhanced CDD measures must be applied, therefore the response to question INSB3 cannot be greater than the response to question INSB2.

There are circumstances where enhanced CDD measures must be applied but the insurer may not consider the policyholder presents a higher risk, therefore the response to INSB3 may be lower than the response to INSB2.

If an insurer has no policyholders which present a higher risk do not leave a cell blank, insert “0” in each orange box.

The total of this row should be the same as the answer to question INSA1(a).

INAB4 Number that are, or who are connected with, a PEP:

(i) Individuals – Jersey resident; (ii) Individuals - non-Jersey resident; (iii) Other

Using the response to question INSB2 as the base for responding, question **INSB4** requires the number of policyholders to which enhanced CDD measures have been applied due to a PEP connection.

On 12 June 2019 the definition of Money Laundering Order was amended (see Article 15A(3) of the Money Laundering Order and Section 7.6.1 of the AML/CFT Handbook). From this date enhanced CDD measures became mandatory for the following:

- (a) a domestic politically exposed person only where a high-risk business relationships or high-risk one-off transactions is involved (**domestic PEP**);
- (b) a foreign politically exposed person (**foreign PEP**);
- (c) a prominent person;
- (d) individuals falling within (a), (b) or (c) that are:
 - › beneficial owners or controllers of a customer entity;
 - › a third party for whom the customer entity acts AND the third parties beneficial owners or controllers ;
 - › purporting to act on behalf of the customer entity.

When considering whether a policyholder is connected with a domestic PEP or foreign PEP it must be remembered that the definition of a PEP includes close associates and immediate family members of any individual who is, or has been, entrusted with a prominent public function. Close associate and immediate family member are both defined Article 15A(3) of the Money Laundering Order.

The information to be considered when deciding if a person is a close associate of a domestic PEP or foreign PEP is limited to information in the possession of the insurer or information that is publicly known (Article 15A(4) of the Money Laundering Order).

If an insurer has no policyholders who are a PEP, or who are connected with a PEP, do not leave a cell blank, insert “0” in each orange box.

INSB5 Number that have a relevant connection to an enhanced risk state:

(i) Individuals – Jersey resident; (ii) Individuals - non-Jersey resident; (iii) Other

Using the response to question AB2 as the base for responding, question **INSB5** requires the number of policyholders to which enhanced CDD measures have been applied because the policyholder has a connection to an enhanced risk state.

Appendix D1 of the AML/CFT Handbook provides a list of the countries and territories that are considered an enhanced risk state. As at 31 December 2021 the following were listed:

- › Iran and
- › The Democratic People's Republic of Korea (North Korea)

Section 7.5 of the AML/CFT Handbook provides further guidance, including an example of what may constitute a relevant connection.

For example: a policyholder's source of funds is, or derives from:

- › assets held in either Iran or North Korea by the policyholder or any person on behalf of a policyholder; or

- › income arising in Iran or North Korea.

In either scenario the law firm should take reasonable measures to find out the source of wealth of the policyholder.

If an insurer has no policyholders with a relevant connection to an enhanced risk state, do not leave a cell blank, insert "0" in each orange box.

INSB6 Number that have one or more nominee shareholders:

(iii) Other

INSB7 Number of non-Jersey companies that have issued bearer shares or warrants:

(iii) Other

Using the response to question INSB2 as the base for responding, questions INSB6 and INSB7 require information on:

- › the number of policyholders which are companies (Jersey or non-Jersey) which have one or more nominee shareholders (**INSB6**); and

the number of policyholders which are non-Jersey companies that have issued bearer shares or warrants (**INSB7**).

Section 7.10 of the AML/CFT Handbook explains that, where one or more of the following circumstances apply, **the company should not be considered to have issued bearer shares**:

- › the bearer shares are issued by a company in a country or territory that has fully enacted appropriate legislation to require bearer shares to be registered in a public registry and the bearer shares are so registered; or

the bearer shares are traded on an approved stock exchange; or

all issued bearer shares are held in the custody of the policyholder or trusted external party along with an undertaking from that trusted external party or policyholder to inform the law firm of any transfer or change in ownership.

If an insurer has no policyholders which are companies (Jersey or non-Jersey) that have one or more nominee shareholders, do not leave either cell blank, insert "0" in each orange box.

If an insurer has no policyholders which are non-Jersey companies that have issued bearer shares or warrants, do not leave the cell blank, insert "0" in the orange box.

INSB8 Number that are personal asset holding vehicles:

(iii) Other

Using the response to question INSB2 as the base for responding, question **INSB8** requests data regarding personal asset holding vehicles which are described at paragraph 64 of section 7.9 of the AML/CFT Handbook as being a legal person or legal arrangement established by individuals for the specific purpose of holding assets for investment.

If an insurer has no policyholders which are either personal asset holding vehicles or who act on behalf of a personal asset holding vehicle, do not leave the cells blank, insert "0" in the orange boxes.

INSAB9 Number of individuals who have not been met:

(i) Individuals – Jersey resident; and (ii) Individuals - non-Jersey resident

INSB10 Number where one or more beneficial owners/controllers of policyholders, or other persons who must be identified under Article 3 of the MLO, were not physically present for identification purposes

(iii) Other

INSB11 In relation to INSB9 and INSB10, number of policyholders who are, or who are connected to, a PEP

(i) Individuals – Jersey resident; and (ii) Individuals - non-Jersey resident; (iii) Other

Using the response to question INSB2 as the base for responding, questions **INSB9** to **INSB11** request data about whether a policyholder, and the beneficial owners and controllers of policyholders, have been physically present for identification purposes.

An individual may be considered to have been physically present for the purpose of questions INSB9 and INSB10 where they have been met and seen:

- › by the insurer (physically or through video conferencing facilities);
- › by a suitable certifier in line with section 4.3.3 of the AML/CFT Handbook; or
- › by a company in the same group as the insurer where that company is regulated and supervised for AML/CFT purposes (the meeting can be physical or through video conferencing facilities).

Where either the policyholder or the beneficial owner/controller of the policyholder has not been physically present **and** they are a PEP then question **INSB11** needs to record the number of such persons.

If an insurer considers that all policyholders and beneficial owners/controllers were physically present for identification purposes do not leave the cells blank, insert “0” in each orange box.

Other policyholder characteristics

INSB12 Number that are regulated/supervised for AML/CFT purposes

(i) Individuals – Jersey resident; (ii) Individuals - non-Jersey resident; (iii) Other

Using the response to question INSB1 as the base for responding, question INSB12 collects data on policyholders that are Regulated and Supervised for AML/CFT purposes.

“Regulated and Supervised for AML/CFT purposes” specifically means:

- › subject to AML/CFT requirements; and
- › supervised for compliance with those requirements by the JFSC or an overseas regulatory authority discharging a similar function in respect of AML/CFT.

For example:

- › If the policyholder is a bank then they should be reported here. However, if the policyholder is a subsidiary company of the bank which is not conducting a regulated and supervised activity, this should not be reported.
- › If the policyholder is a sole trader, who is Regulated and Supervised for AML/CFT purposes by the JFSC, then they should be reported here.
- › If the policyholder is a company acting as a trustee and is Regulated and Supervised for AML/CFT purposes, then they should be reported here.

If an insurer does not have any policyholders which are Regulated and Supervised for AML/CFT purposes do not leave the cells blank, insert “0” in each orange box.

INSB13 Number that are non-profit organizations (NPOs)

(iii) Other

Using the response to question INSB1 as the base for responding, question INSB13 requests data about policyholders that are a non-profit organization (NPO). In Jersey an NPO is defined in Article 1 of the Non-Profit Organizations (Jersey) Law 2008 as being an organisation that:

- › Is established solely or primarily for charitable, religious, cultural, educational, social, or fraternal purposes with the intention of benefiting the public or a section of the public; and

- › raises or disburses funds in pursuance of those purposes.

Note: in Jersey an NPO and a charity are not the same. The definition of a charity is set out in the Charities (Jersey) Law 2014 and not all NPOs are charities.

If an insurer does not have any policyholders that are an NPO do not leave the cells blank, insert a "0" in the orange boxes.

Long term insurance business

INSB14 (a) Number of transactions conducted in the data reporting period

(b) Value of the above (in GBP)

FOR

(i) Individuals – Jersey resident; (ii) Individuals - non-Jersey resident; (iii) Other

This includes annual premiums, additional premiums, return premiums and individual claims payments.

INS15 (a) Number of high value transactions (€1,000 or more)

(b) Value of the above (in GBP)

FOR

(i) Individuals – Jersey resident; (ii) Individuals - non-Jersey resident; (iii) Other

This relates to payments made to or from the insurer in respect of a policyholder with a single transactional value of €1,000 or more. This includes claims payments.

General comments on responses provided above

INSB16 Provide any explanations or context comment below

A free text box is provided at INSB16 for comments, explanations or context comments in relation to the responses provided in the section INSB-Policyholder data.

Section AC – Beneficial ownership

General

Where CDD exemptions from applying identification measures under Article 18 of the Money Laundering Order has been utilised and no data is held, an insurer is not expected to gather information for the purpose of completing questions AC1 and AC2.

Data in respect of using Article 18 is to be reported in response to question AD10 (Further exemptions from applying identification requirements (Article 18 of the MLO)).

Policyholders who are individuals and beneficial owners or controllers of policyholders that are not individuals

INSC1 Number and principal country of residence of:

**(i) individuals who are policyholders; and (ii) individuals who are the beneficial owner or controller of a policyholder that is not an individual,
as at 31 December 2021**

The **principal country of residence** of an individual who is a policyholder, or the beneficial owners and controllers of policyholders who are not individuals, is recognised as a key factor in determining the riskiness of a policyholder – section 3 of the AML/CFT Handbook provides further guidance.

The term “beneficial ownership and control” is defined in Article 2 of the Money Laundering Order. It refers to the individuals who ultimately own or control a policyholder that is a legal personⁱⁱⁱ. In line with guidance provided in the AML/CFT Handbook, the following will be considered to be the beneficial owner or controller of a company.

- › Each individual with a material controlling ownership interest in the capital of the company (through direct or indirect holdings of interests (shares) or voting rights) or who exerts control through other ownership means.

To the extent that there is doubt as to whether the individuals exercising control through ownership are beneficial owners, or where no individual exerts control through ownership, any other individual exercising control of the company through other means.

Where no individual is otherwise identified, individuals who exercise control of the company through positions held (who have and exercise strategic decision-taking powers or have and exercise executive control through senior management positions - directors).

Question **INSC1** requests an insurer provide by country (using spreadsheet *INSE-Country list*) the total number of policyholders who are individuals and beneficial owners or controllers of policyholders that are not individuals.

Unlike other questions, there is no need to insert a response in each cell of spreadsheet *INSE-Country list*.

For example, an insurer may look as follows:

Policyholder type	Number of policyholders	Principal country of residence
Individuals – Jersey resident	10	Jersey
Individuals - non-Jersey resident	2	UK Guernsey

Policyholder type	Number of policyholders	Principal country of residence
Other	1	Switzerland

Spreadsheet *INSE- Country list* would therefore have the following entries in the column for question AC1:

ISO Code	Country	Number and principal country of residence of: (i) individuals who are policyholders; and (ii) individuals who are the beneficial owners or controllers of a policyholder that is not an individual
		AC1
831	Guernsey	1
832	Jersey	10
756	Switzerland	1
826	UK	1

Note:

Each individual should only be reported once.

The following are examples where an individual may have more than one relationship with an insurer but should only be reported once:

- (a) they are the beneficial owner or controller of more than one company; or
- (b) they are the beneficial owner or controller of a company and are also a policyholder in their own right

Policyholder acting on behalf of a third party

INSC2 Number and principal country of residence of third parties on whose behalf a policyholder is acting

Question **INSC2** collects data on the **principal country of residence of third parties** on whose behalf a policyholder acts.

For example, a legal arrangement cannot form a business relationship or carry out a one-off transaction itself. It is the trustee(s) of the trust or general partner(s) of the limited partnership who will enter into a business relationship or carry out the one-off transaction with an insurer on behalf of the legal arrangement and who will be considered to be the policyholder(s). In line with Article 3 of the Money Laundering Order, the trust or limited partnership will be considered to be the third party on whose behalf the trustee(s) or general partner(s) act(s).

In these cases the insurer should have identified the persons for whom the policyholder is acting in line with Article 3(2) of the Money Laundering Order and the guidance provided in section 4 of the AML/CFT Handbook. For ease guidance has been provided below:

- › In a case where the third party is a legal person (e.g. a company), data should be provided on the individuals who are beneficial owner or controller of that legal person (Article 3(2)(b)(ii) of the Money Laundering Order).

In a case where a third party is a trust (other than a collective investment fund), data should be provided on:

- › the settlor;
- › the protector;

- › beneficiaries with a vested right;
- › other beneficiaries and persons who are the object of a power that have been identified as presenting a higher risk; and
- › any other person who exercises ultimate effective control over the trust (Article 3(7) of the Money Laundering Order).

In a case where a third party is a limited partnership (other than a collective investment fund), data should be provided on the limited partners (Article 3(7) of the Money Laundering Order).

In a case where a third party is a collective investment fund, data should be provided on any beneficial owners and controllers, i.e. individuals exercising control of the collective investment fund through ownership means, other means or through the position that they hold (see section 14.3.2 of the AML/CFT Handbook (section 14 specifically addresses Funds and Fund Services Business)).

General comments on responses provided above

INSC3 Provide any explanations or context comments below

A free text box is provided at **INSC3** for comments, explanations or context comments in relation to the responses provided section INSC- BO & 3rd Party Data.

Section AD – Use and application of concessions granted by the Money Laundering Order

General

This section collects data about the application of concessions set out in the Money Laundering Order that can be used in the circumstances prescribed in **Articles 13** (policyholder identification and verification), **16** (reliance on obliged persons) and **Part 3A** (CDD exemptions).

The following table provides guidance on the period to be covered by each question:

Question	Data period	Date(s)
Policyholder identification and verification		
INSD1	At end of reporting period	31/12/2021 or closest business day
INSD2	During the reporting period	1/1/2021 – 31/12/2021
Reliance on obliged persons and persons in the same financial group (Articles 16 and 16A of the MLO)		
INSD3	During the reporting period	1/1/2021 – 31/12/2021
INSD4	At end of reporting period	31/12/2021 or closest business day
INSD5	At end of reporting period	31/12/2021 or closest business day
INSD6	At end of reporting period	31/12/2021 or closest business day
INSD7	During the reporting period	1/1/2021 – 31/12/2021
Exemptions from applying third party identification requirements (Articles 17B-D of the MLO)		
INSD8	At end of reporting period	31/12/2021 or closest business day
INSD9	During the reporting period	1/1/2021 – 31/12/2021
INSD10	At end of reporting period	31/12/2021 or closest business day
Further exemptions from applying identification requirements (Article 18 of the MLO)		
INSD11	During the reporting period	1/1/2021 – 31/12/2021

Policyholder identification and verification

INSD1 Number of policyholders, as at the end of the data reporting period, where identity has not yet been verified as the relationship started before February 2008 and Article 13(2) of the MLO is being relied upon

Article 13(2) of the Money Laundering Order provides for the timing of identification measures for the existing policyholders of an insurer at the time the Money Laundering Order came into force – 4 February 2008.

Article 13(2) sets out very particular circumstances which enabled an insurer to delay verification of a policyholder's identity – section 4.7 of the AML/CFT Handbook provides further guidance.

An insurer should have finalised the position of its existing policyholders by 31 December 2014, unless a later date has been agreed by the JFSC (paragraphs 208 and 209 of section 4.7.2 of the AML/CFT Handbook). Consequently, it is expected that most law firms will report “0” in respect of **INSD1**.

INSD2 Number of policyholders where delayed verification in line with Article 13(4) of the MLO was applied during the data reporting period

In accordance with Article 13(4) of the Money Laundering Order an insurer is permitted to delay verifying the identity of policyholder where (finding out the identity of the policyholder must not be delayed):

- › it is necessary not to interrupt the normal course of business;
- › there is little risk of money laundering or financing of terrorism occurring as a result of obtaining evidence of identity after establishing the relationship; and
- › evidence of identity is obtained as soon as reasonably practicable.

Question **INSD2** collects data about the **number of policyholders where delayed verification** in line with Article 13(4) of the Money Laundering Order has been applied.

If an insurer has not delayed the verification of any policyholders identity during the data reporting period, respond with “0”.

Reliance on obliged persons (Article 16 of the MLO) and persons in the same financial group (Article 16A of the MLO)

In line with Article 16 of the Money Laundering Order, **reliance** may be placed on an obliged person only where the six conditions, explained in section 5.1 of the AML/CFT Handbook, are met. In practice, this has the effect of:

- › limiting the number of obliged persons that can be relied upon; and
- › requiring the basis for placing reliance to be recorded in writing.

The effect of Article 16A of the Money Laundering Order is to extend the application of Article 16 to a person who is a member of the same financial group as the insurer (a group person), who could not otherwise be relied on.

The six conditions and provisions for testing apply to a group person in the same way as an obliged person.

INSD3 Number of policyholders where reliance has been placed on obliged persons and persons in the same financial group, during the data reporting period

(a) obliged persons; (b) same financial group



INSD4 Number of obliged persons on which reliance (Article 16 of the MLO) was placed, by country, as at the end of the data reporting period

INSD5 Number of in the same financial group on which reliance (Article 16A of the MLO) was placed, by country, as at the end of the data reporting period

INSD6 Number of obliged person(s) and persons in the same financial group carrying on financial services business or equivalent business, relied upon as at the end of the data reporting period
(i) financial services business; (ii) equivalent business; (iii) same financial group
(a) deposit taker; (b) investment business; (c) fund services business; (d) trust company business; (e) permit or certificate holder under the CIF Law; (f) unregulated fund or non-public fund; (g) permit holder under the Insurance Law; (h) lawyer; (i) accountant; (j) other

It is important to understand the extent to which an insurer makes use of these concessions and information regarding the obliged person, consequently:

- › Question **INSD3** requests the **number of policyholders where reliance has been placed** on obliged persons during the data reporting period (insert “0” if no reliance has been placed);
- › Question **INSD4** requests the **country of the obliged person** on whom reliance is being placed (responses should be provided on spreadsheet *INSE-Country list*, nil responses are not required);
- › Question **INSD5** requests the **country of the person in the same financial group** on whom reliance is being placed (responses should be provided on spreadsheet *INSE -Country list*, nil responses are not required); and
- › Question **INSD6** requests the number of obliged persons and persons in the same financial group split by the **type of business that is carried on**, at the end of the reporting period (insert “0” if no obliged persons are used).

INSD7 Number of obliged persons and persons in the same financial group relied upon, who failed to provide information and evidence on demand and without delay, during the data reporting period

Where an insurer relies on an obliged person, the Money Laundering Order (Article 16(8)) requires that an insurer test, in such manner and at such intervals as they consider appropriate:

- › whether or not the obliged person has appropriate policies and procedures in place to apply the reliance identification measures;
- › keeps the evidence of identity; and
- › will provide that evidence without delay if requested to do so.

In light of ›, question **INSD6** requires an insurer to report the number of obliged persons that failed to provide information and evidence on demand and without delay.

Do not leave a cell blank, insert “0” if no obliged persons are used or obliged persons did provide information and evidence when requested.

Exemption from applying third party identification requirements (Articles 17B-D of the MLO)

In line with Articles 17B-D of the Money Laundering Order, an insurer may be exempt from applying identification measures in relation to a third party when its policyholder is:

- › regulated and supervised by us for AML/CFT purposes;

- › a person who carries on equivalent business (refer to Section 1.7 of the AML/CFT Handbook); or
- › a person who is wholly-owned by a person listed above and meets certain conditions.

The application of exemptions from identification measures is also always subject to one or more conditions (depending on the particular case). In practice, these provisions have the effect of:

- › limiting the number of policyholders to which exemptions from identification measures can be applied; and
- › requiring the basis for applying exemptions from identification measures to be recorded in writing.

INSD8 Number of policyholders, by country, where CDD exemptions have been applied to third parties for whom those policyholders act as at the end of the data reporting period

Question **INSD7** requests data on the number of policyholders where exemptions from identification measures have been applied at the end of the reporting period, analysed by the country in which the policyholder is regulated and supervised for AML/CFT purposes. Responses should be provided on spreadsheet *INSE -Country list*, nil responses are not required.

INSD9 Number of policyholders who failed to provide information and evidence on demand and without delay during the data reporting period, where CDD exemptions have been applied in accordance with Articles 17B-D of the MLO

Where an insurer applies exemptions from identification measures, Article 17D(3) of the Money Laundering Order requires that an insurer must, in the manner, and as often as it considers appropriate, in all the circumstances, conduct tests in order to establish whether the relevant policyholder -

- › has appropriate policies and procedures in place to apply the identification measures;
- › obtains information in relation to the third party;
- › keeps the information or evidence of identity in relation to the third party; and
- › provides that information or evidence without delay if requested to do so specifically whether the policyholder may be prevented, by a law, from providing the information or evidence.

In light of 5.4.4(d), question **INSD9** requires an insurer to report the number of policyholders that failed to provide information and evidence on demand and without delay.

Do not leave the cell blank, insert “0” if no exemptions from identification measures are applied or policyholders did provide information and evidence when requested.

INSD10 Number of policyholders, where Articles 17B-D have been applied, who are carrying on financial services business, equivalent business or owned by a person carrying on financial services business or equivalent business as at the end of the data reporting period

(i) financial services business; (ii) equivalent business; (iii) wholly owned by FS business or equivalent
(a) deposit taker; (b) investment business; (c) fund services business; (d) permit or certificate holder under the CIF Law; (e) unregulated fund or non-public fund; (f) permit holder under the Insurance Law

Question **INSD10** requests data on the type of business that is carried on by policyholders where exemptions from third party identification measures have been applied. Insert “0” in the orange boxes if no exemptions are applied.

Further exemptions from applying identification requirements (Article 18 of the MLO)

INSD11

(a) Number of policyholders to whom CDD exemptions have been applied during the data reporting period

Of the above, number of policyholders to whom the exemptions have been applied:

(b) Article 18(2) – pension, superannuation, employee benefit, share option or similar scheme

(c) Article 18(1) – insurance policies

(d) Article 18(4) – public authorities, companies listed on an IOSCO-compliant market or regulated market

(e) Article 18(3) – regulated businesses or equivalent

(f) Article 18(5) – employees of regulated businesses or equivalent

(g) Article 18(6) - Control of Housing and Work (Jersey) Law 2012

Article 18 of the Money Laundering Order sets out a number of very specific circumstances where an insurer may be able to apply CDD exemptions. See sections 7.12 and 7.15 of the AML/CFT Handbook for further guidance.

If an insurer has applied CDD exemptions to any policyholders during the data reporting period the number of policyholders should be reported in response to **INSD11(a)**.

If CDD exemptions have not been applied do not leave the cells blank, insert a “0” in response to **INSD11 (a)-(g)**.

If CDD exemptions have been applied, INSD11(b) to (g) provide the six circumstances which are relevant for an insurer. The total of INSD11(b) to (g) should equal the number in cell INSD10(a).

Do not leave any cells blank, insert a “0” where applicable.

General comments on responses provided above

INSD11 Provide any explanations or context comments below

A free text box is provided at **INSD11** for comments, explanations or context comments in relation to the responses provided section INSD-Use of MLO Concessions.

This section should be used where INSD5 (i)(j), INSD5(ii)(j) or INSD5(iii)(j) (other) is selected.

ⁱ The Money Laundering (Jersey) Order 2008 is referred to as both the Money Laundering Order and the MLO in the supervisory risk data collection exercise.

ⁱⁱ Section 2.4.1 of the AML/CFT Handbook (paragraph 33) explains that an insurer may demonstrate that it checks that systems and controls are operating effectively where senior management periodically considers the effect of those systems and controls in light of the number and percentage of policyholders that have been assessed as presenting a higher risk.

ⁱⁱⁱ No individual is to be treated as a beneficial owner of a body corporate the securities of which are listed on a regulated market. For the purpose of this section it is assumed that an insurer is most likely to deal with legal persons that are companies therefore the text has been amended accordingly.