



**SERVIAMUS MUTUAL BENEFIT  
ASSOCIATION**

**AMLA**

**(ANTI-MONEY LAUNDERING LAW)**

**OPERATIONS MANUAL**

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## TABLE OF CONTENTS

	PAGE
CHAPTER 1. <b>INTRODUCTION</b>	3
<b>1.1. Definition and Applications</b>	
CHAPTER 2.     DESCRIPTION OF MONEY LAUNDERING	3
CHAPTER 3.     BASIC PRINCIPLES AND POLICIES TO COMBAT MONEY LAUNDERING	5
CHAPTER 4.     MEMBER (POLICYHOLDER) IDENTIFICATION AND DUE DILIGENCE	8
PART A. INDIVIDUAL POLICYHOLDER	8
PART B. CORPORATION, STOCK OR NON-STOCK AND PARTNERSHIP	11
PART C. TRANSACTIONS WITH SHELL COMPANIES	12
PART D. TRUSTEE, NOMINEE AND AGENT ACCOUNTS	12
CHAPTER 5.     RECORD KEEPING	12
CHAPTER 6.     COVERED AND SUSPICIOUS TRANSACTIONS	14
CHAPTER 7.     REPORTORIAL REQUIREMENTS	15
CHAPTER 8.     INTERNAL CONTROL AND PROCEDURES	17
TITLE 9.     COMPLIANCE	18
TITLE 10.    TRAINING	19
TITLE 11.    INTERNAL AUDIT	20
ANNEX ‘A’     COVERED TRANSACTION REPORT (CTR)	21

## CHAPTER 1

### INTRODUCTION

**Section 1.1.** Pursuant to SEC CIRCULAR No. 12, Series of 2004 of the Securities and Exchange Commission (SEC) and Circular Letter No. 32-2006 issued by the Insurance Commission, Serviamus Mutual Benefit Association, hereby submits this ANTI-MONEY LAUNDERING OPERATING MANUAL based on the revised guidelines provided therein.

**Section 1.2.** Except as otherwise defined herein, all terms used shall have the same meaning as those terms are defined in the ANTI-MONEY LAUNDERING ACT (AMLA) of 2001, Republic Act No. 9160, as amended, hereinafter referred to as the “Act”.

**Section 1.3.** The following definitions shall apply to the foregoing:

- a. “Act” shall refer to Republic Act 9160 (as amended by Republic Act No. 9194) entitled, “An Act Defining the Crime of Money-Laundering, Providing Penalties Therefor and for Other Purposes:
- b. Beneficial Owner – applies to the owner/controller of the policyholder as well as to the beneficiary to the contract.
- c. Transaction – refer to inquiries and application for an insurance policy, premium payments, requests for changes in benefits, beneficiaries, duration, etc.

It is understood that the provisions of the Act and its revised implementing rules and regulations shall apply in all other cases not covered by this revised operating manual.

## CHAPTER 2

### DESCRIPTION OF MONEY LAUNDERING

**Section 2.1. Money Laundering** is a process intended to mask the benefits derived from serious offenses or criminal conduct as described under the Anti- Money Laundering Act, so that they appear to have originated from a legitimate source. Specifically, it covers all procedures to change, obscure or conceal the beneficial ownership or audit trail of illegally obtained money or valuables so that it appears to have originated from a legitimate source

Money laundering is also used to hide the link between those who finance terrorism and those who commit terrorists acts.

**Money Laundering** covers all procedures to change, obscure or conceal the beneficial ownership or audit trail of illegally obtained money or valuables so that it appears to have originated from a legitimate source.

Financing of terrorism can be defined as the willful provision or collection, by any means, directly or indirectly, of funds with the intention that the funds shall be used, or in the knowledge that they are to be used, to facilitate or carry out terrorist acts. Terrorism can be funded from legitimate income.

Section 2.2. **Stages of Money Laundering** – the three (3) common stages of money laundering during which there may be numerous transactions made by launderers that could alert an insurance institution are:

- a. **Placement** – the physical disposal of cash proceeds derived from illegal activity. The aim is to remove cash from the location of acquisition to avoid detection.

Owing to the nature of insurance contracts or policies, payment of premiums as well as settlement of insurance claims, and all other forms of insurance transactions, are presently no longer predominantly cash based, thus covered institutions are less likely to be used in the placement stage than other financial institution.

- b. **Layering** – is the separation of criminal proceeds from their source by the creation of layers of transactions designed to disguise the audit trail and provide the appearance of legitimacy.

The business of insurance is most likely to be used at the second stage of money laundering, the layering process, as they provide a potential avenue which may allow a dramatic alteration of the form of funds – from cash on hand to cash in bank, from money in whatever form to an entirely different asset such as securities, investment contracts, pension plans, insurance policies, stock certificates, pre-need plans, bearer and other negotiable instruments.

Money laundering and the financing of terrorism using reinsurance could occur either by establishing fictitious (re)insurance companies or reinsurance intermediaries, fronting arrangements and captives, or by the misuse of normal reinsurance transactions.

- c. **Integration** – the final stage is the process at which the money is integrated into the legitimate economic and financial systems and is assimilated with all other assets in the system. Integration of laundered money into the economy is accomplished by making it appear to have been legally earned. Thus, exceedingly difficult to distinguish between legal and illegal wealth.

Insurance policies, particularly life insurance contracts, are treated not only as protection and savings instruments, but also as investment contracts and as such, insurance transactions incorporate added attraction to the launderer in that the alternative asset is normally highly liquid. The ability to liquidate investment portfolios containing both lawful and illicit proceeds, while concealing the criminal source of the latter, combined with the huge variety of investments and insurance products available, and the ease of transfer between them, offers the sophisticated criminal launderer an ideal route to effective integration into the legitimate economy. Due diligence must therefore be exercised to prevent the use of insurance institutions as instruments of money laundering.

### **Section 2.3 : Vulnerabilities in insurance**

Life insurance and non-life insurance can be used in different ways by money launderers and terrorist financiers.

Insurance Institution therefore shall take adequate measures to deter, detect and report money laundering and the financing of terrorism.

The type of life insurance contracts that are vulnerable as vehicle for laundering money or terrorist financing are products, which includes: unit-linked single premium contracts, purchase of fixed and variable annuities, single provision life insurance policies that store cash value and (secondhand) endowment policies. Non-life money laundering or terrorist financing can be seen through inflated or totally bogus claims and through the use of reinsurance. An insurance policy might be used as collateral to purchase other financial instruments. These investments in themselves may be merely one part of a sophisticated web of complex transactions with their origins in the financial services sector.

## **CHAPTER 3 BASIC PRINCIPLES AND POLICIES TO COMBAT MONEY-LAUNDERING**

Section 3.1. The SEC and the IC seek to combat money laundering and financing of terrorism by requiring the Serviamus MBA Inc. to place programmes and systems which include the following:

- i. **“Know your Client” principle** – Serviamus MBA, Inc. shall institute effective procedures for obtaining true identification of members. Serviamus MBA, Inc. shall not keep anonymous accounts or accounts in obviously fictitious names and shall properly identify and record the true identity of its members when establishing business.

- ii. **Member identification and Due Diligence measures** depend on the risk attached to a type of member or transaction. Serviamus MBA, Inc. may apply reduced or simplified CDD in the case of low risk members. Simplified CDD or reduced measures could be acceptable to various types of product or transaction such as:
- life insurance policies where the annual premium is no more than USD/C 1000 or single premium of no more than USD/C 2500;
  - Insurance policies for pension schemes if there is no surrender clause and the policy cannot be used as collateral;
  - a pension, superannuation or similar scheme that provides retirement benefits to employees, where contributions are made by way of deduction from wages and the scheme rules do not permit the assignment of a member's interest under the scheme categories. The FATF Recommendations require additional due diligence measures in relation to politically exposed persons (PEPs). For this purpose Serviamus MBA, Inc. shall have appropriate risk management systems to determine whether the member is a PEP.

Serviamus MBA, Inc. shall create a member profile which would serve as a reference to establish the purpose of the contract and to monitor subsequent transactions and events.

Member Due Diligence measures that shall be taken by the Serviamus MBA, Inc. include:

- identifying the member and verifying the member's identity using reliable, independent source documents, data or information;
- determining whether the member is acting on behalf of another person, and then taking reasonable steps to obtain sufficient identification data to verify the identity of that other person;
- identifying the (ultimate) beneficial owner, and taking reasonable measures to verify the identity of the beneficial owner such that the Serviamus MBA, Inc. is satisfied that it knows who the beneficial owner is. For legal persons and arrangements Serviamus MBA, Inc. shall take reasonable measures to understand the ownership and control structure of the member;
- obtaining information on the purpose and intended nature of the business relationship and other relevant factors;
- conducting ongoing due diligence on the business relationship and scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the Serviamus MBA, Inc.'s knowledge of the member and/or beneficial owner, their business and risk profile, including, where necessary, the source of funds.

The extent and specific form of these measures may be determined following a risk analysis based upon relevant factors including the member, the business relationship and the transaction(s). Decisions taken on establishing relationships with higher risk members and/or beneficial owners shall be taken by senior management.

Where reliance on intermediaries and third parties is permitted, the following criteria shall be met:

- Serviamus MBA, Inc. shall take adequate steps to be satisfied that copies of identification data and other relevant documentation relating to the CDD requirements will be made available from the intermediaries and third parties are regulated and supervised, and have measures in place to comply with CDD requirements in line with FATF Recommendations 5 and 10.
- iii. **Compliance with Laws** – Serviamus MBA, Inc. management shall ensure that business is conducted in conformity with high ethical standards, laws and regulations are being adhered to and that the service is not provided where there is good reason to suspect that transactions are associated with money laundering activities.
- iv. **Cooperation with AMLC and the law enforcement agencies** – within the legal constraints relating to member confidentiality, Serviamus MBA, Inc. shall cooperate fully with the Anti-Money Laundering Council, its Secretariat and law enforcement agencies and where there are reasonable grounds for suspecting money laundering, take appropriate measures which are consistent with the law.

Disclosure of information by Serviamus MBA, Inc. for the purposes of the Act regarding covered transaction reports and suspicious transaction reports shall be made to the Executive Director, Anti-Money Laundering Council, Bangko Sentral Ng Pilipinas.

- v. **Having in place adequate policies, procedures and training** – Serviamus MBA, Inc. shall adopt policies consistent with the principles set out in this Revised Manual, ensuring that its staff, wherever located, are informed of these policies and adequately trained in matters set forth herein. Serviamus MBA, Inc. shall implement specific procedures for Member Identification (Title 4), Record Keeping (Title 5), and Reporting of Covered and Suspicious Transactions (Title 6).

**CHAPTER 4**  
**MEMBER (POLICY HOLDER) IDENTIFICATION AND DUE DILIGENCE**

**PART A: INDIVIDUAL POLICYHOLDER**

Section 4.1. As a regular part of the application process for insurance, Serviamus MBA, Inc. shall obtain satisfactory evidence of the true and full identity of insurance applicants, which information include but not limited to:

- a. For individual policyholder, names, addresses, telephone number, tax identification number, occupation, employer and duties, whenever applicable, original documents of identity issued by an official authority bearing the photograph of the member, e.g., official identification cards, current valid passports and driver's license which bears a photograph.

While identification documents easily obtained in any name like, health or insurance cards, credit cards, provisional driving license and student identification cards may be used, the same shall not be accepted as the sole means of identification.

- b. The names of beneficiaries, when applicable, to the insurance contract and the relationship to the policy owner.
- c. For corporate clients, incorporation or partnership papers, their domicile, legal basis for their existence and organizational structure including the identification of all persons purporting to act on their behalf. Any document submitted shall be certified as true copies from the issuing government agency.
- 1.d. Duly notarized special authorizations for representatives.
- 1.e. Other pertinent and reasonable documents as may be deemed necessary under the prevailing circumstances.

Section 4.2. Members shall be made aware of the Serviamus MBA, Inc.'s explicit policy that transactions will not be conducted with applicants in the event of failure to complete verification of any relevant subject or to obtain information on the purpose and intended nature of the business relationship, the Serviamus MBA, Inc. shall not conclude the insurance contract, perform the transaction, or shall terminate the business relationship. The Serviamus MBA, Inc. shall also consider making a suspicious transaction report to the Anti-Money Laundering Council.

Section 4.3. When Serviamus MBA, Inc. acquires the business of another financial institutions or insurance institution, either in whole or as a product portfolio, it is not necessary for the identity of all existing members to be re-identified, provided that:

- a. all member account records are acquired with the business; and
- b. due diligence inquiries do not raise any doubt as to whether the anti-money laundering procedures previously adopted by the acquired business have satisfied AMLC requirements.

Section 4.4 If during the business relationship, Serviamus MBA, Inc. has reason to doubt:

- 4.a. the accuracy of the information relating to the member's identity;
- 4.b. the member as the beneficial owner;
- 4.c. the intermediaries' declaration of beneficial ownership, or
- 4.d. for reason of any sign of unreported changes,

then Serviamus MBA, Inc. shall take further measures to verify the identity of the member or the beneficial owner, when applicable. Such measures may include the following:

- 4.e. referral of names and other identifying information to criminal investigations authorities; and
- 4.f. review of disciplinary history and disclosure of past relevant sanctions.

Where the Serviamus MBA, Inc. has already commenced the business relationship and is unable to comply with the verification requirements, it shall terminate the business relationships and consider making suspicious transaction report.

Section 5. Serviamus MBA, Inc. shall maintain accounts only in the true and full name of the account holder. It shall not open or keep anonymous accounts, fictitious name accounts, incorrect name accounts and all other similar accounts.

Section 6. The following minimum information/documents shall be obtained from individual members/policyholders:

- a. name;
- b. present address, with sketch map;
- c. permanent address, with sketch map;
- d. date and place of birth;
- e. nationality;
- f. nature of work and name of employer or nature of self-employment/business;
- g. contact number;
- h. tax identification number, SSS or GSIS number;
- i. specimen signature;
- j. source of fund(s);

- k. marriage contract, whenever applicable;
- l. birth certificates of covered/qualified dependents, whenever applicable;
- m. names of beneficiaries, whenever applicable;
- n. proof of insurable interest, whenever applicable;

The members must provide photocopies of identifications and other applicable documents to Serviamus MBA, Inc. and present the original documents for verification purposes, when deemed necessary.

**Section 7. Verification without Face-to-Face Contact:**

- a. Whenever possible, prospective members shall be interviewed personally.
- b. Serviamus MBA, Inc. shall take particular care in opening accounts via the internet, postal service or telephone or other such medium which may give rise to verification without face-to-face contact.
- c. In accepting business from non-face to face customer, Serviamus MBA, Inc. shall use equally effective identification procedures as those available for face-to-face customer acceptance, supplemented with specific and adequate measures to mitigate the higher risk.
- d. The following are number of checks, which can be used by Serviamus MBA, Inc. to verify identity of prospective members where there is no face-to-face contact.
  - telephone contact with the applicant at an independently verified home or business number.
  - subject to the applicant's consent, telephone confirmation of the applicant's employment with the employer's personnel department at a listed business number.
  - salary details appearing on recent bank statements, income tax returns or any other document evidencing compensation.
  - confirmation of the address through an exchange of correspondence or by any other appropriate method.

Presentation of other existing insurance policies or contracts issued by other insurance institutions supervised by the Insurance Commission will provide additional comfort.

**Section 8.** For non-residents who seek to procure insurance in the Philippines, whenever applicable, and without face-to-face contact, documents as enumerated in Section 6 issued by foreign authorities may be submitted, duly authenticated by the Philippine Consulate where such foreign authorities are located.

Serviamus MBA, Inc. shall inform members of the provisions of Title 4, Section 2.

Section 9. No New Accounts shall be opened without face-to-face contact unless full compliance with the requirements of Section 6 is met and the original documents thereof are presented for verification purposes.

Serviamus MBA, Inc. shall take particular care in situations where payment is:

- offered in cash
- offered by way of share where it is evident that the shares have been held for less than six ( 6 ) months.
- by way of a third party check without any apparent connection with the prospective member.
- by check where there is a variation between the policyholder, the signatory and prospective member.

## **PART B: CORPORATION, STOCK OR NON-STOCK AND PARTNERSHIP**

Section 10. Before establishing a business relationship, a company search and/or other commercial inquiries shall be made to ensure that the corporate/other business applicant has not been, or is not in the process of being dissolved, struck off, wound-up or terminated. In the event of doubt as to the identity of the company or its directors, or the business or its partners; a search or inquiry with the relevant Supervisory Authority/Regulatory Agency shall be made.

Section 11. The following relevant documents shall be obtained in respect of corporate/other business applicants, which are subject to Philippine regulation.

- Copies of the Certificate of Registration, including Articles of Incorporation or Certificate of Partnership, as appropriate, copies of the By-laws and Latest General Information Sheet, which list the names of directors/partners and principal stockholders and secondary licenses.
- The name(s) and address(s) of the beneficial owner(s) and/or the person(s) or whose instructions the signatories on the account are empowered to act.
- The originals or certified true copies of any or all of the foregoing documents, where required, shall be produced for verification.
- Sworn statement as to existence or non-existence of beneficial owners.
- Appropriate board resolutions and signed application forms authorizing the opening of the account or transaction together with the specimen signatures.
- Where necessary, Serviamus MBA, Inc. may also require additional information about the nature of the business of members, copies of identification documents of shareholders, directors, officers and all authorized signatories.
- These requirements shall also apply in all cases involving holding companies.

Section 12. If significant changes in the company structure or ownership occur subsequently or suspicions are aroused by change in the payment profile through a company account, further checks are to be made on the new owners.

### **PART C: TRANSACTIONS WITH SHELL COMPANIES**

Section 13. Shell companies are legal entities, which have no business substance in their own right but through which financial transactions may be conducted. Serviamus MBA, Inc. shall note that shell companies may be abused by money launderers and therefore shall be cautious in their dealings with them.

Section 14. In addition to the requirements under Part B, Section 11, Serviamus MBA, Inc. shall also obtain a Board of Directors' Certification as to the purposes of the owners/stockholders in purchasing the shell company. Likewise, there shall be satisfactory evidence of the identities of the beneficial owners, bearing in mind the "know-your-member" principle.

### **PART D: TRUSTEE NOMINEE AND AGENT ACCOUNTS**

Section 15. Serviamus MBA, Inc. shall establish whether the applicant for insurance is acting on behalf of another person as trustee, nominee or agent. Serviamus MBA, Inc. shall obtain satisfactory evidence of the identity of such agents and authorized signatories, and the nature of their trustee as nominee, capacity and duties.

Section 16. Where the account is opened by a firm of lawyers or accountants, Serviamus MBA, Inc. shall not be precluded from making reasonable inquiries about transactions passing through the subject accounts that give cause for concern or from reporting those transactions if any suspicion is aroused. If a Suspicious Transaction Report is made to the Council in respect of such members' accounts, the Council will seek information directly from the lawyers or accountants as to the identity of its members and the nature of the relevant transaction, in accordance with the powers granted to it under the act and other pertinent laws.

## **CHAPTER 5 Record Keeping**

Section 1. Serviamus MBA, Inc. shall prepare and maintain a record relative to its member relationships and transactions such that:

- a. requirements of the Act are fully met
- b. any transaction effected directly by Serviamus MBA, Inc. or thru a broker or agent can be reconstructed and from which the Council will be able to conduct an audit trail for suspected money laundering, when reports warrant the same.

- c. Serviamus MBA, Inc. can satisfy within a reasonable time any inquiry or order from the Council as to disclosure of information, including but not limited to whether a particular person is the member or beneficial owner of transactions.

Section 2. The following document retention periods shall be followed:

- a. All records on the risk profile of each member and/or beneficial owner and the data obtained through the CDD process, official identification documents, and the account files or business correspondences shall be maintained and stored safely for five (5) years from the dates of transactions.
- b. The documents, data or information collected under CDD process is kept up to date and relevant by undertaking reviews of existing records particularly for higher risk categories of members or business relationships.
- c. With respect to closed accounts, the records on member identification, account files and business correspondence, shall be preserved and safely stored for at least five (5) years from the date when they were closed.
- d. In case of long term insurance, records usually consist of full documentary evidence gathered by the Serviamus MBA, Inc. or on the Serviamus MBA, Inc.'s behalf between entry and termination. If a member is terminated, responsibility for the integrity of such records rests with Serviamus MBA, Inc. as product provider.
- e. Serviamus MBA, Inc., inclusive of agents or brokers shall follow the usual procedure and retain the records of those contracts which have been settled by maturity, claim or cancellation for a period of five (5) years after that settlement.

Section 3. As regard to record of transactions, Serviamus MBA, Inc. shall ensure that they have in place adequate procedures:

- (i) To access initial proposal documentation including identity, address or other identifying information, the member financial assessment (the "fact find") member needs analysis copy of regulatory documentation details of the payment method, illustration of benefits and copy documentation in support of verification by Serviamus MBA, Inc.;
- (ii) To access all post-sale records associated with the contract through its maturity;
- (iii) To access details of the maturity processing and/or claim settlement, which will include completed "discharge documentation".

Section 4. When Serviamus MBA, Inc. or an insurance broker or agent sends or remits money to or receives money from its overseas members, regardless of amount, it shall record the following particulars regarding the transaction:

- (i) transaction serial number;
- (ii) currency and amount involved;
  
- (iii) date and time of receiving by Serviamus MBA, Inc. from member or other persons purporting to act on their behalf, if any;
  
- (iv) instruction details (including method of delivery and receipt), if any;
  
- (v) names, identification cards or passport numbers, as the case may be, telephone numbers and addresses of the members or persons acting on their behalf, whether locally or abroad;
  
- (vi) bank accounts involved, if any; and
  
- (vii) date and time of delivery and receipt number, if any.

Section 5. Transaction documents may be retained as originals or copies, on microfilms, or in electronic form, provided such forms are admissible in court, pursuant to the Revised Rules of Court and E-Commerce Act and its Guidelines.

Section 6. The provision of any rule, regulation or law to the contrary notwithstanding, if the records relate to on-going investigations or transactions that have been the subject of a disclosure, they shall be retained beyond the stipulated retention period until it is confirmed that the case had been closed.

## **CHAPTER 6 COVERED AND SUSPICIOUS TRANSACTIONS**

Section 1. Serviamus MBA, Inc. shall file before the Anti-Money Laundering Council, Covered Transaction Report (CTR) for all transaction in cash or other equivalent monetary instrument involving a total amount in excess of Five hundred thousand pesos (Ps 500,000.00) within one (1) banking day.

Section 2. As provided in the Act, the Serviamus MBA, Inc. shall also file a Suspicious Transaction Report (“STR”) before the Anti-Money Laundering Council, regardless of the amount involved, where any of the following circumstances exist:

- a. there is no underlying legal or trade obligation, purpose or economic justification;
- b. the member is not properly identified;

- c. the amount involved is not commensurate with the business or financial capacity of the member;
- d. taking into account all known circumstances, it may be perceived that the member's transaction is structured in order to avoid being the subject of reporting requirements under the Act;
- e. any circumstance relating to the transaction which is observed to deviate from the profile of the member and/or the member's past transactions with Serviamus MBA, Inc.;
- f. the transaction is in any way related to an unlawful activity or offense that is about to be, is being or has been committed; or
- g. any transaction that is similar or analogous to any of the foregoing,

All covered transactions and suspicious transactions shall be reported by Serviamus MBA, Inc. to the AMLC within ten (10) working days from occurrence thereof.

Shall a transaction be determined to be both a covered transaction and a suspicious transaction, Serviamus MBA, Inc. shall report the same as a suspicious transaction.

Section 3. Suspicious transactions shall be recognizable as falling into one or more of the following categories:

- a. any unusual financial activity of the member is the context of his own usual activities;
- b. any unusual transaction in the course of some financial activity;
- c. any unusually-linked transactions;
- d. any unusual or disadvantageous early redemption of an insurance policy;
- e. any unusual employment of an intermediary in the course of some usual transactions or financial activity e.g. payment of claims of high commission to an unusual intermediary;
- f. any unusual method of payment.

## **CHAPTER 7 REPORTORIAL REQUIREMENTS**

Section 1. Serviamus MBA, Inc. shall institute a system for the mandatory reporting of covered transactions and suspicious transactions under Title 6. This may include appointing a Compliance Officer who is responsible for reporting to the Council and is in charge of the implementation of its Operating Manual. In the event urgent disclosure is required, particularly when the account concerned is part of an on-going investigation, an initial notification shall be made by telephone to the Executive Director, Anti-Money Laundering Council, Bangko Sentral Ng Pilipinas.

Section 2. The obligation to make the covered transaction and/or suspicious transaction report is on the employee, officer, and/or director of the Serviamus MBA, Inc.. Such reporting

must be done within ten (10) working days after initial detection of facts that may constitute a basis for filing such reports.

Section. 3. Where reporting covered or suspicious transactions to the AMLC, Serviamus MBA, Inc. and its officers and employees are prohibited from communicating directly or indirectly, in any manner or by any means, to any person or entity, the media, the fact that a covered or suspicious transaction report was made, the contents thereof, or any other information in relation thereto. Neither may such reporting be published or aired in any manner in form by the mass media, electronic mail, or other similar devices. In case of violation thereof, the concerned officer and employees of Serviamus MBA, Inc. and media shall be held criminally liable.

Section 4.

- a) Where any employee or personnel, director or officer of Serviamus MBA, Inc. knows that the member has engaged in any of the unlawful activities under the Act, the matter must be promptly reported to the Compliance Officer within the Organization who, in turn, must immediately report the details to the Council.
- b) If there are reasonable grounds to suspect that the member has engaged in an unlawful activity, the Compliance Officer, on receiving such report, must promptly evaluate whether there are reasonable grounds for such belief and then immediately report the case to the Council unless the officer concerned considers, and records an opinion, that reasonable grounds do not exist.

Section 5. Serviamus MBA, Inc. shall maintain a complete file on all transactions that have been brought to the attention of the Compliance Officer, including transactions that are not reported to the Council.

Section 6. Under Section 13 of the Act, where Serviamus MBA, Inc. are required to disclose to an authorized officer knowledge, suspicion or belief that any fund, property or investment is derived from or used in any criminal conduct under the Act or any matter on which such knowledge, suspicion or belief is based, such disclosure shall not be treated as a breach of any restriction upon the disclosure of information imposed by law, contract or rules of professional conduct. Furthermore, under Section 13 of the Act, no administrative, criminal or civil proceedings shall lie against any person for having made a suspicious transaction report in the regular performance of his duties and in good faith, whether or not such reporting results in any criminal prosecution under this Act or any other Philippine law. Serviamus MBA, Inc., its directors and employees shall likewise not be liable for any loss, arising out of such disclosure, or any act or omission, in relation to the fund, property or investment consequence of the disclosure, where such is made in good faith and in the regular performance of their duties under the Act.

## **CHAPTER 8 INTERNAL CONTROL AND PROCEDURES**

Section 1. Serviamus MBA, Inc. shall establish and implement internal control procedures aimed at preventing and impeding money laundering. Such procedures shall, among other things, ensure that Serviamus MBA, Inc. and its employees are aware of the provisions of the law, its implementing rules and regulations, as well as all reportorial and compliance control and procedures that shall be established by the Council, the Supervising Authority and the Serviamus MBA, Inc. itself.

Section 2. Serviamus MBA, Inc. shall issue a clear statement of policies in relation to money laundering, adopting the current regulatory requirements; this statement shall be communicated in writing to all management and relevant staff whether in branches, departments or subsidiaries and be reviewed on a regular basis.

Section 3. Serviamus MBA, Inc. shall see to it that its respective policies and procedures for dealing with money laundering and financing of terrorism reflecting the requirements under the Act and its implementing rules and regulations, are clearly set out and reflected in this Operating Manual.

Section 4. Instruction Manuals shall set out the Serviamus MBA, Inc.'s policies and procedures for:

- a. selling insurance products including all types of bonds and contracts of suretyship
- b. member identification
- c. record keeping and maintenance
- d. acceptance and processing of insurance proposals
- e. issuance of insurance policies
- f. compliance with the requirements of the Act, and its revised implementing rules and regulations
- g. cooperating with the Commission and other relevant authorities

Section 5. Serviamus MBA, Inc. shall establish written internal reporting procedures, which shall:

- (a) Enable all its directors, officers, employees, all key staffs to know whom they shall report any knowledge or suspicion of money laundering activity.

- (b) Ensure that there is a clear reporting chain under which suspicions of money laundering activity will be passed to the Compliance Officer, in accordance of reporting procedures of Serviamus MBA, Inc..
- (c) Require the Compliance Officer to consider any report in the light of all relevant information available for the purpose of determining whether or not it gives rise to knowledge or suspicion of money laundering.
- (d) Ensure that the Compliance Officer has reasonable access to any other information which may be of assistance in the determination as to whether or not suspicious transaction is to be filed.
- (e) Require that upon determination of the suspicious nature of the report, the information contained therein.
- (f) Maintain a record of all reports made to the Council, as well as all reports made by its own staff relative to covered and suspicious transactions, whether or not such were reported to the Council. Said register shall contain details of the date on which the report is made, the person who makes the report and information sufficient to identify relevant papers.

## **CHAPTER 9 COMPLIANCE**

Section 1. Serviamus MBA, Inc. shall appoint one or more senior persons, or an appropriate unit, to advise its management and staff on the issuance and enforcement of in-house instructions to promote adherence to the Act, its revised Implementing Rules and Regulations, its revised Operating Manual, including personnel training, reporting of covered and suspicious transactions, and generally, all matters relating to the prevention and detection of money laundering.

Section 2. Serviamus MBA, Inc. shall appoint a senior officer as the Compliance Officer. A compliance officer shall:

- (a) Be a senior officer with relevant qualifications and experience to enable him to respond sufficiently to inquiries relating to the relevant person and conduct of the Serviamus MBA, Inc.'s business.

He/She should at least:

- (i) be well versed in the different types of transaction which the Serviamus MBA, Inc. handles and which may give rise to opportunities for money laundering;
- (ii) has undergone an in depth training concerning relevant aspects of the AML Act, its revised IRR, and international standards

- (b) Be responsible for establishing and maintaining a manual of compliance procedures in relation to the business of Serviamus MBA, Inc..
- (c) Be responsible for ensuring compliance by the staff of Serviamus MBA, Inc. with the provisions of the Act and its revised Implementing Rules and Regulations.
- (d) Act as a liaison between Serviamus MBA, Inc. and the Council in matters relating to compliance with the provisions of the Act and its revised implementing rules and regulations.
- (e) Prepare and submit to the Council written reports on the Serviamus MBA, Inc.'s compliance with the provisions of the Act and its revised implementing rules and regulations, in such form and submitted at such time as the Council may determine.

## **CHAPTER 10 TRAINING OF STAFF**

Section 1. Serviamus MBA, Inc. shall provide education and training for all its staff and personnel, including directors and officers, to ensure that they are fully aware of their personal obligations and responsibilities in combating money laundering and the financing of terrorism and to be familiar with its system of reporting and investigating suspicious matters.

Serviamus MBA, Inc. shall have adequate screening procedures when hiring employees.

Section 2. Serviamus MBA, Inc. may, due to the scale and nature of its operations, assign the internal audit or training functions to another person (e.g. professional association, parent company or external auditors). Where Serviamus MBA, Inc. delegates its responsibilities for audit and training, due to diligence is to be exercised to ensure that the person appointed are able to perform these functions effectively and the fact of such appointment must be relayed in writing to the Council.

Section 3. Timing and content of training for various sectors of staff will be adopted by Serviamus MBA, Inc. for its own needs. The recommended training programs are as follows:

(i) New Staff

A general appreciation of the background to money laundering, the need to be able to identify suspicious transactions and report such transactions to the appropriate designated point within the Serviamus MBA, Inc.. This training shall be provided to all new employees, regardless of level of seniority.

(ii) Sales/Advisory Staff

Members of the staff who are dealing directly with the public, whether as members of staff, agents or brokers, are the first point of contact with potential money launderers and their efforts are therefore vital to the strategy in the fight against money laundering. They shall be aware of their legal responsibilities, including the Serviamus MBA, Inc.'s reporting system for such transactions. Training shall be provided on areas that may give rise to suspicions and on the procedures to be adopted when a transaction is deemed to be suspicious. It is vital that "front-line" staffers are made aware of the - Serviamus MBA, Inc.'s reporting system for such transactions. Training shall be provided on policy for dealing with non-regular members particularly where large cash transactions are involved, and the need for extra vigilance in cases under suspicious circumstances.

(iv) Processing Staff

Those members of staff who receive completed proposals and checks for payment of the single premium contribution must receive appropriate training in the processing and verification procedures. The identification of the proposer and the matching against the check received in settlement are, for instance, key processes. Such staff shall be aware that the offer of suspicious funds accompanying requests to undertake an insurance contract may need to be reported to relevant authorities irrespective of whether or not funds are accepted of the proposal proceeded with. Staff must know what procedures to follow.

(v) Administration/Operations Supervisors and Managers

A higher level of instruction covering all aspects of money laundering procedures shall be provided to those with the responsibility of managing staff. This will include the acts or omissions punishable under the Act and the penalties therefore, procedures relating to service of production, freeze orders and inquiries, other processes allowed under the Act as well as the requirement for the retention of records.

(v) On-going Training

Serviamus MBA, Inc. shall make arrangements for refresher training courses at regular intervals to ensure that the staffers do not forget their responsibilities. A twelve or six monthly review of training or alternatively, a review of the instructions for recognizing and reporting covered transactions and suspicious money laundering transactions can be considered for the purpose.

**CHAPTER 11**  
**INTERNAL AUDIT**

To test compliance with the Serviamus MBA's internal policies, procedures and controls, an audit function shall be in place. It is important that the audit function is independent and adequately resourced.

**ANNEX "A"**  
**COVERED TRANSACTION REPORT (CTR)**

<b>COVERED TRANSACTION REPORT (CTR)</b>	<b>Sec Form No. January 2002</b>												
<p><b>1. Check All box (es) that apply:</b></p> <table style="width: 100%;"> <tr> <td><input type="checkbox"/> a. Amends prior report</td> <td><input type="checkbox"/> c. Multiple Persons</td> </tr> <tr> <td><input type="checkbox"/> b. Individual Persons</td> <td><input type="checkbox"/> d. Corporation</td> </tr> </table>		<input type="checkbox"/> a. Amends prior report	<input type="checkbox"/> c. Multiple Persons	<input type="checkbox"/> b. Individual Persons	<input type="checkbox"/> d. Corporation								
<input type="checkbox"/> a. Amends prior report	<input type="checkbox"/> c. Multiple Persons												
<input type="checkbox"/> b. Individual Persons	<input type="checkbox"/> d. Corporation												
<b>Part I. Person(s) Involved in Transaction(s)</b>													
<b>Section A- Individual Person</b>													
<table style="width: 100%;"> <tr> <td style="width: 33%;"><b>2. Individual's Last Name:</b></td> <td style="width: 33%;"><b>3. First Name:</b></td> <td style="width: 33%;"><b>4. Middle Name:</b></td> </tr> <tr> <td><b>5. Doing Business As</b></td> <td><b>6. SSS,GSIS, TIN No.</b></td> <td><b>7. Date of Birth</b></td> </tr> <tr> <td colspan="2"><b>8. Address</b></td> <td><b>9. Tel. Nos/ Fax Nos.</b></td> </tr> <tr> <td colspan="3"><b>10. Occupation/Business</b></td> </tr> </table>		<b>2. Individual's Last Name:</b>	<b>3. First Name:</b>	<b>4. Middle Name:</b>	<b>5. Doing Business As</b>	<b>6. SSS,GSIS, TIN No.</b>	<b>7. Date of Birth</b>	<b>8. Address</b>		<b>9. Tel. Nos/ Fax Nos.</b>	<b>10. Occupation/Business</b>		
<b>2. Individual's Last Name:</b>	<b>3. First Name:</b>	<b>4. Middle Name:</b>											
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<b>10. Occupation/Business</b>													
<p><b>12. Check All box (es) that apply:</b></p> <table style="width: 100%;"> <tr> <td><input type="checkbox"/> a. Amends prior report</td> <td><input type="checkbox"/> c. Alien Registration</td> </tr> <tr> <td><input type="checkbox"/> b. Passport</td> <td><input type="checkbox"/> d. Others</td> </tr> </table> <p>Issuing Authority: _____ Number: _____  Date issued: _____ Date of Expiry: _____</p>		<input type="checkbox"/> a. Amends prior report	<input type="checkbox"/> c. Alien Registration	<input type="checkbox"/> b. Passport	<input type="checkbox"/> d. Others								
<input type="checkbox"/> a. Amends prior report	<input type="checkbox"/> c. Alien Registration												
<input type="checkbox"/> b. Passport	<input type="checkbox"/> d. Others												
<b>Section B- Multiple Persons</b>													
<table style="width: 100%;"> <tr> <td style="width: 33%;"><b>2. Last Name</b></td> <td style="width: 33%;"><b>3. First Name</b></td> <td style="width: 33%;"><b>4. Middle Name</b></td> </tr> <tr> <td>a.</td> <td>a.1.</td> <td>a.2.</td> </tr> <tr> <td>b.</td> <td>b.1.</td> <td>b.2.</td> </tr> <tr> <td>c.</td> <td>c.1.</td> <td>c. 2</td> </tr> </table>		<b>2. Last Name</b>	<b>3. First Name</b>	<b>4. Middle Name</b>	a.	a.1.	a.2.	b.	b.1.	b.2.	c.	c.1.	c. 2
<b>2. Last Name</b>	<b>3. First Name</b>	<b>4. Middle Name</b>											
a.	a.1.	a.2.											
b.	b.1.	b.2.											
c.	c.1.	c. 2											

<b>5. Doing Business As</b>  a. b. c.	<b>6. SSS,GSIS.TIN No.</b>  a.1. b.1. c.1.	<b>7. Date of Birth</b>  a.2. b.2. c. 2												
<b>6. Addresses</b>  a. b. c.	a.1. b.1. c.1.	<b>9. Date of Birth</b>  a.2. b.2. c. 2												
<b>10. Occupation/Business</b>		<b>11. Tel. Nos. /Fax Nos.</b>												
<p><b>12. Check All box (es) that apply:</b></p> <p><b>First Individual</b></p> <table style="width: 100%;"> <tr> <td><input type="checkbox"/> a. Amends prior report</td> <td><input type="checkbox"/> c. Alien Registration</td> </tr> <tr> <td><input type="checkbox"/> b. Passport</td> <td><input type="checkbox"/> d. Others</td> </tr> </table> <p>Issuing Authority: _____ Number: _____                  Date issued: _____ Date of Expiry: _____</p> <p><b>Second Individual</b></p> <table style="width: 100%;"> <tr> <td><input type="checkbox"/> a. Amends prior report</td> <td><input type="checkbox"/> c. Alien Registration</td> </tr> <tr> <td><input type="checkbox"/> b. Passport</td> <td><input type="checkbox"/> d. Others</td> </tr> </table> <p>Issuing Authority: _____ Number: _____                  Date issued: _____ Date of Expiry: _____</p> <p><b>Third Individual</b></p> <table style="width: 100%;"> <tr> <td><input type="checkbox"/> a. Amends prior report</td> <td><input type="checkbox"/> c. Alien Registration</td> </tr> <tr> <td><input type="checkbox"/> b. Passport</td> <td><input type="checkbox"/> d. Others</td> </tr> </table> <p>Issuing Authority: _____ Number: _____                  Date issued: _____ Date of Expiry: _____</p>			<input type="checkbox"/> a. Amends prior report	<input type="checkbox"/> c. Alien Registration	<input type="checkbox"/> b. Passport	<input type="checkbox"/> d. Others	<input type="checkbox"/> a. Amends prior report	<input type="checkbox"/> c. Alien Registration	<input type="checkbox"/> b. Passport	<input type="checkbox"/> d. Others	<input type="checkbox"/> a. Amends prior report	<input type="checkbox"/> c. Alien Registration	<input type="checkbox"/> b. Passport	<input type="checkbox"/> d. Others
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<input type="checkbox"/> b. Passport	<input type="checkbox"/> d. Others													

<b>Section C. Corporation</b>		
<b>13. Registered Name:</b>	<b>14. Registration No.</b>	<b>15. Date of Registration:</b>

<b>16. Address</b>	<b>17. Tel. Nos/ Fax Nos.</b>		
<b>18. Nature of Business</b>	<b>19. Tel. Nos/Fax Nos.</b>		
<b>20. Describe Method to verify Legal Existence:</b>			
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> a. certificate of Registration  <input type="checkbox"/> b. Articles of Incorporation/  By Laws </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> c. City/Municipal Permits  <input type="checkbox"/> d. Others_____ </td> </tr> </table>		<input type="checkbox"/> a. certificate of Registration <input type="checkbox"/> b. Articles of Incorporation/ By Laws	<input type="checkbox"/> c. City/Municipal Permits <input type="checkbox"/> d. Others_____
<input type="checkbox"/> a. certificate of Registration <input type="checkbox"/> b. Articles of Incorporation/ By Laws	<input type="checkbox"/> c. City/Municipal Permits <input type="checkbox"/> d. Others_____		
<b>PART II. Amount and Type of Transaction (s) Check all boxes that apply.</b>			
<b>21. Amount of Cash _____ 22. Date(s) of Transaction(s)</b>  <input type="checkbox"/> a. certificate of Registration <input type="checkbox"/> b. Articles of Incorporation/ By Laws <input type="checkbox"/> c. Others_____			
<b>23. Account Numbers Involved and affected:</b>			
<b>24. Nature of Transaction: Describe: Use Additional Sheets, if necessary.</b>			

<b>PART III. Covered Institution Where Transaction (s) Take Place</b>	
<b>25. Name of Covered Institution:</b>	<b>26. Nature of Business:</b>
<b>27. Address</b>	<b>28. Tel. Nos./Fax Nos.</b>
<b>29. Name and Title of Person Who Made the Transaction</b>	<b>30. Date When Reported:</b>
<b>31. Name and Title of Person Preparing this Report</b>	<b>32. Date this Report was Signed</b>
<b>33. Signature of Person Who made the Transaction</b>	<b>34. Signature of Preparer</b>
<b>35. Name/Title of Person Approving this Report</b>	<b>36. Signature of Person Approving this Report</b>
<b>37. Copy of Authorization from Covered Institution of Persons Making, Preparing and Approving this Report</b>	
1. <input type="checkbox"/> Attached                      b. <input type="checkbox"/> Not Attached . Reasons. _____	

**Who must File-** Each covered institution must file SEC Form No. \_\_\_\_\_ (CPR) for each transaction by, through or to covered institution which involves a transaction in Philippine currency or its equivalent in foreign currency of more than Php500,000.00. Multiple transactions must be treated as a single transaction if the covered institution has knowledge that (1) they are by or on behalf of the same person, and (2) they result in currency received (Cash In) or currency disbursed (Cash Out) by the covered institution totaling more than Php500,000.00 in a series of transactions. A business day is a calendar day.

**Identification Requirements.— This is important!** All individuals conducting a reportable transaction(s) for themselves or for another person must be identified by means of an official document(s) from the covered institution as the person/s authorized to make such a report. In completing the CTR, the covered institution must indicate on the form the method, type, and number of the identification of the account holder or customer used in the transaction. Statements such as “known customer” or “signature card on file” are not sufficient for form completion.

**When and Where To File.—**File this CTR within five (5) days from which the transaction occurred to:

**THE EXECUTIVE DIRECTOR  
ANTI-MONEY LAUNDERING COUNCIL  
BANGKO SENTRAL NG PILIPINAS  
ROXAS BOULEVARD  
PASAY CITY**

**Penalties.**—Civil and criminal penalties are provided by the law for failure to file a CTR or to supply information or for filing a false or fraudulent CTR.

**Specific Instructions**

1. Because of the limited space of the CTR, it may be necessary to submit additional information on attached sheets. Submit this additional information on plain paper attached to the CTR. Be sure to put the covered institution's, individual's or organization's name and identifying number (e.g., items 2, 3, 4, and 6 of the CTR) on any additional sheets so that if it becomes separated, it may be associated with the CTR.
2. Amounts may be aggregated. The threshold limit for mandatory filing of a covered transaction report an amount in excess of Php500,000.00. This covers the following transactions:
  - a. a single, series or combination of transactions a total amount in excess of Php500,000.00 or an equivalent in foreign currency based on the prevailing exchange rate where the client is not properly identified and/or the amount is not commensurate with his business or financial capacity, or is without any underlying legal or trade obligation, purpose, origin or economic justification.
  - b. A single, series or combination or pattern of unusually large and complex transactions in excess of Php500,000.00 or an equivalent in foreign currency based on the prevailing exchange rate, especially cash deposits and investments having no credible purpose or origin, underlying trade obligation or contract.
3. Enter the full address of the covered institution where the transaction occurred. If there are multiple transactions, provide information on the office or branch where any one of the transactions has occurred.
4. The CTR shall be signed by the employee(s) who dealt directly with customer in the transaction and who made the initial internal report within the covered institution, the Compliance Officer of the covered institution, who made the necessary evaluation of the transaction and a senior official

of the covered institution with a rank not lower than senior vice-president, who approved the filing of the CTR.

**ANNEX “B”**  
**SUSPICIOUS TRANSACTION REPORT (STR)**

