KBZMS General Insurance of Threshold Transaction Report

And Suspicious Transaction Report Policy

1. Introduction and Objective

1.1 The purpose of this document is to provide a framework on the reporting for threshold transaction reports and suspicious transaction reports. Reporting of threshold transaction reports and suspicious transaction reports are the final output of all AML/CFT compliance function. This is done in order to comply with the Anti-money laundering rules and regulations enacted by the government of the Republic of the Union of Myanmar.

1.2 The objective of this framework is to recognize a transaction or series of transactions which are conducted by a customer, as unusual or suspicious and if such transactions exceed threshold limited amounts and to lay down reporting procedures as instructed by law.

2. Definitions

2.1 Threshold Transaction Reporting (TTR)

A Threshold Transaction Report (TTR) is a report that financial institutions are required to report to FRD, MFIU and related authorities for each deposit, withdrawal, exchange of currency, or other payment or transfer when threshold limits are exceed. This is a procedure required by law to combat money laundering and financing of terrorism.

2.2 Suspicious Transaction Report (STR)

A suspicious Transaction Report (STR) is a report that financial institutions are required to report to FRD, MFIU and related authorities when there are reasonable grounds to suspect that funds are the proceeds of predicate criminal offence and/or may be linked to terrorist activity including money laundering and/or the transactions themselves are not seem to be of usual manner.

3. Policy

3.1 This policy ensures that TTR/STR will be submitted to the competent authorities including Finance Regulatory Department (FRD) and Myanmar Financial Intelligence Unit (MFIU) which are not limited and extends to other relevant government authorities by KBZMS Legal and Compliance Department. For the safety and soundness of the company, consistent reporting is required to mitigate or minimize the risk exposure of the company with regards to money laundering.

3.2 This policy helps to protect the reputation of KBZMS from unfounded allegations of assisting criminals including terrorists and helps the authorities to investigate money laundering, terrorist financing and other financial crimes.

4. Reporting Process

4.1 Identification

4.1.1 Identification of transaction is very vital for TTR/STR reporting. Every officer who deals directly with customer should be vigilant in regards to KYC and sources of funds of the customer to identify STR. To identify whether a transaction qualifies for TTR, we define it as a customer purchase of an insurance policy with an annual premium of USD 10,000 or more or equivalent to Myanmar currency, irrespective of whether paid once or multiple times in a year.[1]

4.1.2 When a transaction is considered not normal and unexpected such as any transaction is inconsistent with provided information by customer or the same person keeps coming by to buy policies for different beneficiary, it may be regarded as a unusual transaction or suspicious transaction. An unusual transaction or suspicious transaction may be unusual in terms of complexity of transaction, nature of transaction and volume of transaction etc.

4.1.3 The detection of suspicious transaction can be found as follows:

- Comparing the KYC profile, if any inconsistency is found and there is no valid reasonable explanation.

- By monitoring customer transactions in terms of frequency, sum assured size, insured object, etc.

- By monitoring agency transaction behavior in terms of concentration of customers, product mix, etc.

4.1.4 Identification of suspicious transaction lies primarily with employees and sales intermediaries who directly deal with customers at Head Office or at branches and the employee who approve/ authorize the transaction from Underwriting Department, Finance Department as they are the first key to recognize whether a transaction or series of transactions as unusual.

4.1.5 The employee who approved/authorized the transaction from Underwriting Department, Finance Department must ensure all proper documentation has been taken as per requirement of AML/CFT law.

4.2 Evaluation

4.2.1 Evaluation process must be in place at customer facing level.

4.2.2 After identification of STR, customer facing employees should evaluate the transaction to identify suspicion by interviewing the customer as and when required, collecting additional document and information or through any other means. If customer facing employees are not satisfied, they should forward the report to Compliance Team.

4.2.3 Legal and Compliance Department will evaluate the identified STR.

[1] FRD Instruction, Inward Letter No. NGAKASA/Policy/(1161/2023)

4.2.4 Compliance Team should also evaluate the report whether the STR report should be sent to FRD, MFIU or not. If Compliance Team is satisfied that reported suspicious transaction is valid and reportable to FRD and MFIU.

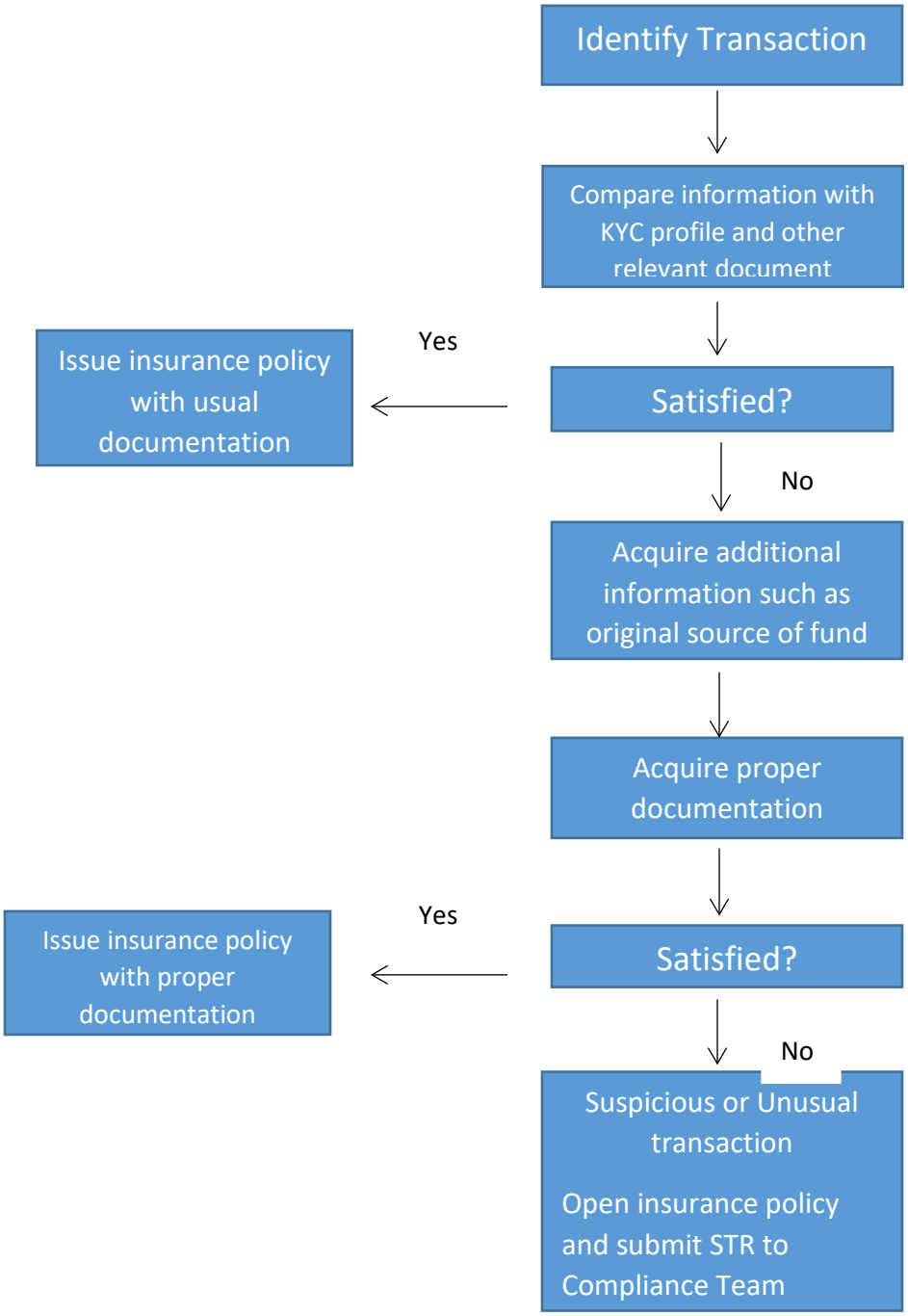
4.2.5 At every stages of evaluation must be tactful considering the tipping off provision of the acts and KBZMS will keep records whether cases are reported to MFIU and FRD or not with proper manner.

4.3. Disclosure

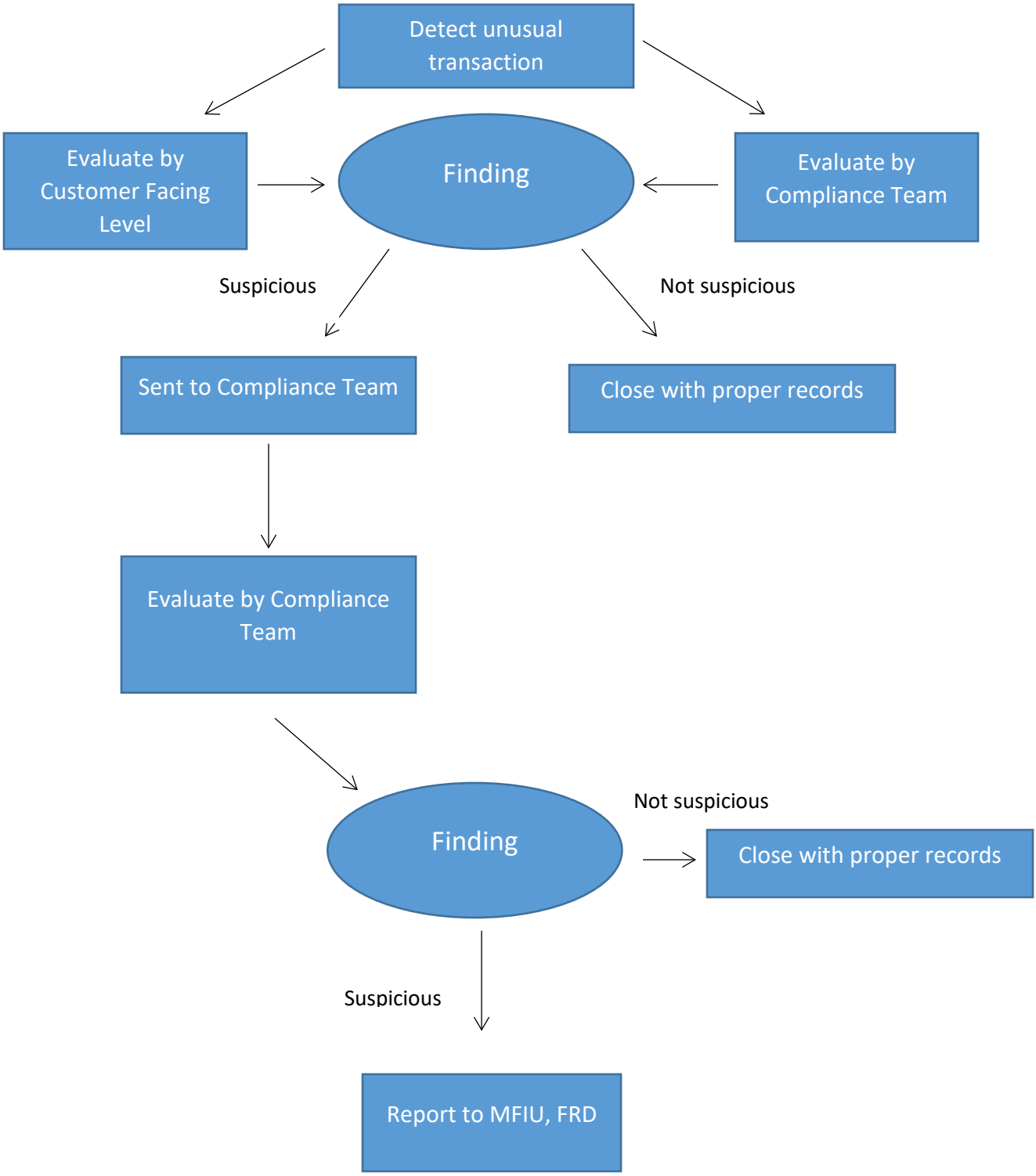
4.3.1 This is the final stage and KBZMS will submit TTR/STR to MFIU and FRD or any other enforcement authorities.

5. Flow Charts

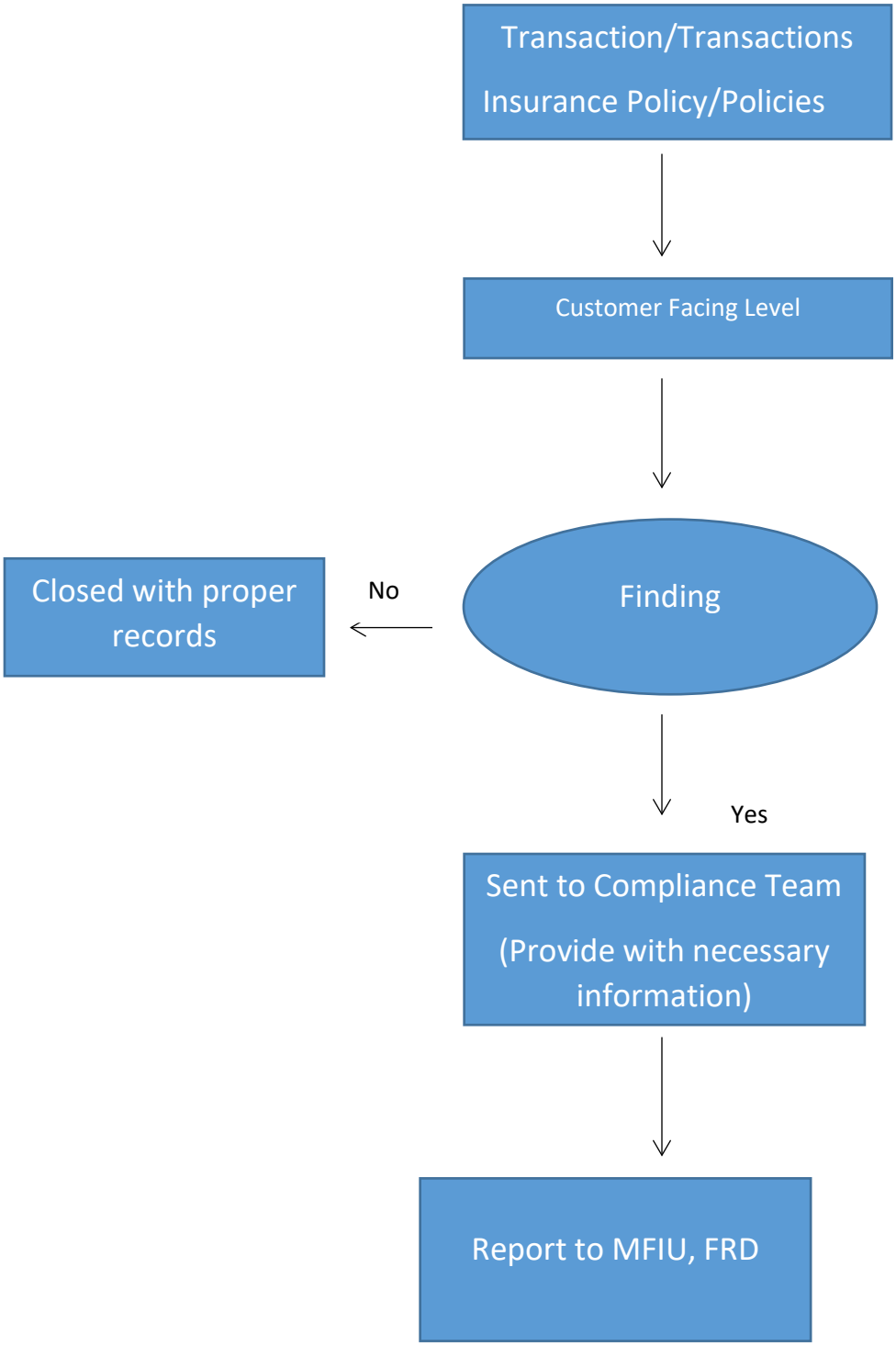
5.1 Due diligence on transaction flow chart (Suspicious Transaction)



5.2 Reporting Flow Chart (Suspicious Transaction)



5.3 Due diligence on transaction and Reporting Flow Chart (Threshold Transaction)



6. Reporting of TTR/STR

6.1 Being a Financial Institution, KBZMS is legally obligated to submit TTR/STR to Myanmar Financial Intelligence Unit and/or any other enforcement authorities. Such report must be provided to MFIU and FRD or any other enforcement authorities from Compliance Team by utilizing MFIU Client software version 5.

6.2 As for the internal report of TTR/STR, employees are obligated to submit to Compliance Team by providing necessary information.

7. Tipping off

7.1 KBZMS employees (including board members) shall not disclose to its customer or to any other person of the following report, document, record, notice or information concerning suspected money laundering or terrorist financing or predicate offence has been initiated or is being submitted to MFIU, FRD or any other enforcement authorities:

a) Report of suspicious or threshold transaction

b) Order received from MFIU or any other enforcement authorities for conducting ongoing monitoring of any customer and make reporting in given time.

c) Any document, record or information provided to the MFIU and other investigating authorities

d) Disclosing name and any other detail of staffs providing report, document, or information to concerned authorities.

7.2 A risk exists that customers could be unintentionally tipped off when we are seeking to perform its CDD obligation in those circumstances. The customer's awareness of a possible STR or investigation could compromise future effort to investigate the suspected money laundering or terrorist financing operation.

8. Retention of documents

8.1 KBZMS will retain all necessary information and documents in electronic or any other form through the duration of the business relationship and for a period of at least 5 years or such other period as may be prescribed for the retention of documents under the relevant Anti-Money Laundering laws in Myanmar.

9. Training and Awareness

9.1 Legal and Compliance Department and senior management will ensure that training of employees are conducted at regular intervals and awareness campaigns will be conducted regarding the policy to ensure that employees have a better understanding of TTR/STR, how KBZMS is dealing with the TTR/STR and for all around compliance with the effected laws, rules and regulations.

10. Continuous Improvements

10.1 This framework plans and procedures etc. will be reviewed and updated annually or earlier in line with any changes to business, market, and regulatory requirements. As part of the review and monitoring of the framework, in addition to the reviews undertaken by the company's appointed Head of Legal and Compliance has an important role in ensuring that this framework achieves its objectives as agreed and set up.