

ANTI-MONEY LAUNDERING (AML) / ANTI-TERRORIST FINANCING (ATF) COMPLIANCE OVERVIEW FOR ADVISORS

As an insurance advisor contracted with Equitable Life®, you have many responsibilities under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (the “PCMLTFA”).

This document is meant to provide a brief overview to assist you in meeting those responsibilities. For more information about money laundering and terrorist financing, see the reference section at the end of this document.

YOUR COMPLIANCE REGIME

The PCMLTFA makes it mandatory that all insurance agents and brokers have a compliance program in place. You must have formally-adopted policies and procedures.

FINTRAC, industry associations and your MGA can provide you with guidance on how to establish a compliance regime. Your regime must include each of the following five elements:

1. Appointment of a compliance officer.
2. Development of written compliance policies and procedures.
3. Assessment and documentation of risks of money laundering and terrorist financing. This should be specific to the types of clients you deal with and the products you offer, and include how you mitigate risk.
4. Documentation and implementation of an ongoing compliance training program.
5. Completion of a documented periodic review of the effectiveness of your policies, procedures, training and risk management. This review should occur at least once every two years.

Penalties for non-compliance can be issued by FINTRAC and can be up to five years’ imprisonment and significant monetary fines: <http://www.fintrac-canafe.gc.ca/pen/1-eng.asp>

KEY RESPONSIBILITIES PERFORMED FOR EQUITABLE LIFE

In addition to operating within your own AML/ATF policy and your MGA’s policy, you must meet the obligations of your contract with Equitable Life. Below is a high-level summary of the information you are expected to collect. These requirements generally only apply to universal life insurance, whole life insurance and non-registered savings & retirement products.

- You must verify the identity of each individual policy owner or officer signing on behalf of an entity policy owner. The ID must be issued by a federal or provincial government and include name, photo and a unique identifier. Provincial health cards are not permitted in some provinces, and we discourage you from accepting them. You must view the identification in person (not video) and must

ensure that the photo and name match the person. The ID cannot be expired or defaced. The PCMLTFA outlines what information you must record. We check our forms periodically against the legislation to ensure we are asking you to collect the required information. You submit the forms to us, and we retain the record on behalf of both your obligation and our own.

- If you conduct business on a non-face-to-face basis using the InsuranceAssist process for life insurance sales, be familiar with the requirements of the legislation in meeting the identification requirements in a non-face-to-face manner. If you submit an application using InsuranceAssist, we will conduct an identity check as part of the non-face-to-face identification process. If your file is audited, you can ask us for a copy of the report to assist in meeting your obligations.
- For entity policy owners, you must obtain information establishing the organizational structure and request documentation that verifies the existence of the entity. Depending on the type of entity, you may need to collect information about the officers, directors, beneficial owners, trustees, settlors, beneficiaries or partners. Additional information is required for not-for-profit organizations. All of this information is collected on our [Business Information Form](#) (form # 594).
- For policies where a lump sum payment of \$100,000 or more is made by an individual, the person making the payment must answer the “political positions” question.
- You must make reasonable efforts to determine whether a policy owner is acting on behalf of a third party. If the client answers “no” to the third party question on the application, but you suspect that there is a third party involved, please report your suspicions to Equitable Life. Include the policy number and the reasonable grounds that made you suspect a third party’s involvement.
- You must be familiar with our acceptable forms of payment, and assist your clients with providing the required records to establish payments.
- For many products, we ask that you collect the policy owner’s ‘occupation’ on the application. If a person is retired, you must ask them about their occupation before they retired and document the details on the application. We cannot accept an application that only indicates ‘retired’ as the occupation without the additional details of previous employment.

REPORTING TO FINTRAC

In some situations, you may be required to file a suspicious transaction report or a large cash transaction report with FINTRAC. These reporting requirements apply to all products.

- You are in the best position to identify requests that are unusual or give rise to a suspicion that a life insurance or annuity product could be used to launder money. If you have a client who wants to conduct multiple or unusual transactions, seems reluctant to share information, or something else feels “off”, such that you feel there is a reasonable suspicion of money laundering, you must report to FINTRAC and also inform Equitable Life.

- If you accept cash, you must report large cash transactions to FINTRAC. You may not accept cash in relation to any Equitable Life products.

OTHER THINGS TO KEEP IN MIND

Here are some additional points to consider:

- Only a licensed advisor, contracted with Equitable Life can verify ID for our forms and applications. This is a requirement of the PCMLTFA. Administrators cannot perform this task for you.
- If a client refuses to provide identification, you may not do business with that person and should report the incident as an attempted suspicious transaction to FINTRAC and to Equitable Life.
- If you're ever uncertain about how to meet your PCMLTFA responsibilities, don't guess. Ask your MGA or Equitable Life for help.
- Periodically take an AML/ATF course to keep your skills fresh and up to date.
- Your records can be subject to an audit by a regulator, your MGA, or insurance company at any time. Build excellent file practices into your daily routines.
- Always keep privacy, code of conduct, treating clients fairly, and other legislative requirements in mind.

MATERIALS TO ASSIST YOU

FINTRAC Guidelines:

<http://www.fintrac-canafe.gc.ca/publications/guide/guide-eng.asp>

Politically exposed persons and heads of international organizations:

<http://www.fintrac.gc.ca/publications/guide/Guide15/15-eng.asp>

CLHIA AML/ATF guidance manual:

[https://www.clhia.ca/domino/html/clhia/clhia_lp4w_Ind_webstation.nsf/resources/Financial+Advisors/\\$file/AML_ATF_Guidance_Manual_2008_en.pdf](https://www.clhia.ca/domino/html/clhia/clhia_lp4w_Ind_webstation.nsf/resources/Financial+Advisors/$file/AML_ATF_Guidance_Manual_2008_en.pdf)

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