



# CASE STUDY

Adverse Media involving  
Life Insurance Policy Surrender

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Q4 2023

## Introduction

The Financial Intelligence Agency (FIA) is Bermuda's Financial Intelligence Unit (FIU), established in part to meet the recommendations of the Financial Action Task Force (FATF), including FATF Recommendation 29, which calls for countries to establish an FIU that serves as a national centre for the receipt and analysis of suspicious transaction reports and other information relevant to money laundering, associated predicate offences, and terrorist financing, and for the dissemination of the results of that analysis.

In carrying out its functions, the FIA collects Suspicious Activity Reports (SARs) and Suspicious Transaction Reports (STRs) from regulated entities and others, as required under Bermuda's Proceeds of Crime Act (POCA). The FIA then analyses the data provided to uncover activities and patterns that may indicate money laundering, terrorism financing, or other related criminal activities. This intelligence is disseminated to local law enforcement, regulators, and certain international partners.

## About Case Studies

Case studies published by the FIA are sanitised, representative examples of intelligence cases disclosed by the FIA during the reporting period. As part of the FIA's commitment to the fight against money laundering, terrorist financing, and related crimes, case studies are produced to assist reporting entities in identifying and reporting suspicious activity.

## Indicators and Red Flags

The FIA has identified indicators of money laundering and terrorist financing within its case studies. These indicators are generalised underlying principles identified by the FIA and its international partners. A list of common identifiers has been compiled and coded into the FIA database. When filing a SAR, reporting entities are able to choose from a list of over 100 indicators. In the context of individual case studies, an indicator can be considered a "Red Flag" which could serve as a basis for suspicion by a reporting entity.

# Case Study: Adverse Media involving Life Insurance Policy Surrender

## STR Details

The FIA received an STR from a long-term insurer seeking consent for the full surrender of funds valued at approximately USD \$1,066,957.00. The policy owner was a private investment company based in an offshore financial centre. The insured and his spouse were foreign nationals listing their occupation as directors and investments. The source of wealth information was only received shortly before the surrender request. The insured had invested USD \$1 million in 2014 and was requesting full liquidation citing dissatisfaction with investment returns. However, adverse news identified the insured's involvement in a network accused of falsifying documents to support fraud, including charges of conspiracy, forgery, procedural fraud, and fraud. The account was funded during the alleged fraud period.

## FIA Analysis

The FIA issued a letter of non-consent, ceasing all activity for a 45-day moratorium period. Disclosures were sent to relevant Egmont FIUs to identify any interest.

## Red Flags

- Adverse news linking the insured to a network accused of document falsification and fraud.
- The account was funded during the period when fraudulent activities were allegedly taking place.
- Source of wealth information was only provided at the time of the surrender request.
- High-value transaction involving full surrender of funds exceeding USD \$1 million.
- Use of an offshore corporate vehicle as the policy owner.