



CASE STUDY

Adverse Media and PEP Involvement in
Life Insurance Policy Surrender

Q2 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.

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STR Details

The FIA received an STR from a long-term insurer seeking consent for the full surrender of a life insurance policy valued at USD \$2,618,362.00. The policy owner was a company based in an offshore financial centre. The insured, a citizen of an Asian jurisdiction, served as chairman of an international corporation. The insured was connected to one of the country's wealthiest families and controlled a major securities financing company. During screening, a positive match was identified with multiple adverse media articles indicating the subject was convicted of corruption and money laundering charges, including allegations of assisting a former head of state and his family in laundering substantial funds.

FIA Analysis

The FIA issued a letter of non-consent, initiating a 45-day moratorium period. Disclosures were sent to multiple international FIUs. No foreign FIU expressed interest in the funds. An overseas agency provided further details concluding that the premium payments predated the illicit activity and were not directly related to the criminal proceeds. The relevant criminal proceeds had been frozen and repatriated by a foreign government. The FIA therefore authorised the full surrender of the policy.

Red Flags

- High-value insurance policy with a death benefit of USD \$20 million.
- Subject connected to one of the wealthiest families in the jurisdiction with extensive financial operations.
- Multiple adverse media articles confirming conviction for corruption and money laundering.
- Close association with politically exposed persons convicted of financial crimes.
- Financial activities involving aggressive expansion across markets and high-risk operations.
- Geographical risks including connections to countries with high levels of corruption.