



# 2024 Educational Webinar Series

We'll get started shortly after the top of the hour.

## Important Information for attendees of the live session:

1. The **presentation deck** will be emailed to you within 24 hours.
2. A **Certificate of Attendance** template will be included in the email. Note: CEFLI's materials are not filed for CLE or CE with State Bar or other organizations.

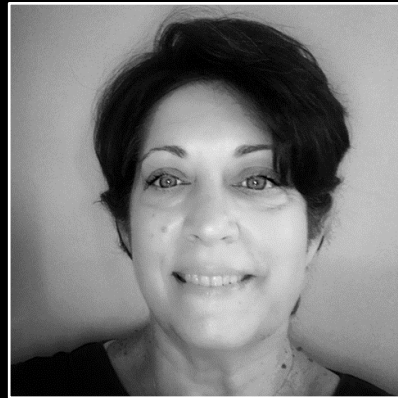


# CEFLI 2024 AML Benchmarking Survey Key Findings



# Presenters

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# CEFLI 2024 Premier Partners



# CEFLI 2024 Affiliate Members

## Gold:

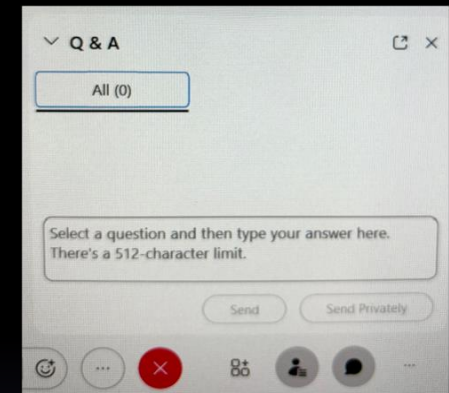
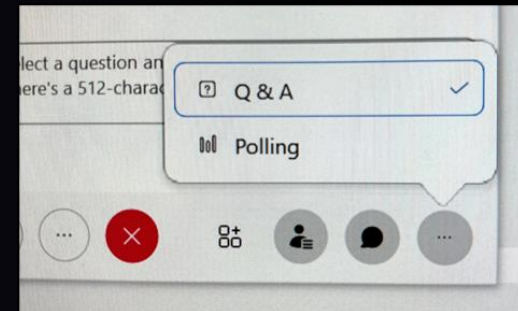


## Bronze:



# Reminders

- CEFLI's Antitrust Policy.
- Access to the recording and slides.
- Certificate of Attendance.
- Submitting questions:
  - Please use the Q&A Feature (not the Chat feature).



# CEFLI'S Anti-Trust Policy

The Compliance and Ethics Forum for Life Insurers (CEFLI) is committed to adhering strictly to the letter and spirit of the antitrust laws. Meetings conducted under CEFLI's auspices are designed solely to provide a forum for the expression of various points of view on topics described in the programs or agendas for such meetings.

Under no circumstances shall CEFLI meetings be used as a means for competing companies or firms to reach any understanding -- expressed or implied -- which restricts competition or in any way impairs the ability of members to exercise independent business judgment regarding matters affecting competition.

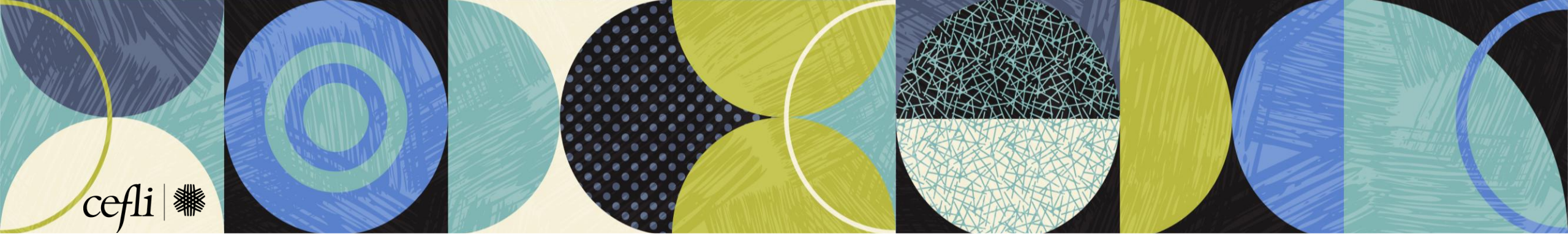
Accordingly, appropriate objection will be made to any presentation or colloquy that presents a risk from the standpoint of the antitrust laws.

# Benchmarking Topics

Subject Matter	Slide Reference
Demographics, Distribution & Structure	9-16
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Electronic Funds Transfers (EFTs)	27-28
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Training	55-59
Periodic AML Reporting	60-61
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Risk Assessments	65-70
Additional Resources	71-73

# Demographics, Distribution & Structure

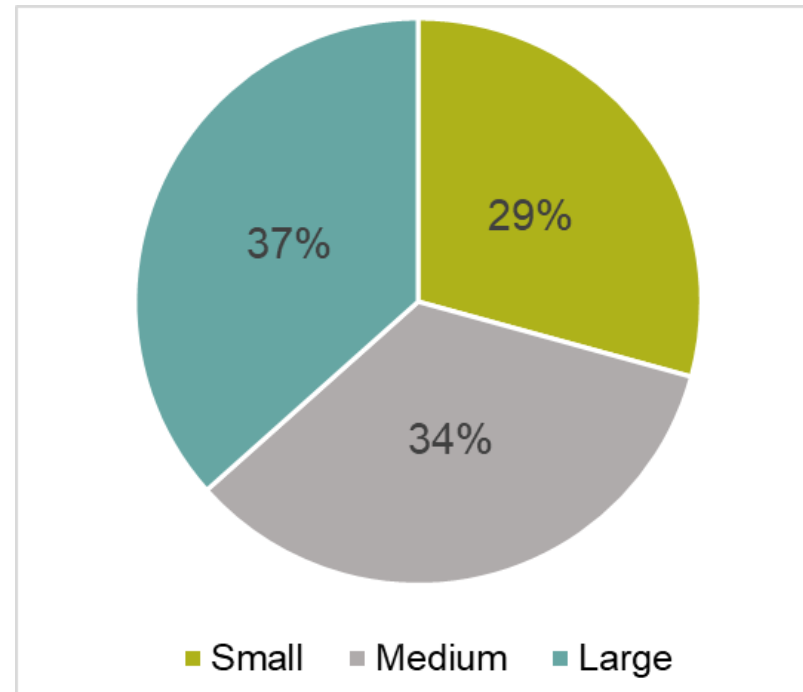




# About the Survey

## Company Size Defined:

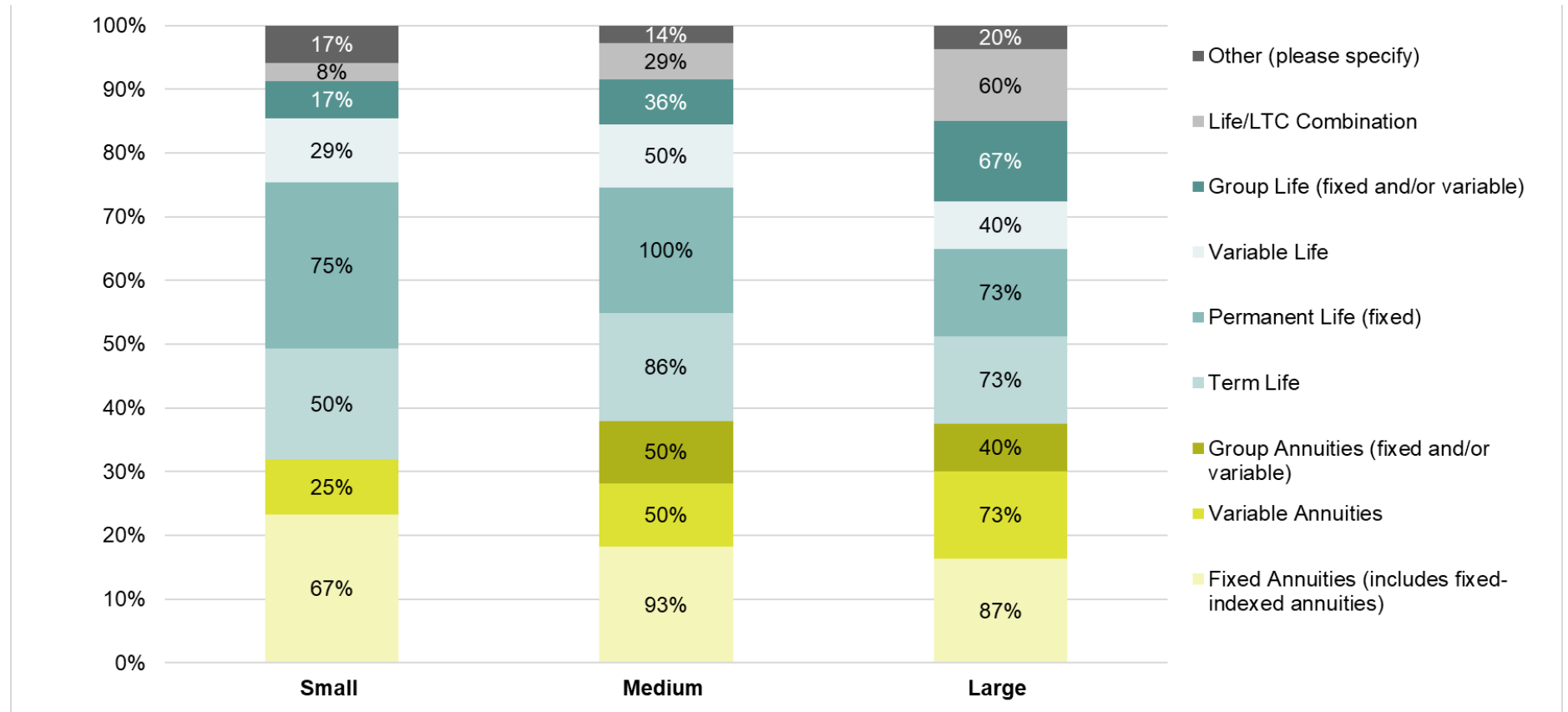
- Small Company:  
Up to 500 employees.
- Medium Company:  
501-10,000 employees.
- Large Company:  
10,000+ employees.



- Survey sent to one individual per company/fleet.
- 41 responses; a 48% response rate.
- Not all respondents answered all survey questions.
- Generally, an even mix of responses by company size.

# Products Sold or Serviced

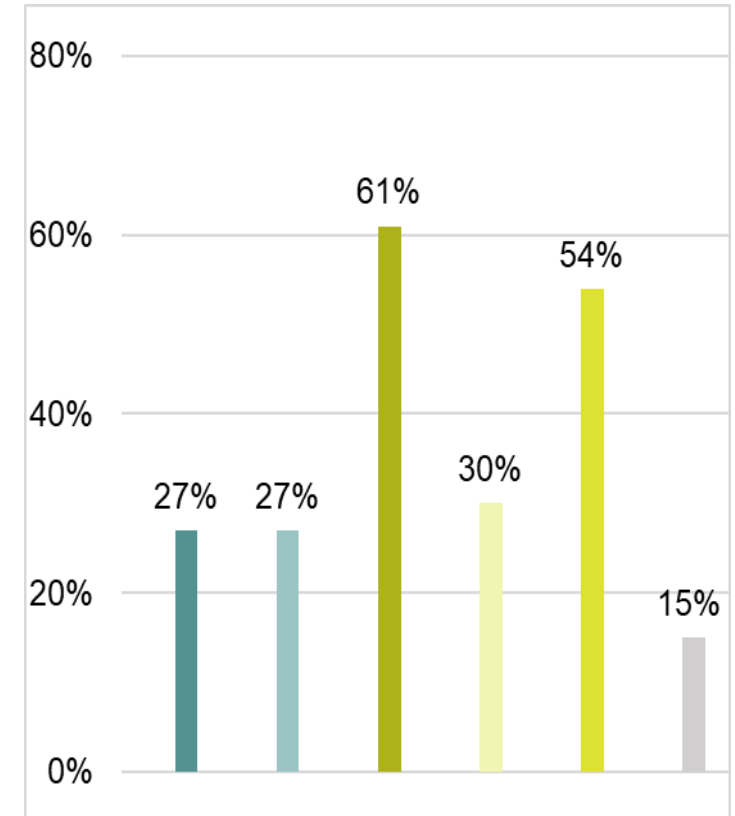
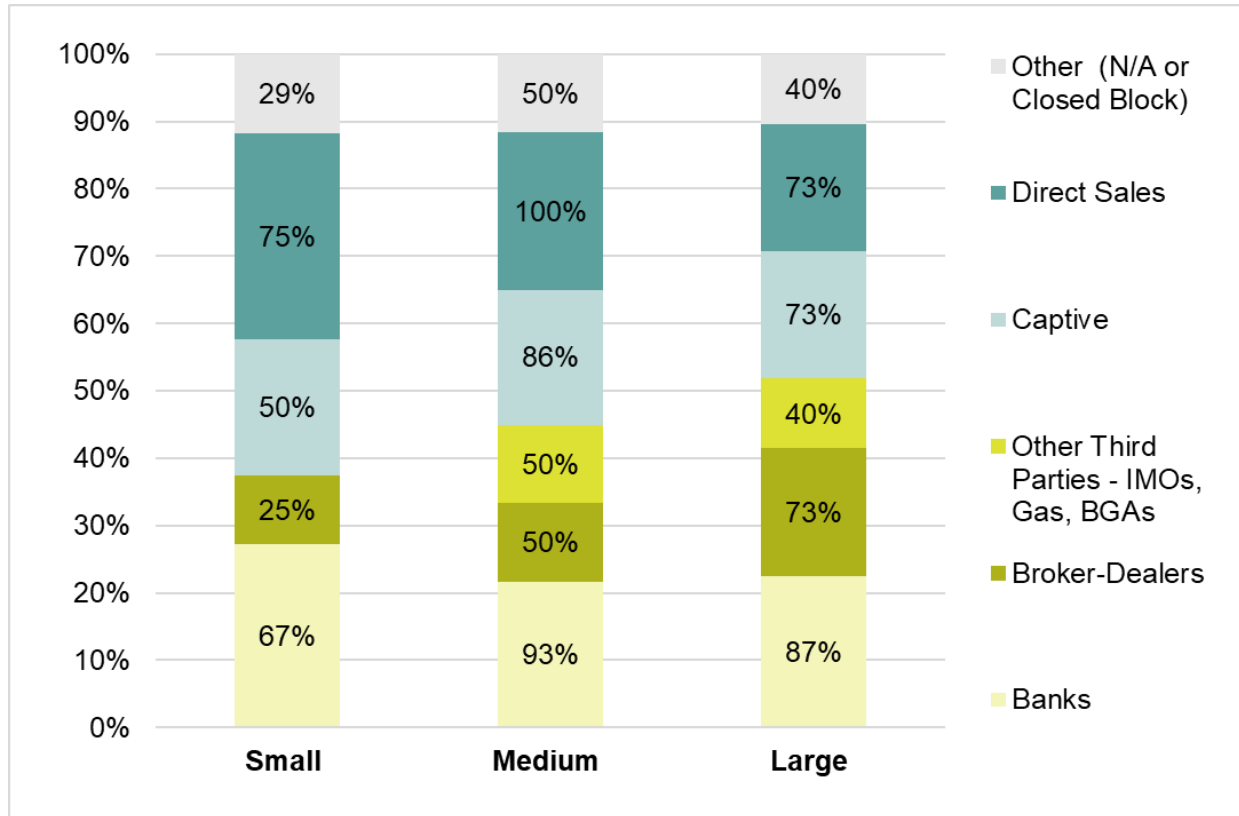
## Percentage of Respondents Selling or Servicing Certain Types of Products, by Company Size



**Note:** Data in each column of the graph will not add up to 100%. The percentages noted reflect the percentage of small/medium/large company respondents who sell (or service) the products noted in the legend.

# Distribution Channels

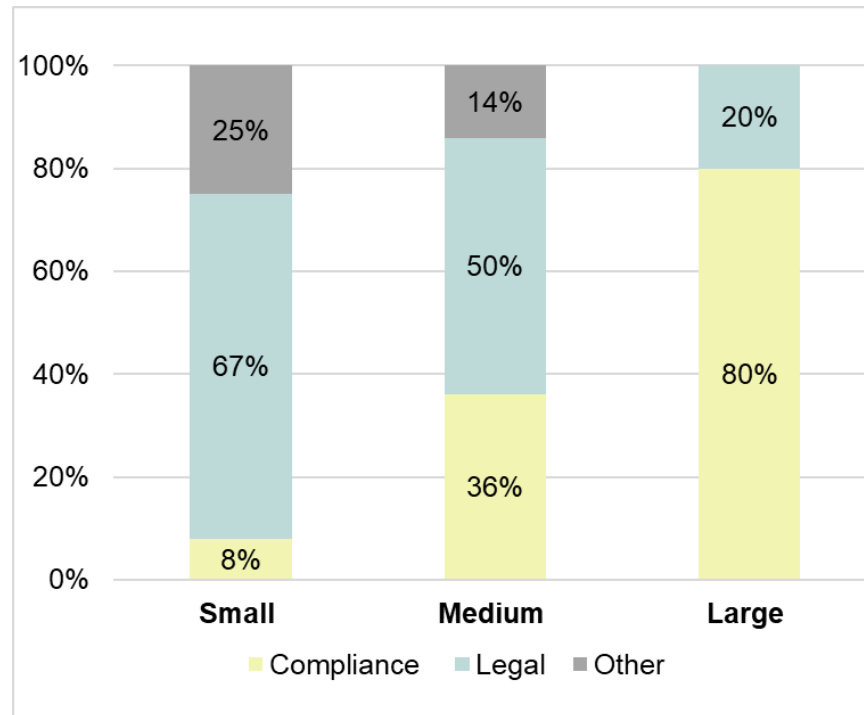
## Percentage of Respondents Utilizing Certain Types of Distribution Channels, by Company Size



**Note:** Data in each column of the graph will not add up to 100%. The percentages noted reflect the percentage of small/medium/large company respondents that utilize the distribution channel noted in the legend.

# AML Officer Reporting and Function Placement

## AML Officer Upline Reporting



**Other:** Combined Law & Compliance, Legal/Compliance, housed in Operations but reports to Compliance where SARs are filed.

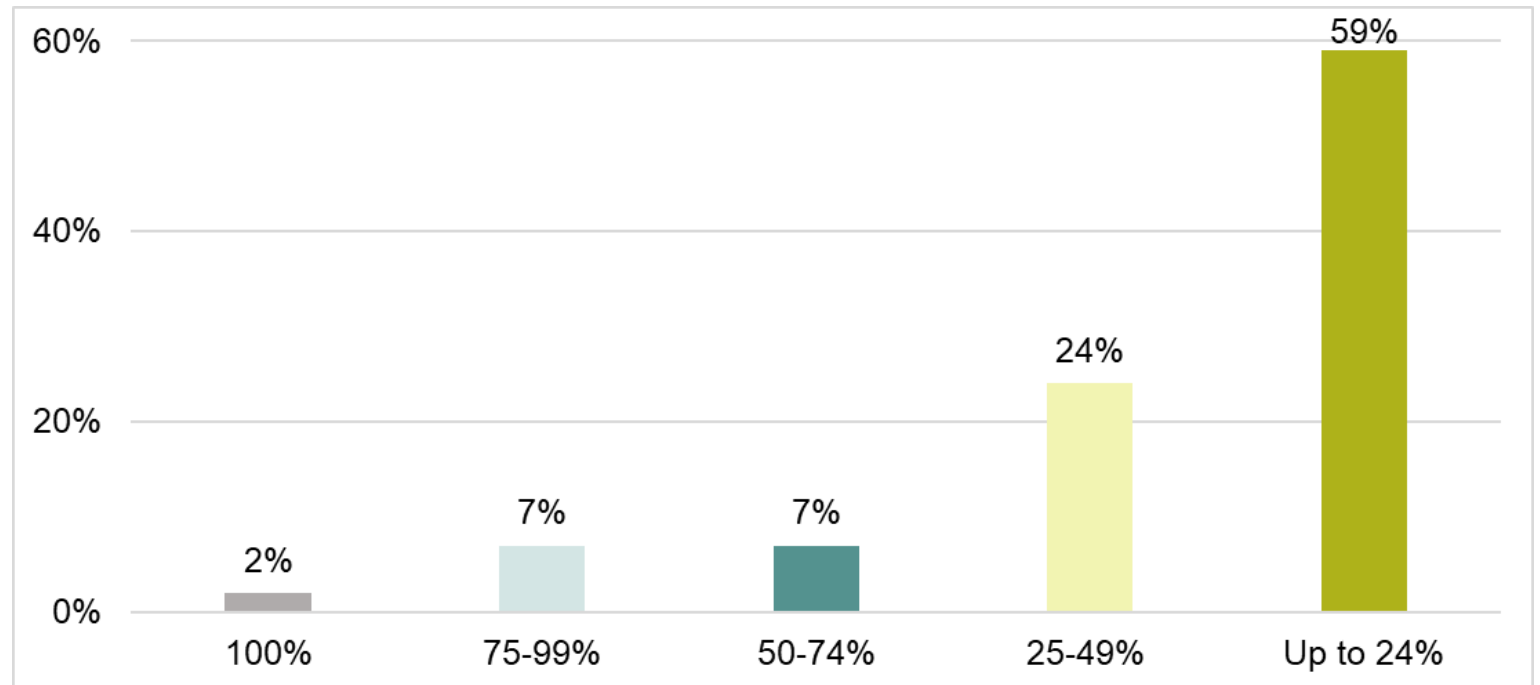
**AML Officers** typically report to Legal in Small and Medium companies and to Compliance in Large companies.

The **AML program** is most often housed within Compliance.

- 100% = Large
- 79% = Medium
- 67% = Small

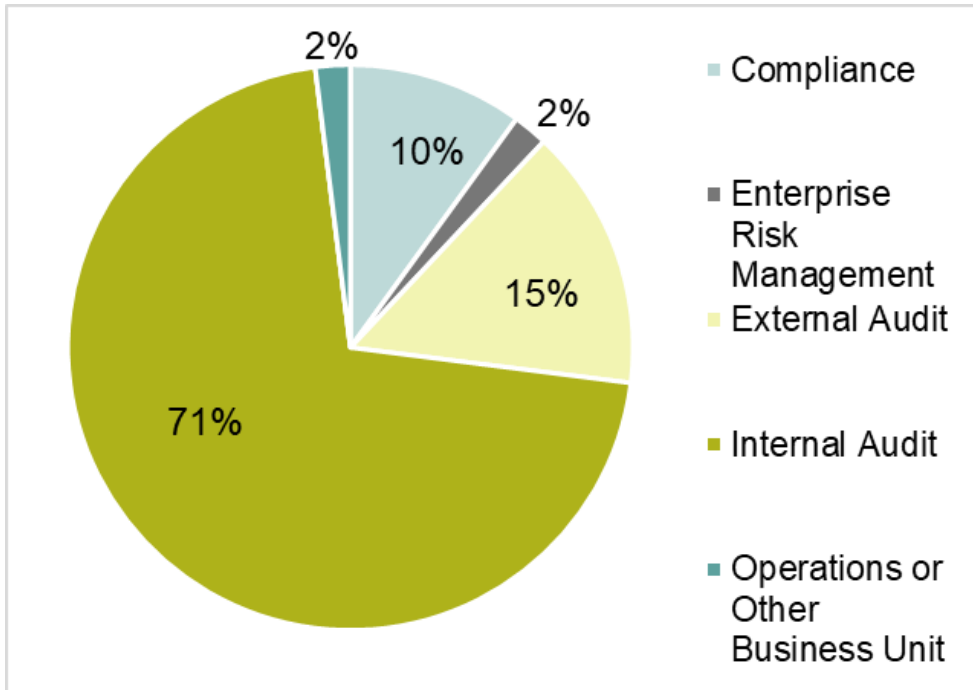
# Percentage of the AML Officer's Time Spent on AML Activities

Survey results reflect the fact that many AML Officers wear multiple hats

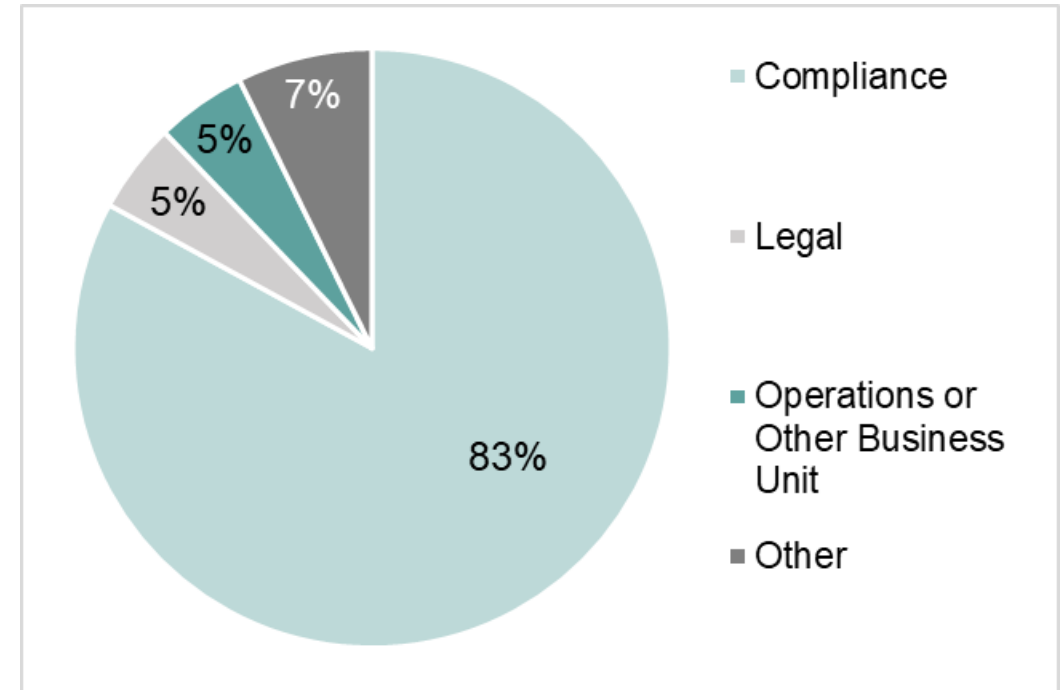


# Functional Responsibilities

## Independent Testing and Monitoring

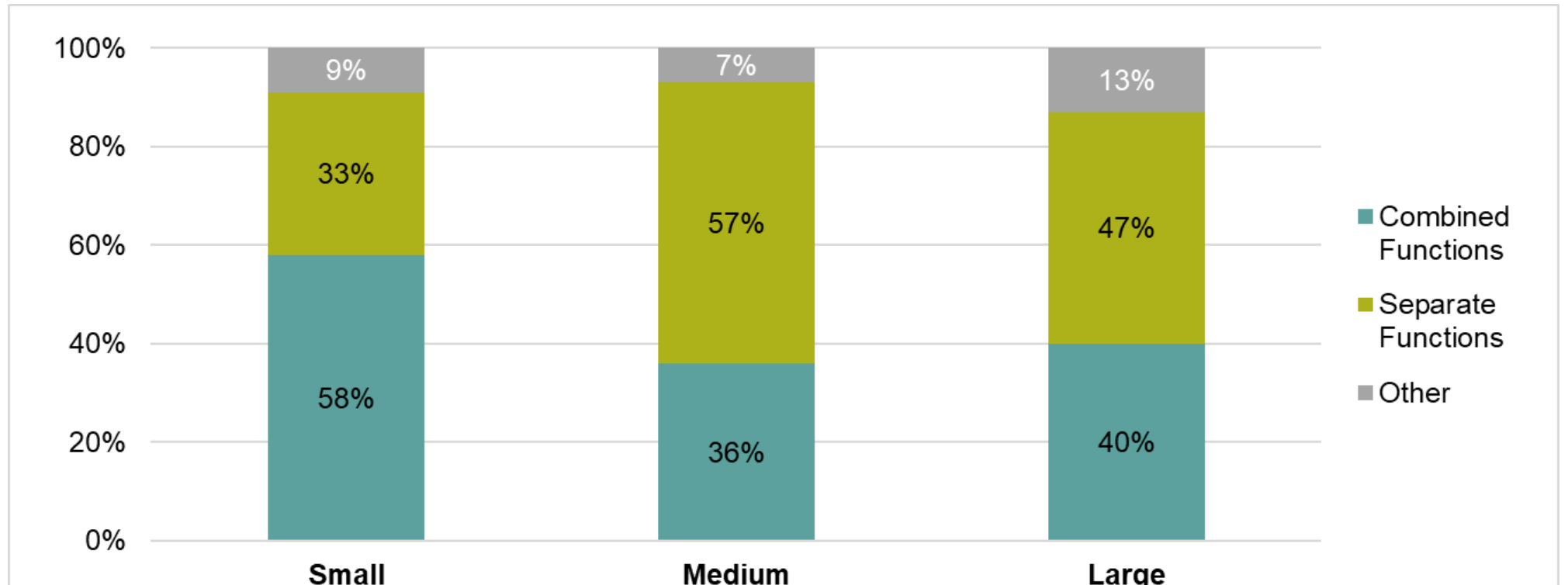


## Day-to-Day Program Supervision



**Other:** AML Compliance Officer and Business Areas, Combined Law & Compliance.

# Combined or Separate: AML & SIU



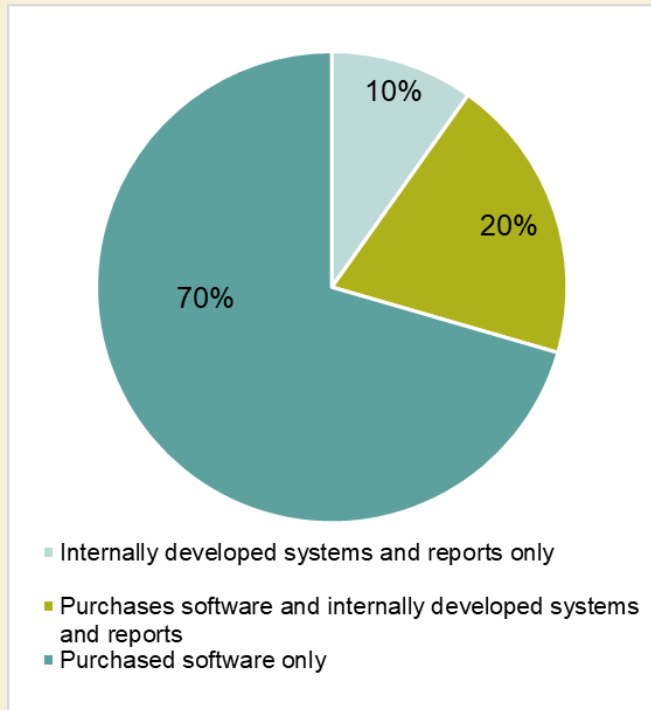
**Other:** Blended, combined, separate functions with both reporting to the AML Compliance Officer.

# Monitoring & Vendors

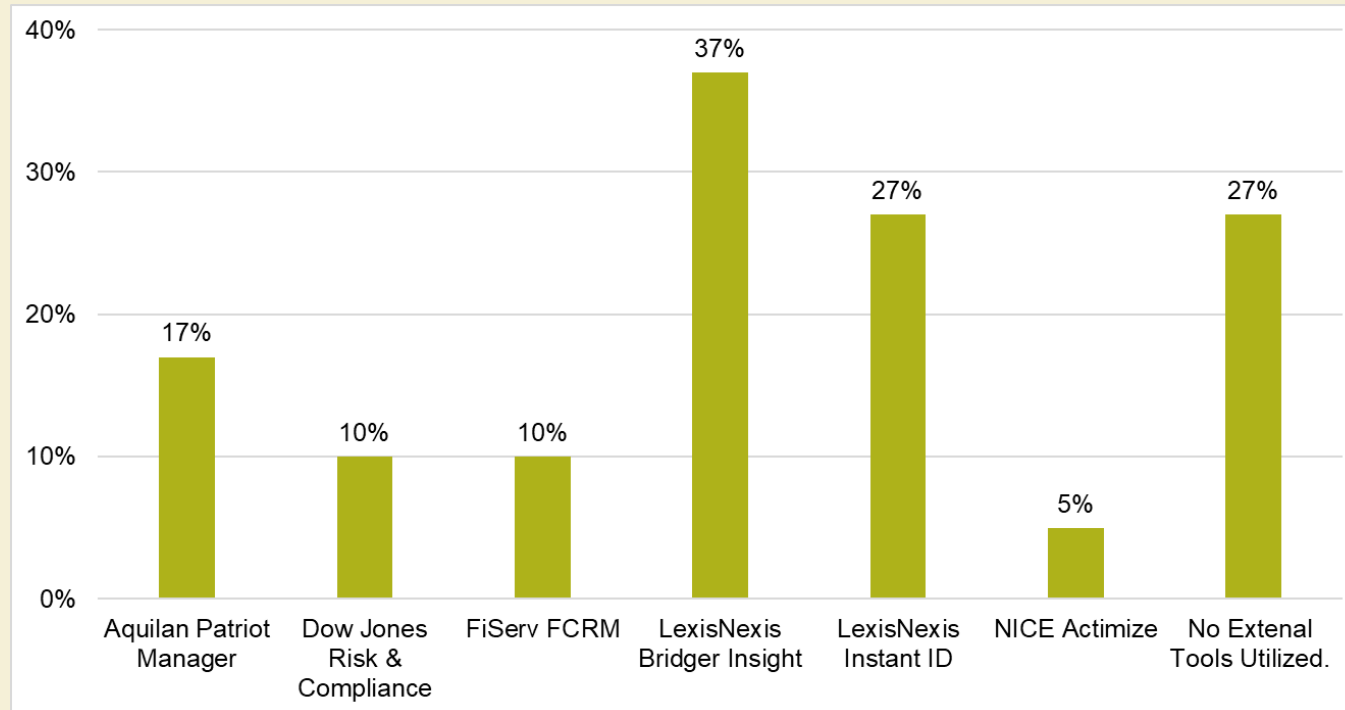


# AML Monitoring Tools Used

## Internal vs. External



## Software/Vendor Utilization



# Resources for Monitoring Trends

Less frequently selected.

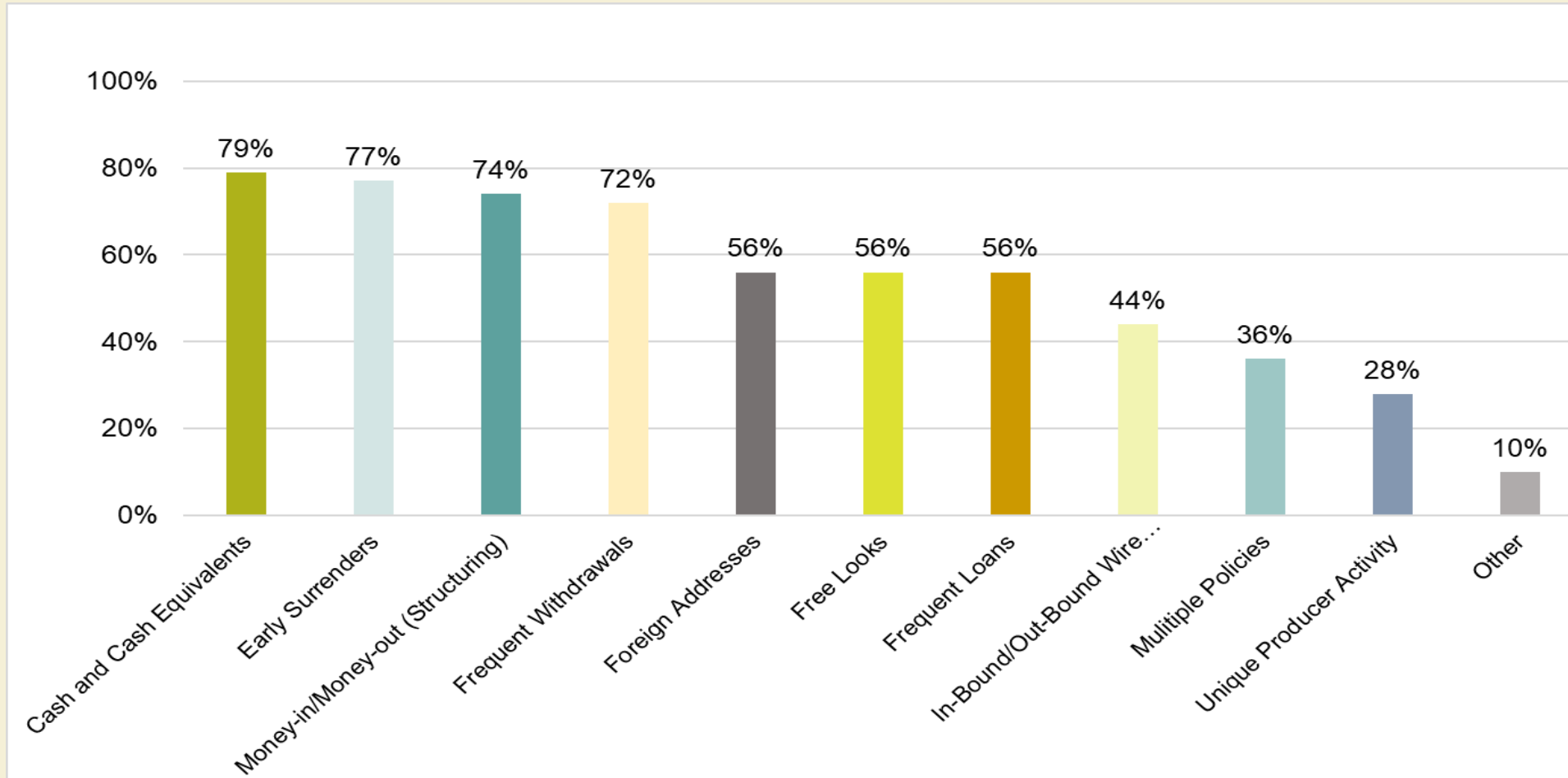
Moderately selected.

Frequently selected.

Vendor/Software Package	Small	Medium	Large
ABA Updates		X	
ACAMS	X	X	X
ACLI	X	X	X
ACFCS		X	
ACFE		X	
AML Groups		X	
AML List Serv	X		
AML Roundtable			X
CEFLI	X	X	X
CLEAR Reports	X		
CODE (RegEd)	X		X
Committee Members			X
Dow Jones/Factiva	X		X
DOI Bulletins		X	
DOJ			X
FBR		X	
FinCEN	X	X	X
FINRA		X	X
Industry Groups/Meetings	X	X	X
LIMRA/LOMA		X	X
Newsletters	X		
NAIC		X	
OFAC	X	X	X
Outside Counsel			X
SEC		X	X
Thompson Reuters	X		
Trade Groups		X	X
Wolters Kluwer	X	X	



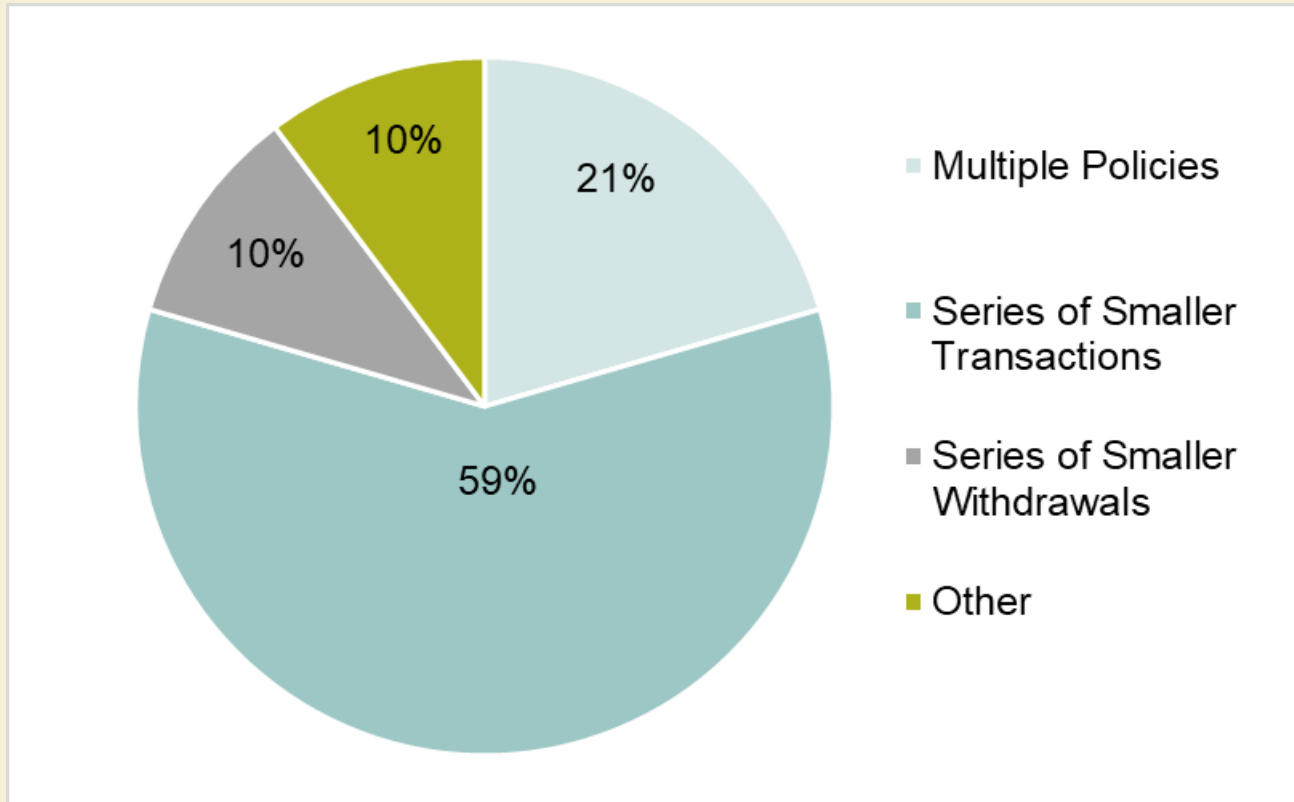
# Types of AML Monitoring Reports



**Other:** Frequent changes in address, ownership change followed by money-in/money-out, surrenders over \$5,000, loans over \$5,000, refund of premium, contracts not taken, producer-owned policies.

# Ways to Identify Structuring

Structuring involves a series of smaller transactions over a period of time in an effort to fall under a company's or regulatory threshold.

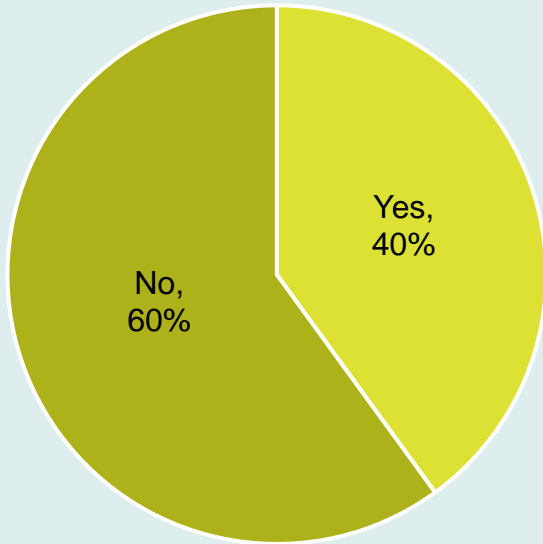


**Other:** Phone calls inquiring about thresholds, submitting cash equivalents from different institutions or the same institution but different bank locations, all payments being under the reporting threshold.

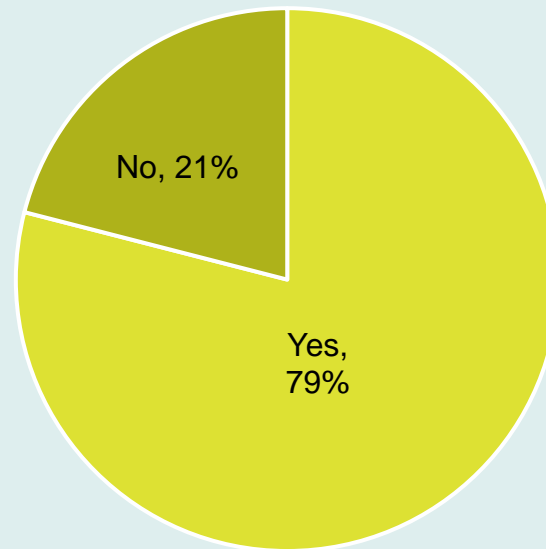
# Cash Equivalents

# Do You Allow Cash or Cash Equivalents?

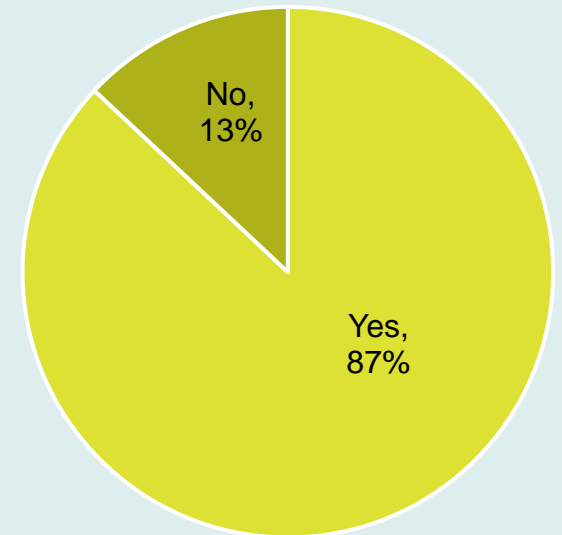
**Small Companies**



**Medium Companies**

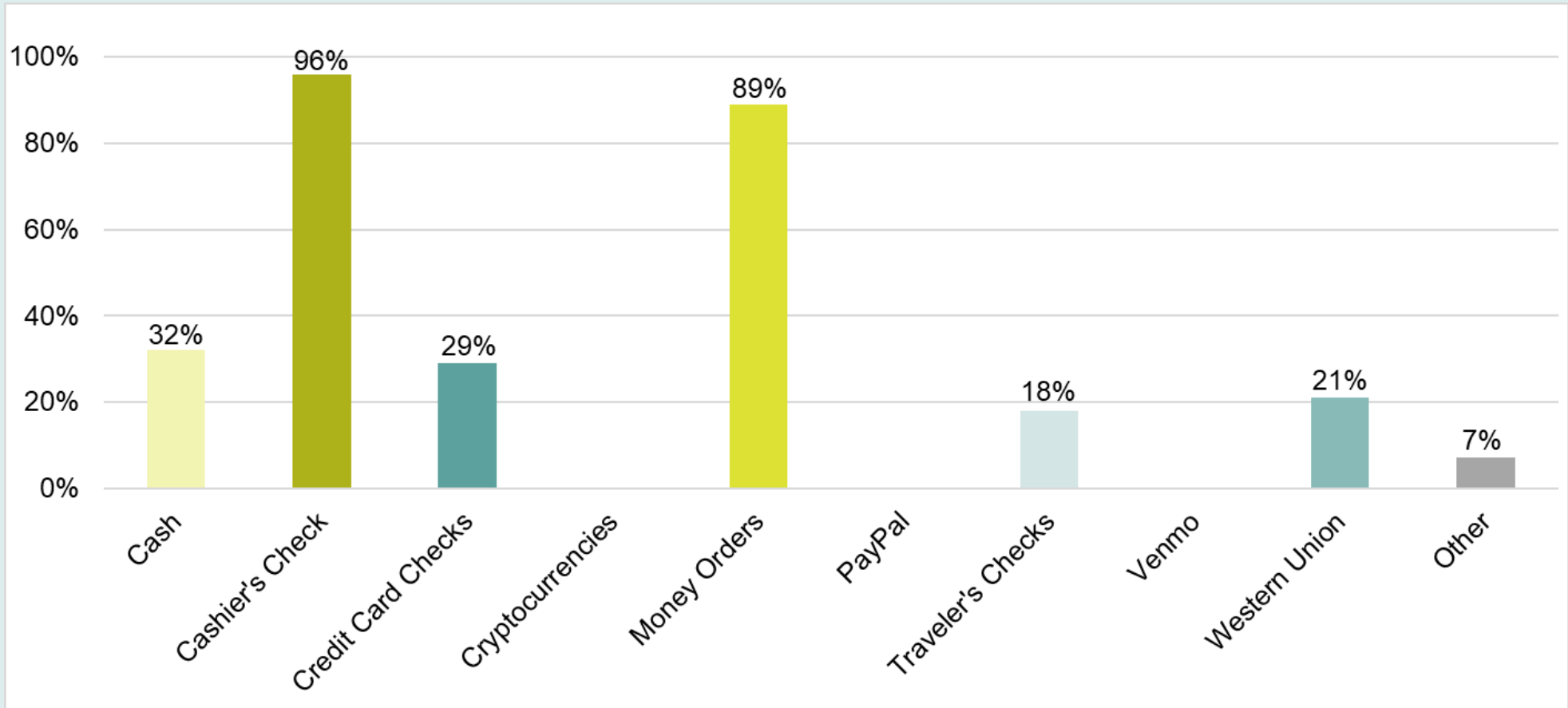


**Large Companies**



Overall, 72% of companies allow cash or cash equivalents.

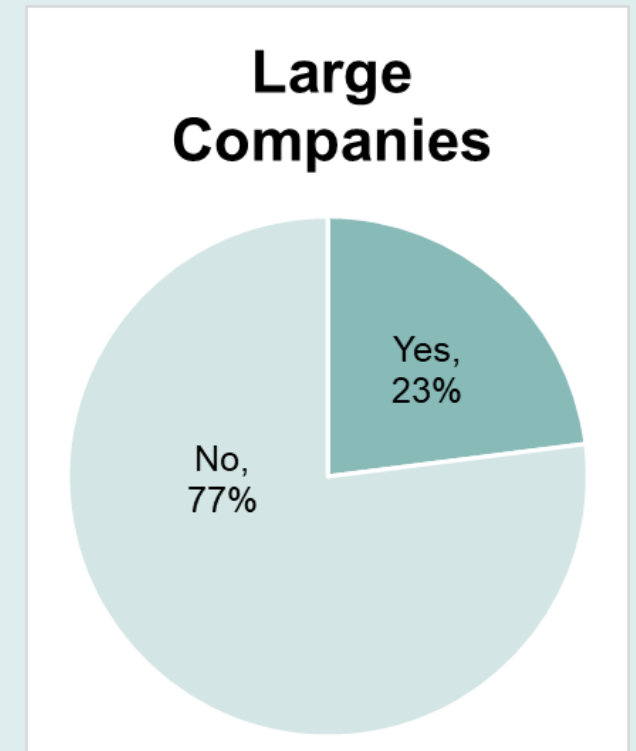
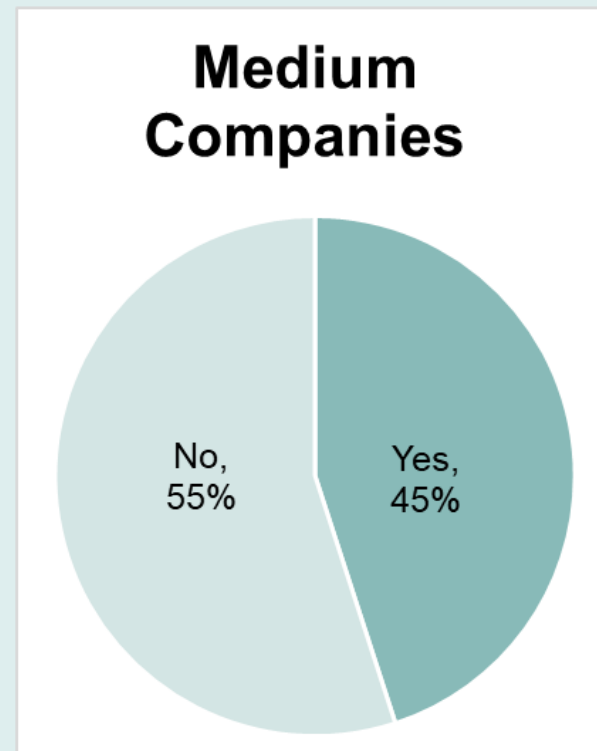
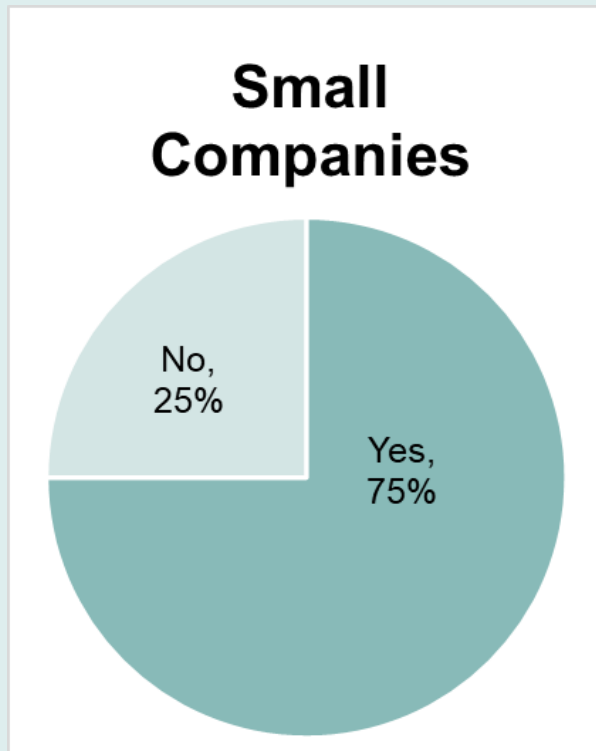
# What Type of Cash or Cash Equivalents Do You Allow?



**Other:** No money orders are allowed in the first year, cashier's checks must be drawn on the owner's/payor's bank, the use of cash equivalents is discouraged, cash value from cash value products, money orders are not accepted.

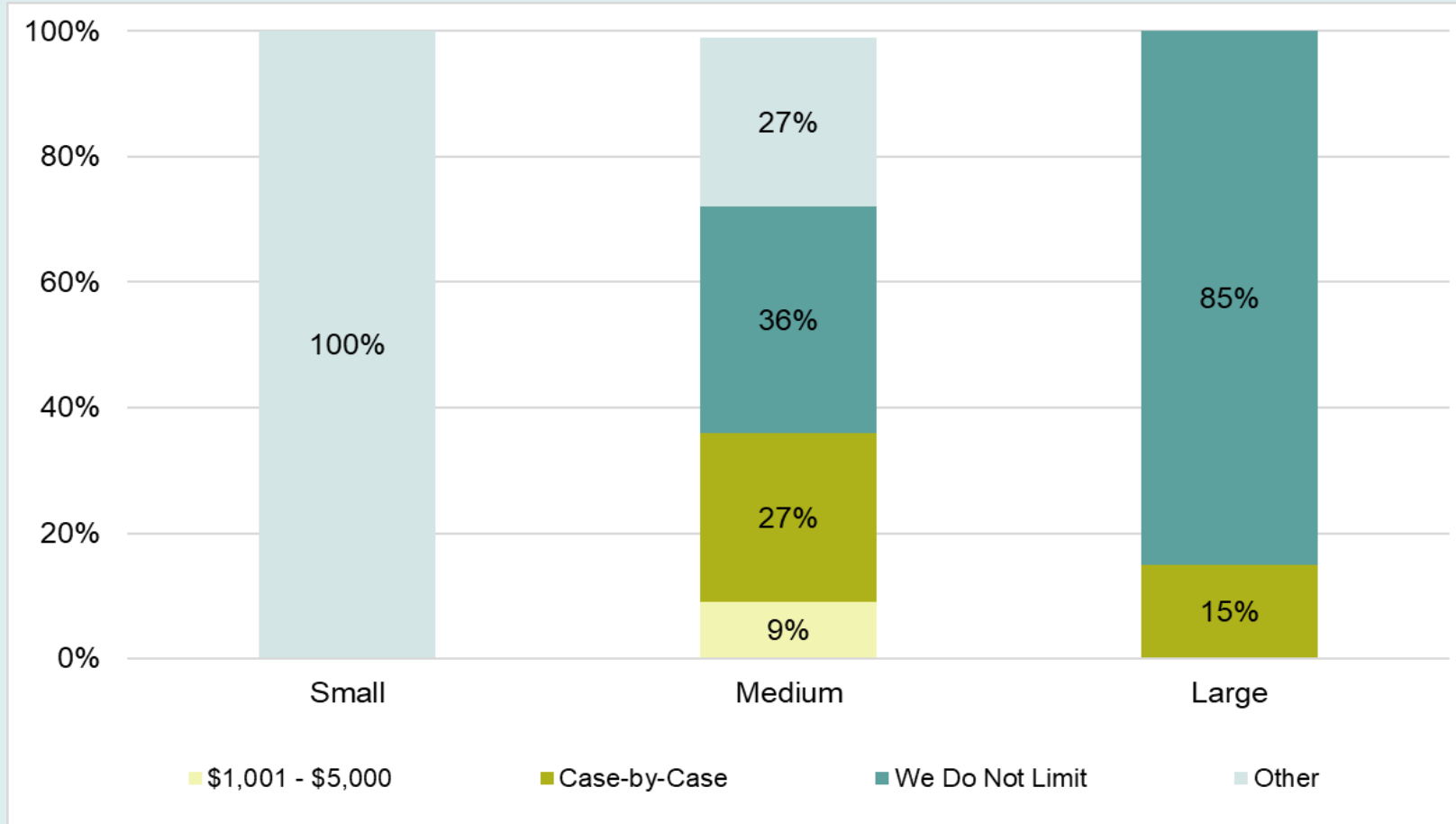
# Limits for Cash Equivalents

Do you limit the amount of cash equivalents you allow from a policy or contract owner?



Without factoring for company size, 61% of companies do not have limits.

# Limits for Cash Equivalents



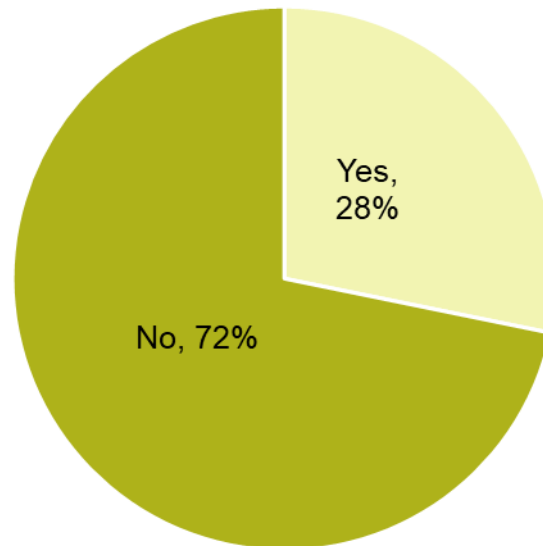
**Other:**  
Small: \$0-\$1,000 for money orders, above \$10,000 for cashier's checks, single cashier's checks, bank drafts, bank checks, Treasurers checks over \$10,000 and under only when the source of funds is provided or, if after reasonable due diligence, the AML Officer or their designee has approved the transaction.  
Medium: Cash is generally not accepted but cash equivalents are not limited, money orders are not accepted in the first year and use is generally discouraged, cash is limited to \$500 but cash equivalents are not limited..

# Electronic Funds Transfers (EFTs)



# Are EFTs Allowed Without a Voided Check or Other Validation of Bank Account Ownership?

## Overall

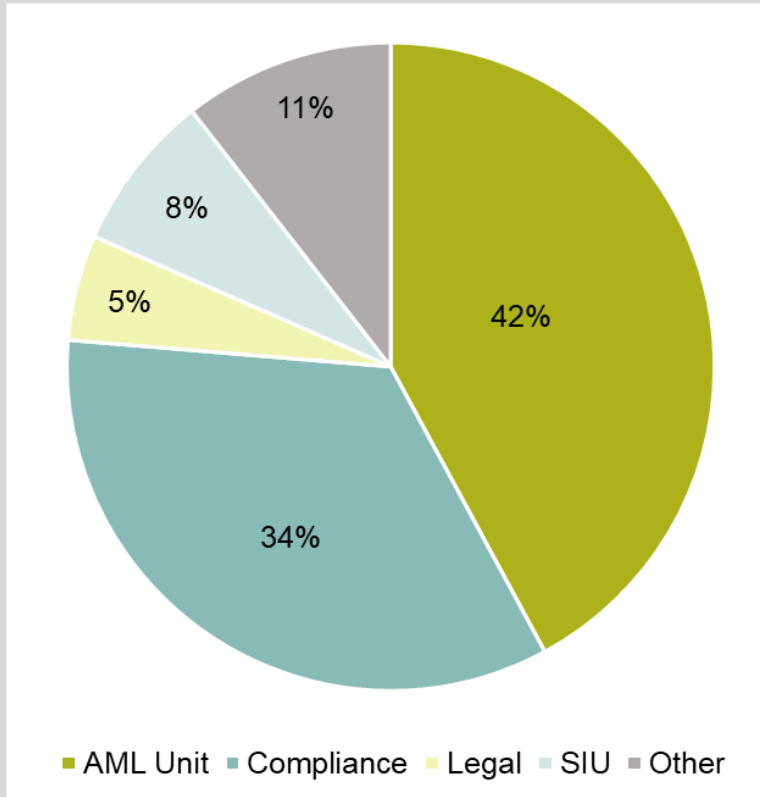


- Small Companies: 40% allow it.
- Medium Companies: 14% allow it.
- Large Companies: 33% allow it.

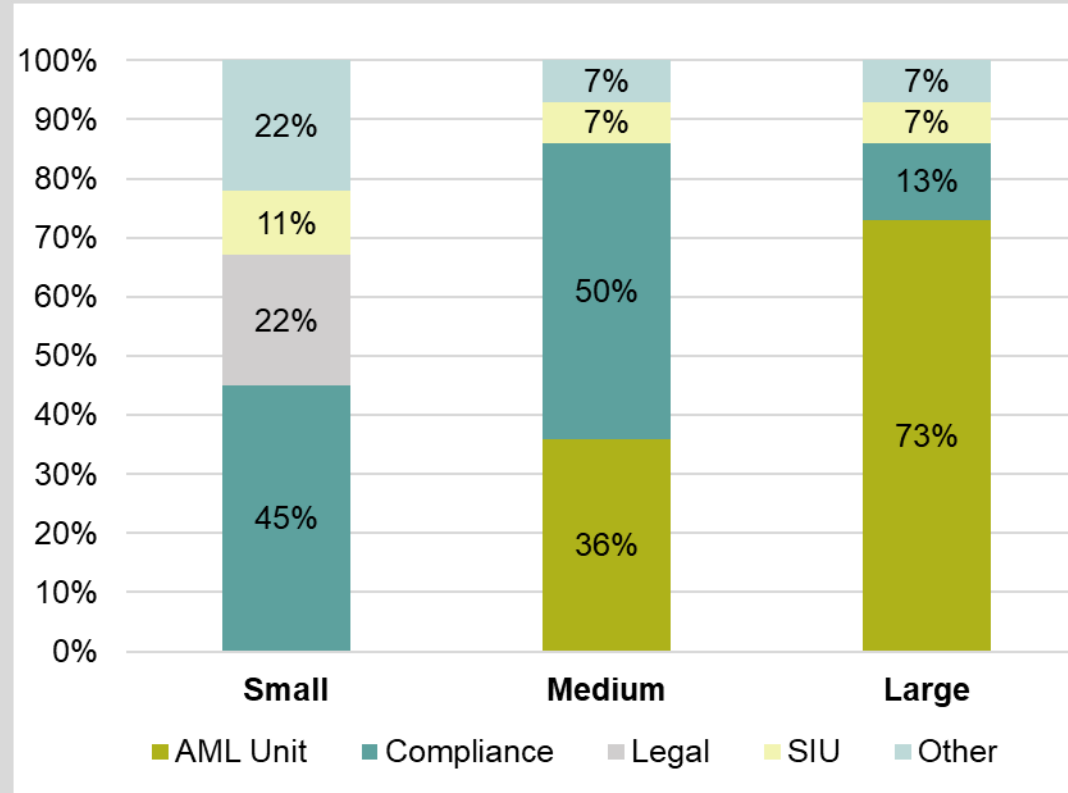
# Suspicious Activity Reporting (SAR)

# Ownership of SAR Investigations

All Companies in Aggregate

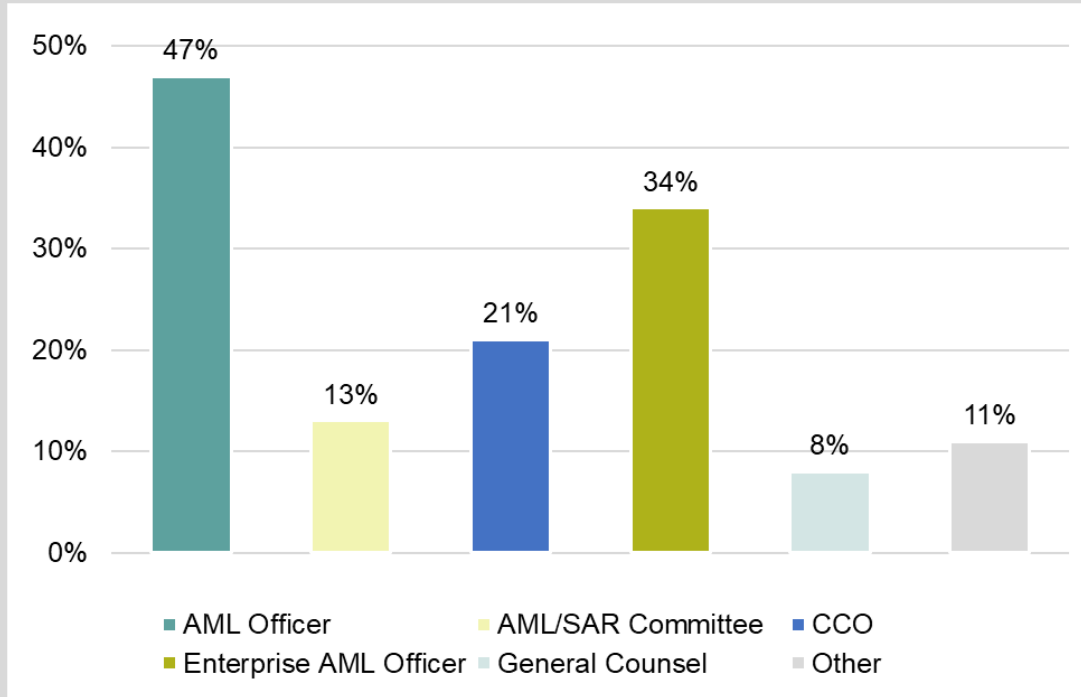


By Company Size



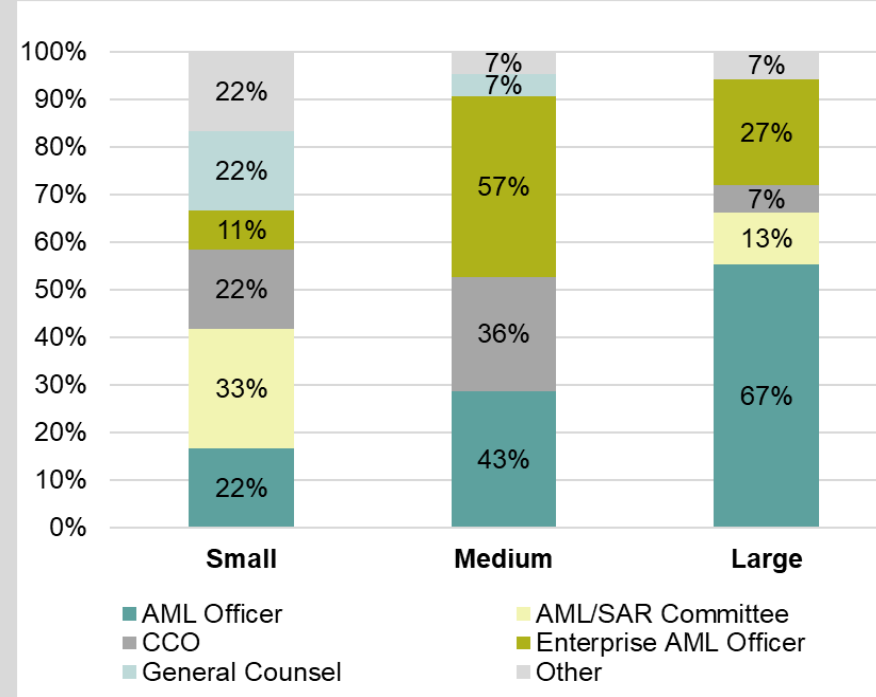
# Authority to File a SAR

## All Companies in Aggregate



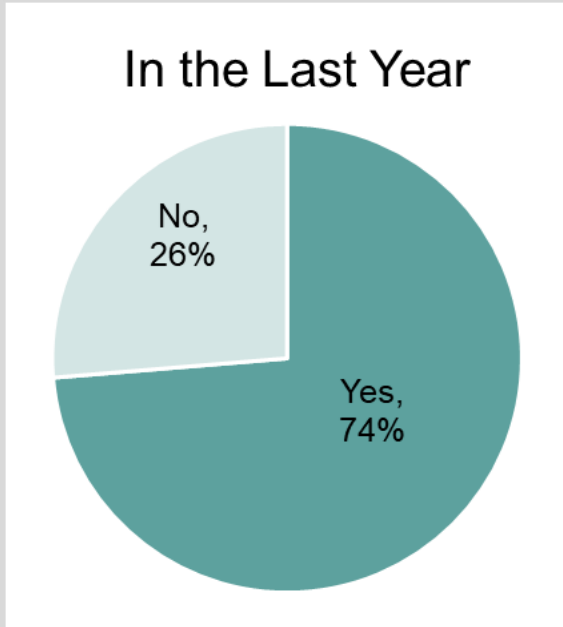
**Other:** Assigned attorney, CCO and AML Coordinator, AML team (not a formal committee).

## By Company Size

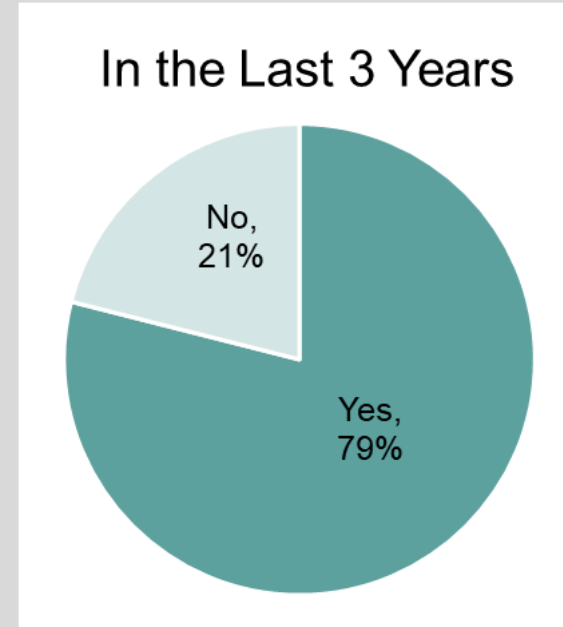


**Note:** Data in each column of the graph will not add up to 100%. The percentages noted reflect the percentage of small/medium/large company respondents that indicated the corresponding individual is authorized to file a SAR.

# SAR Filing in the Last Year & in the Last Three Years



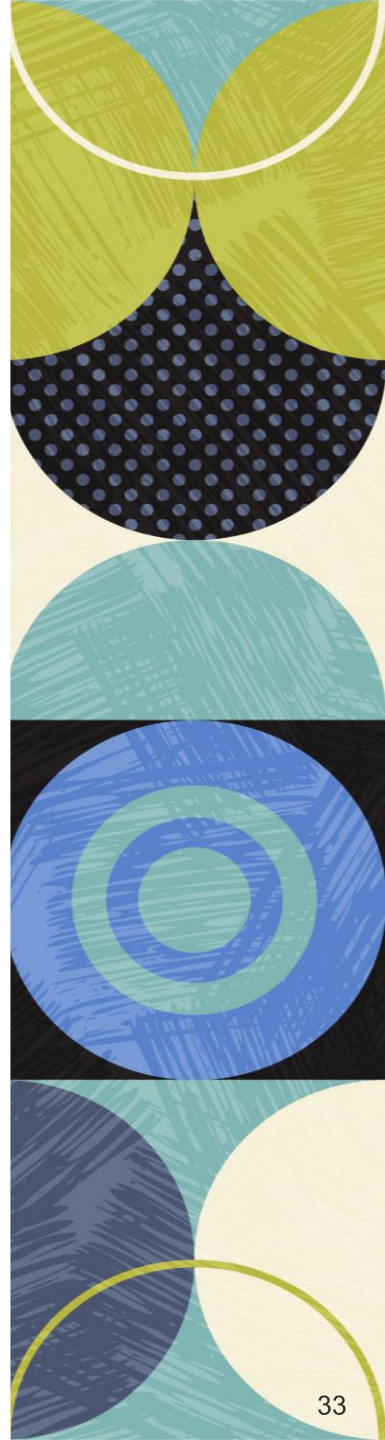
- Small Companies: 33% have filed.
- Medium Companies: 79% have filed.
- Large Companies: 93% have filed.



- Small Companies: 44% have filed.
- Medium Companies: 86% have filed.
- Large Companies: 93% have filed.

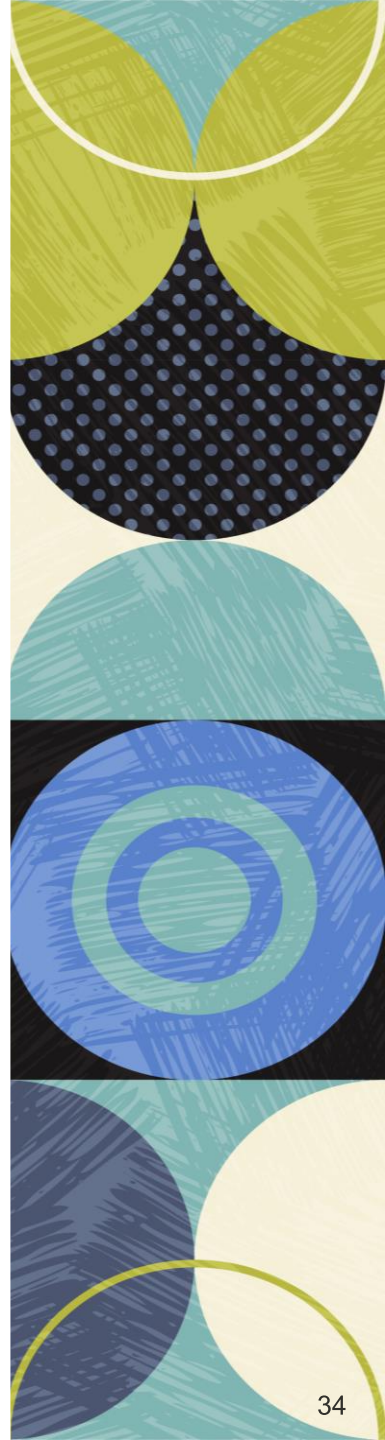
# Top Activities Requiring a SAR Filing (in the Last Year)

1. Account Takeover (71%)
2. Elder Financial Exploitation (64%)
3. Identity Theft (43%)
4. Suspicion Concerning the Source of Funds (39%)
5. Forgeries (36%)  
Fraud - Other (36%)  
Excessive Borrowing on the Policy or Contract (36%)
6. Check (32%)  
Other Suspicious Activities (32%)  
Lack of Concern for Performance or Fees (32%)  
Email Compromise (32%)



# Top Activities Requiring a SAR Filing (in the Last Three Years)

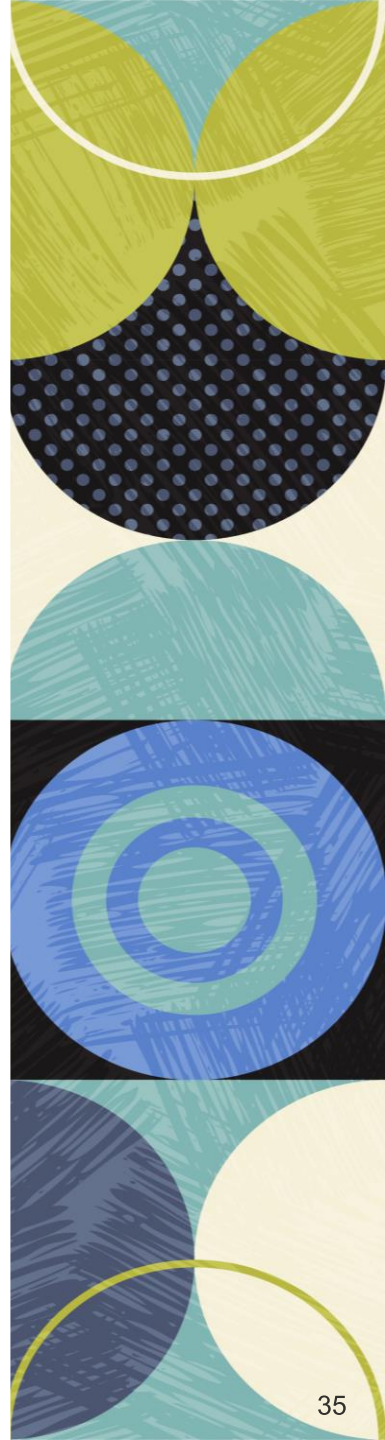
1. Account Takeover (67%)
2. Elder Financial Exploitation (60%)
3. Excessive Borrowing on the Policy or Contract (33%)
4. Suspicion Concerning the Source of Funds (30%)
5. Check (23%)



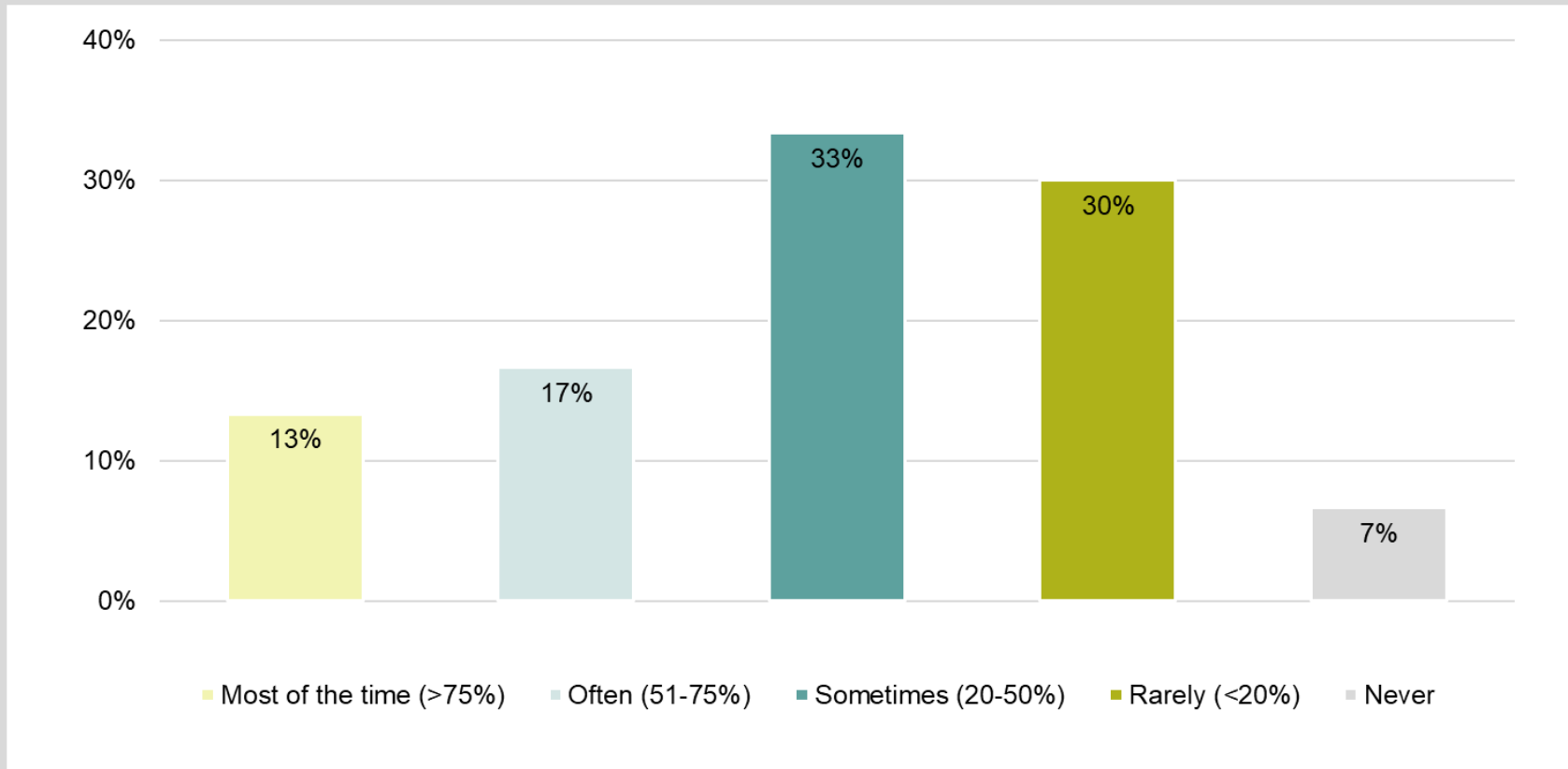
# Activities Requiring a SAR Filing: Material Increase\* in Last 3 Years

1. Account Takeover (47%)
2. Elder Financial Exploitation (33%)
3. Check (13%)  
Email Compromise (13%)
4. Forgeries (7%)  
Provided Questionable or False Documentation (7%)  
Fraud - Other (7%)  
No Material Increase in Any Activity (7%)  
Cannabis Related Business (7%)

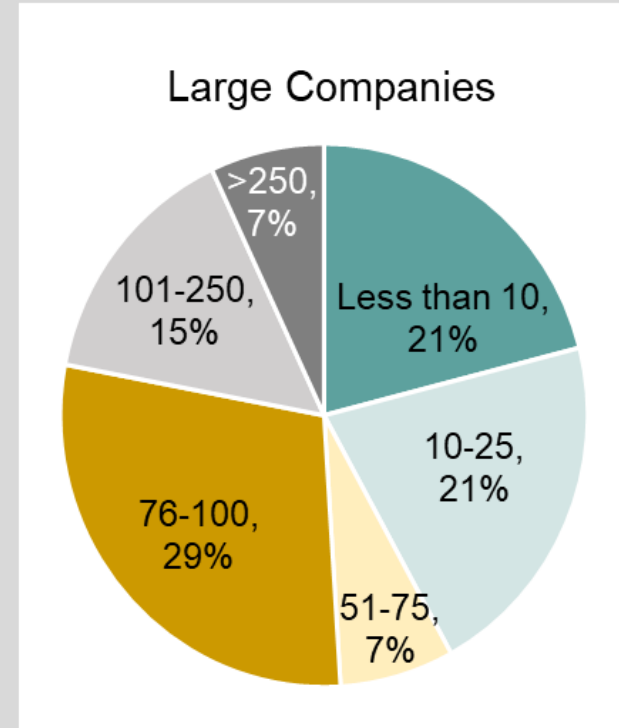
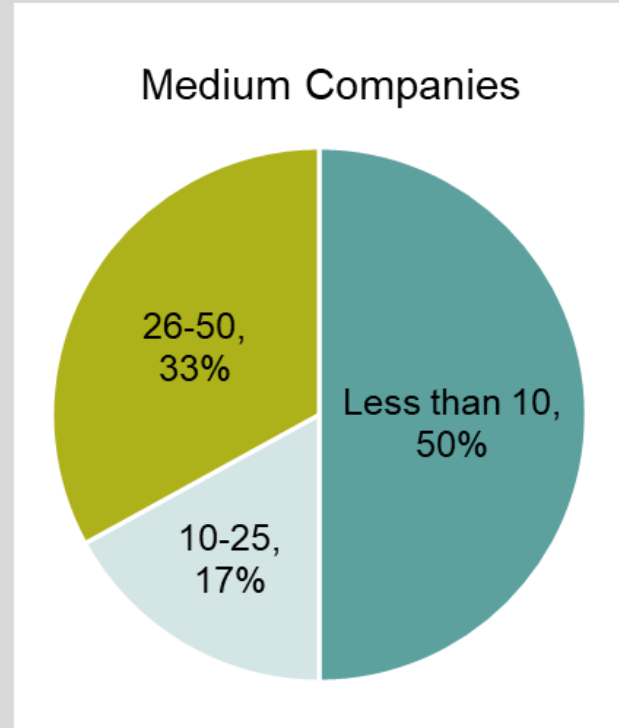
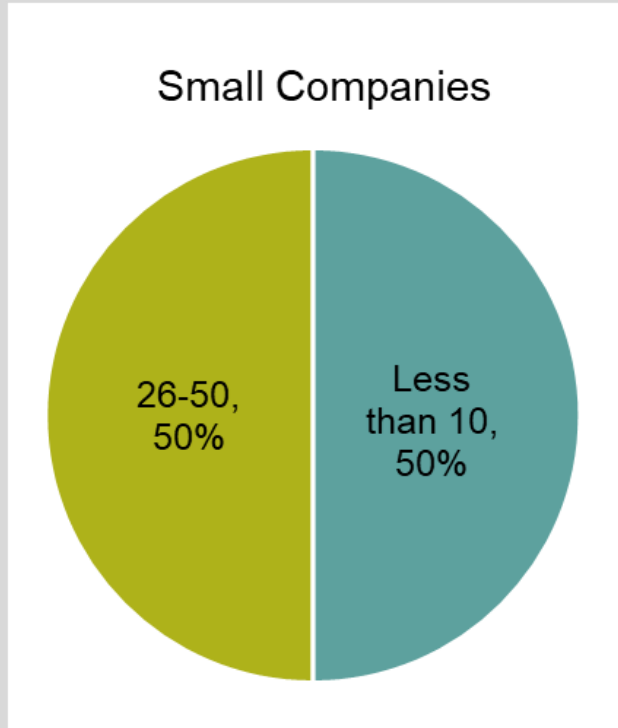
\*An increase of 20% or more in the activity



# Incidence of a Fraud Report Filing also Resulting in a SAR Filing

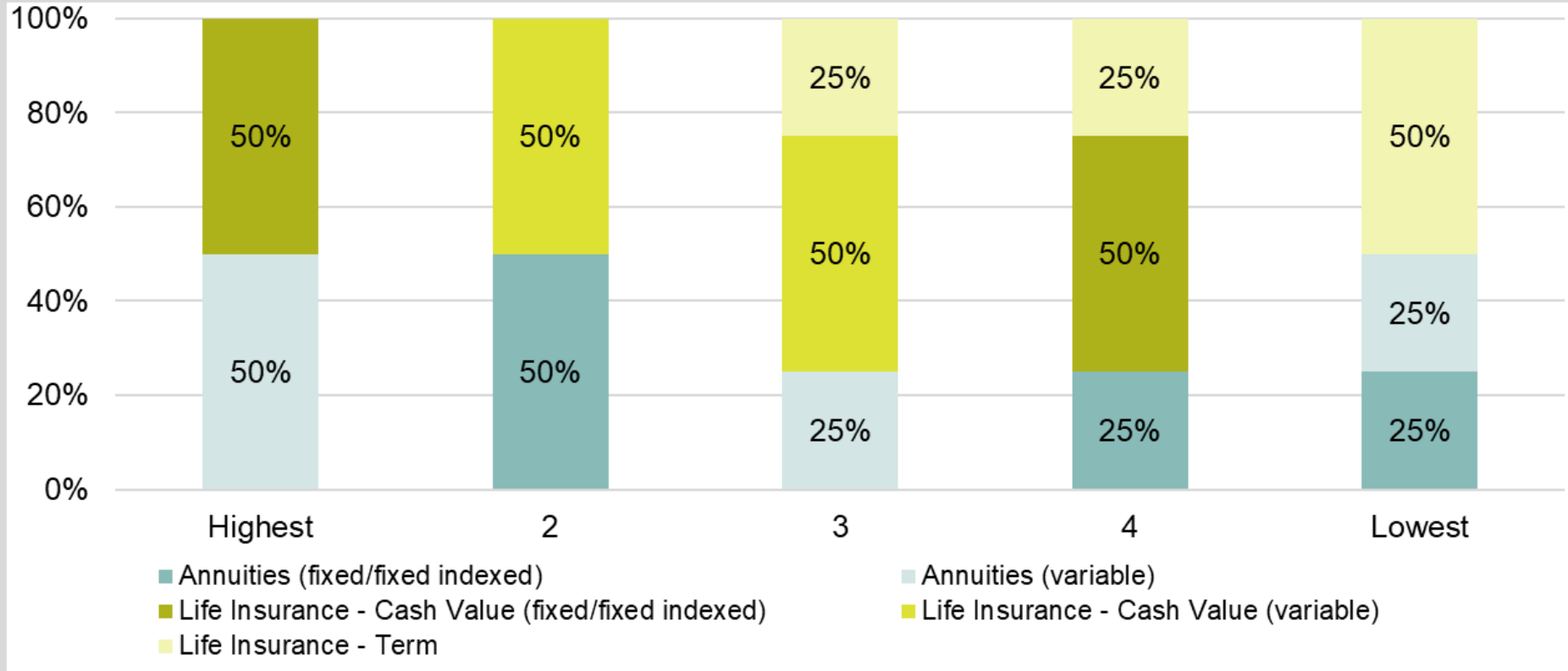


# Annual SAR Filing Volume



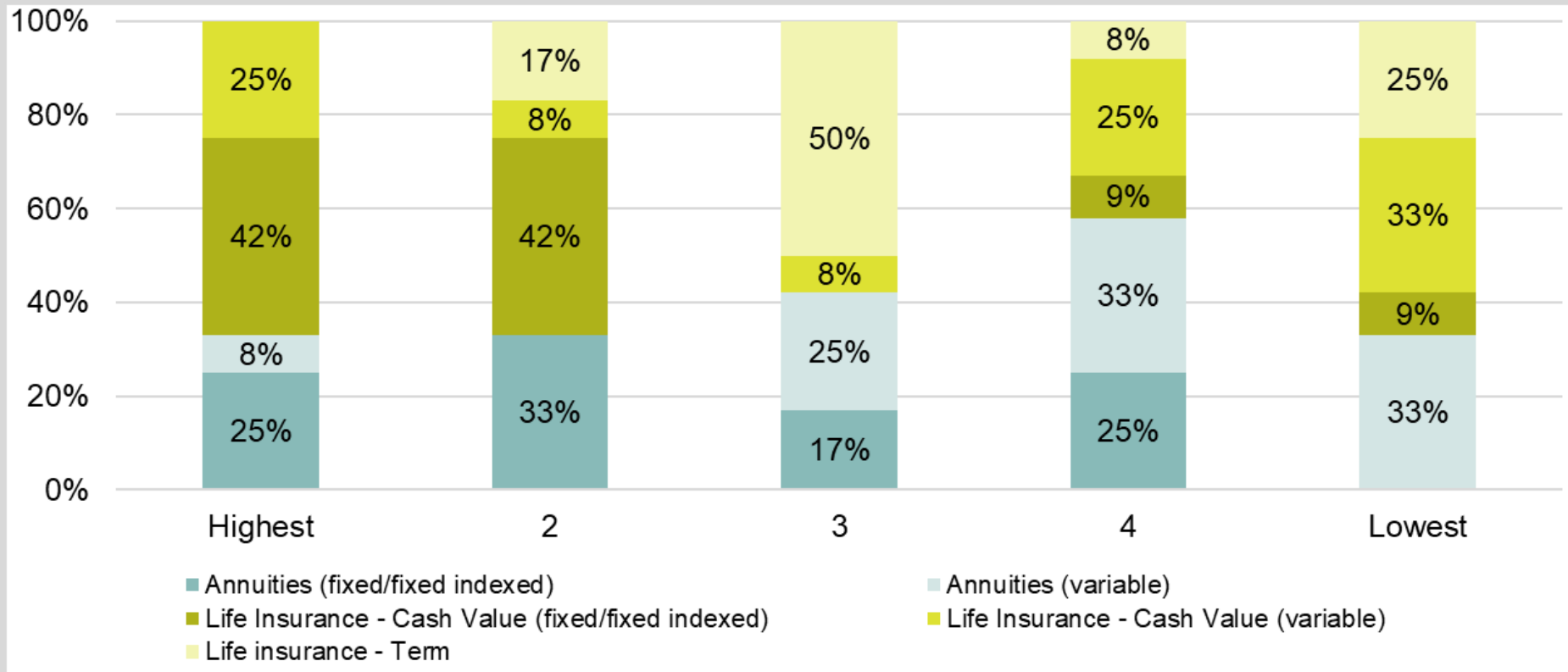
# SAR Volume by Product Type Based on Company Size

## Small Companies:



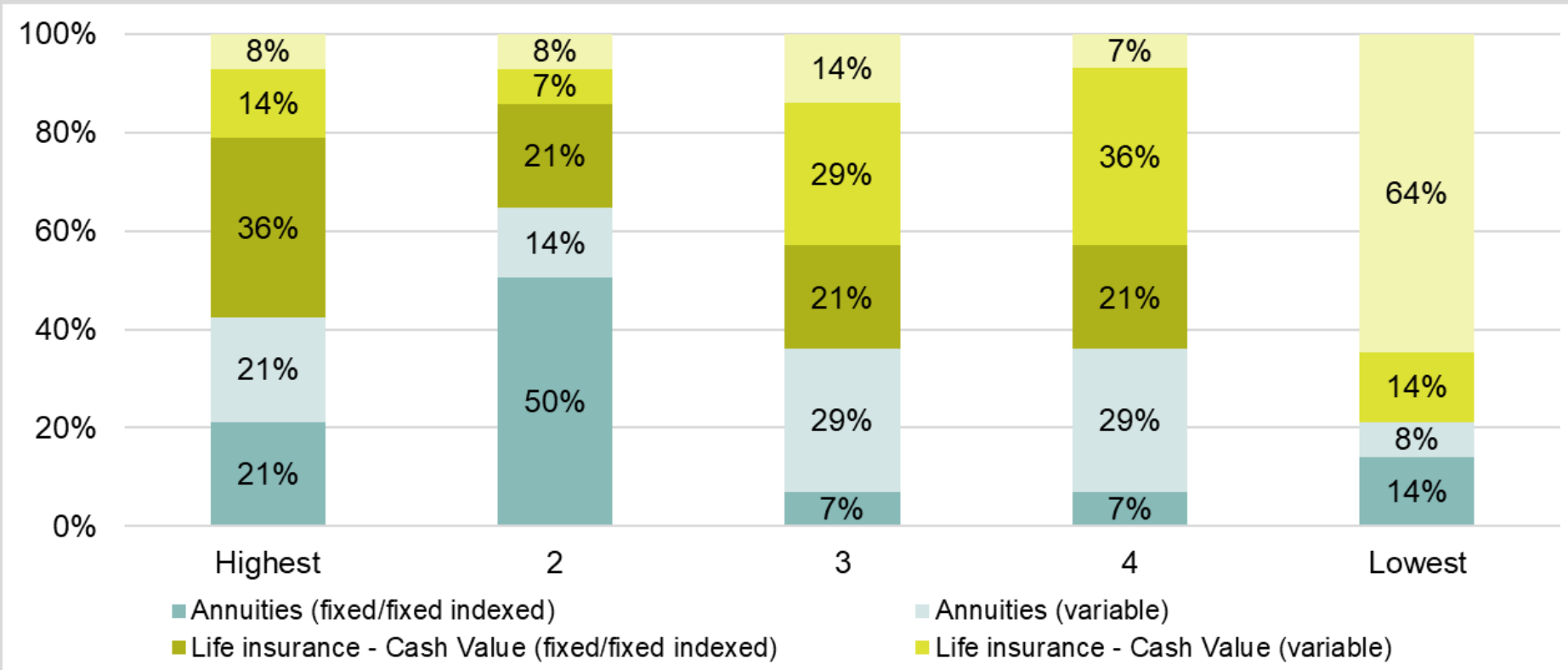
# SAR Volume by Product Type Based on Company Size

## Medium Companies:

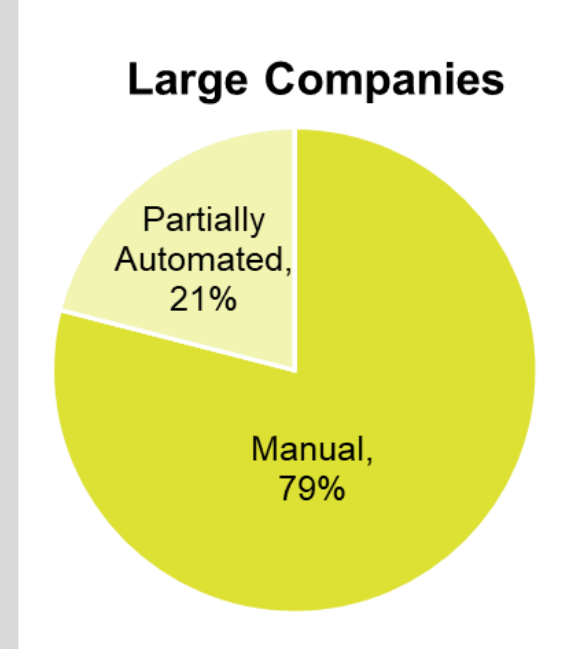
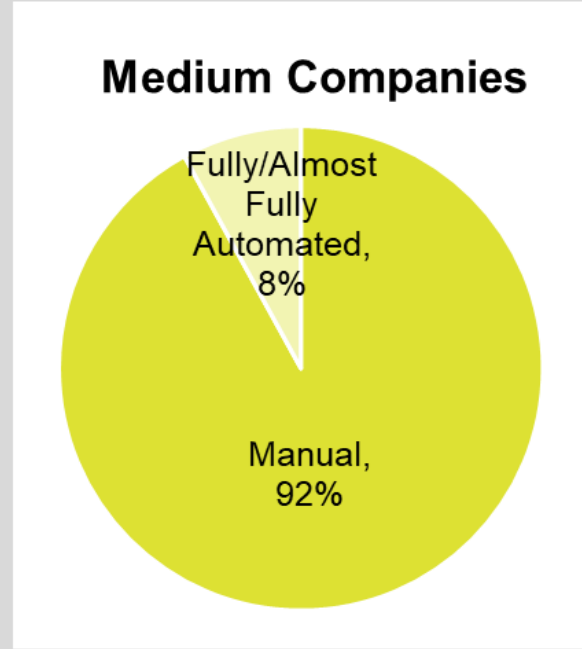
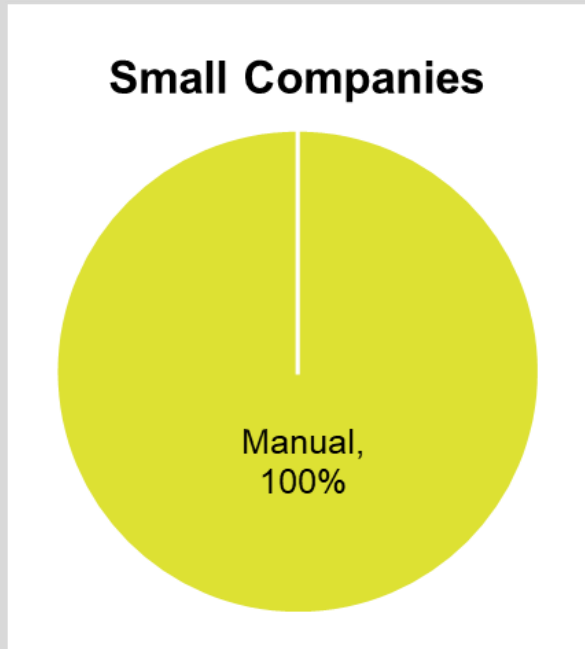


# SAR Volume by Product Type Based on Company Size

## Large Companies:



# SAR Completion: Manual vs. Automation

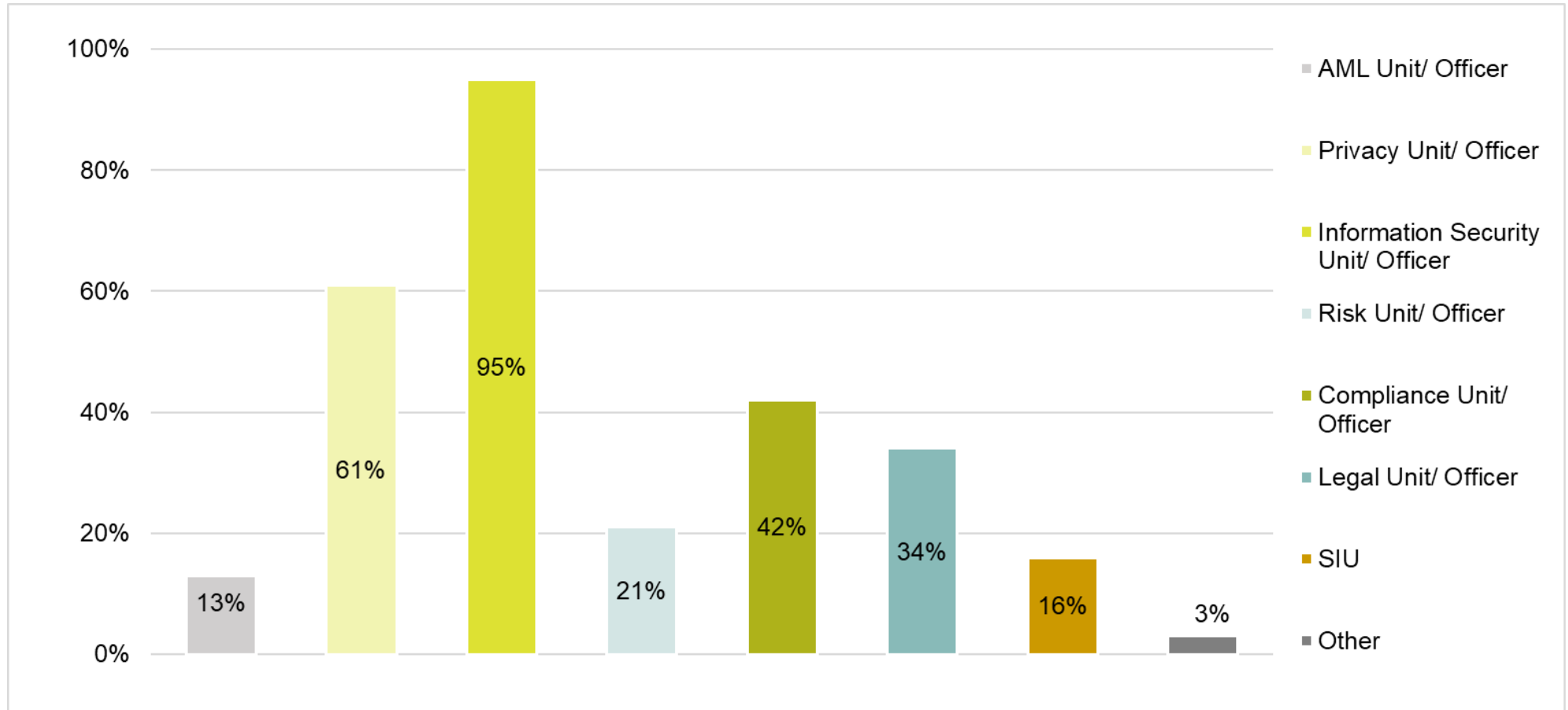


Vendors Used for Partial or Full Automation: Aquilian, Alessa, Fiserv FRCM

# Cybersecurity Events

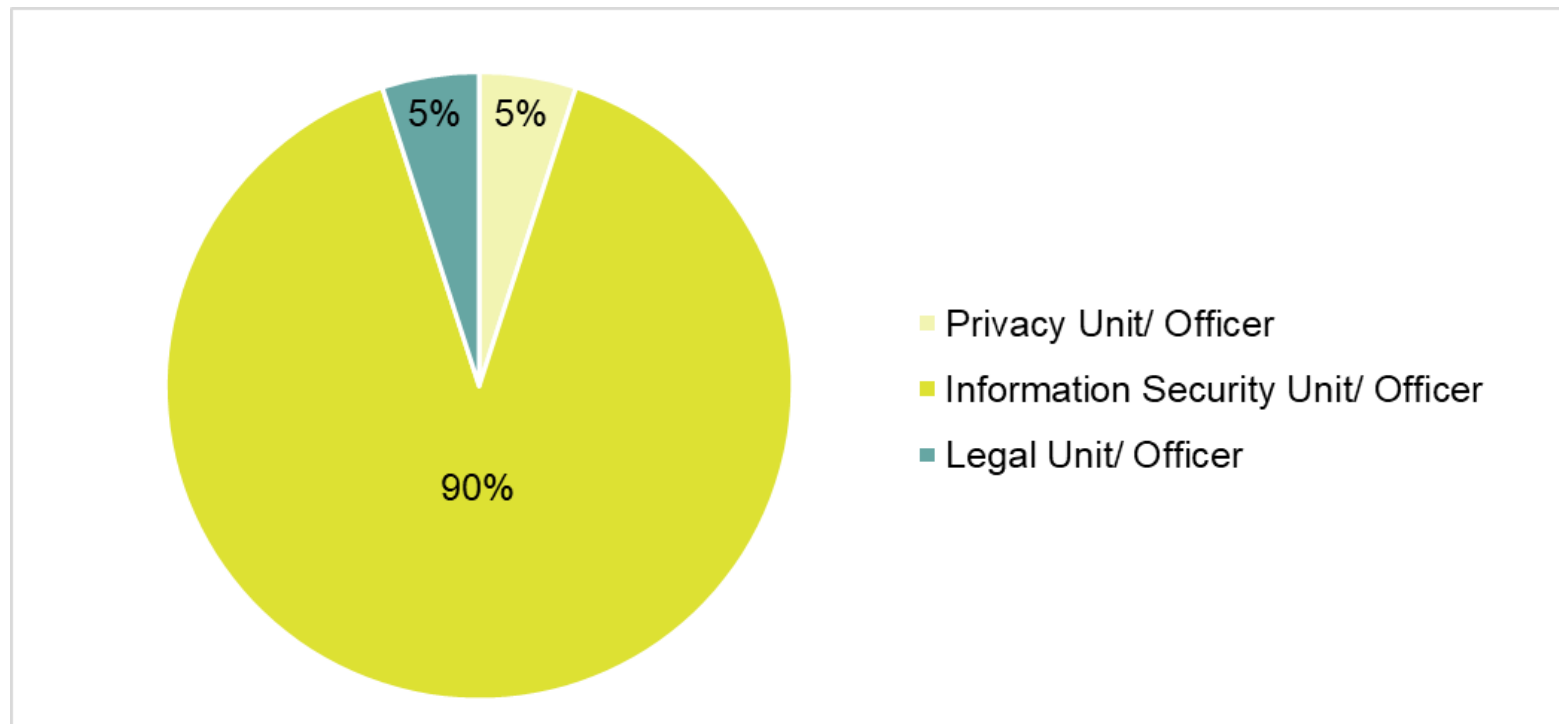


# Who or What Area Handles Cybersecurity Events?



Other: CISO and Legal jointly handle.

# Who or What Area Primarily Leads Cybersecurity Events?

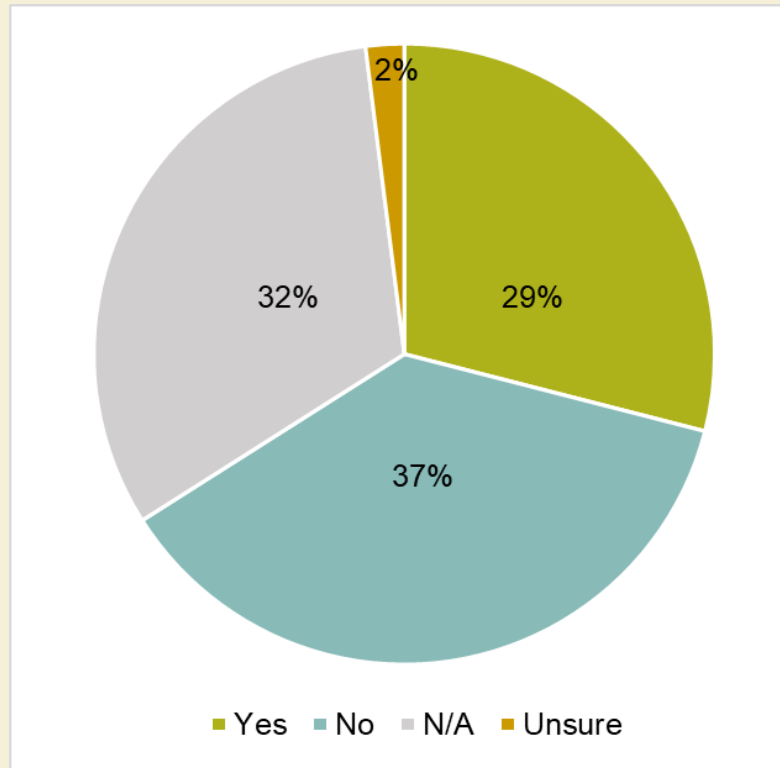




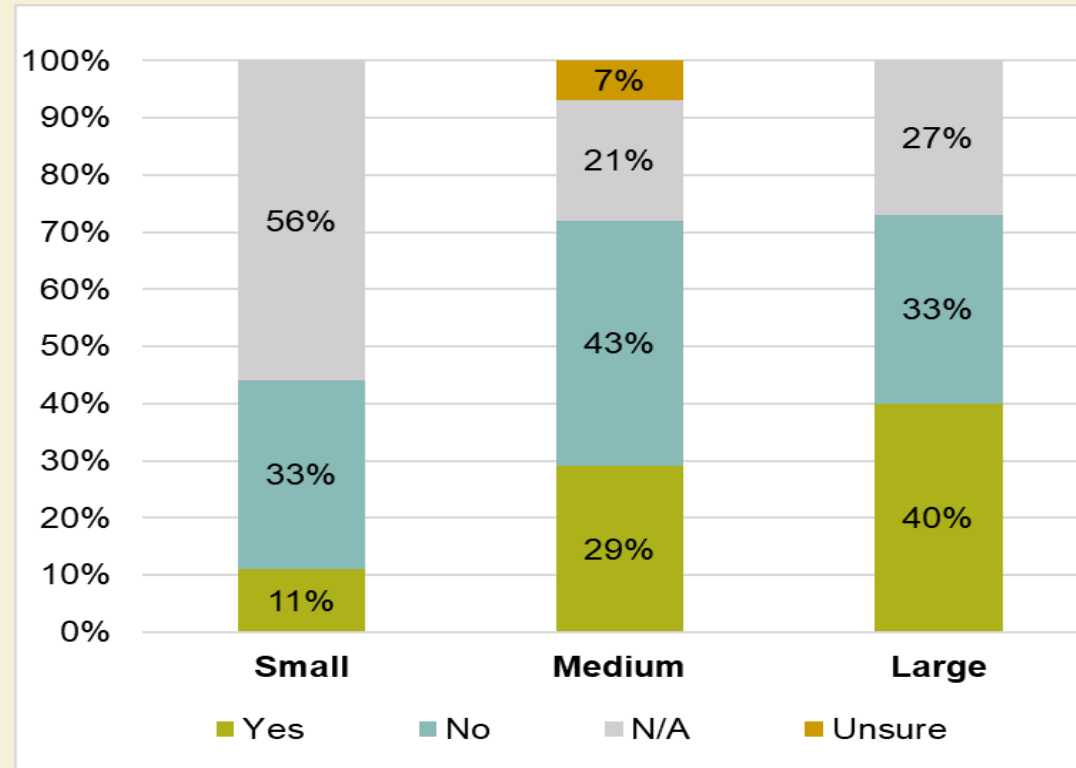
# Foreign National Business

# Has There Been an Increase in Foreign National Business in the Last 24 Months?

All Companies in Aggregate

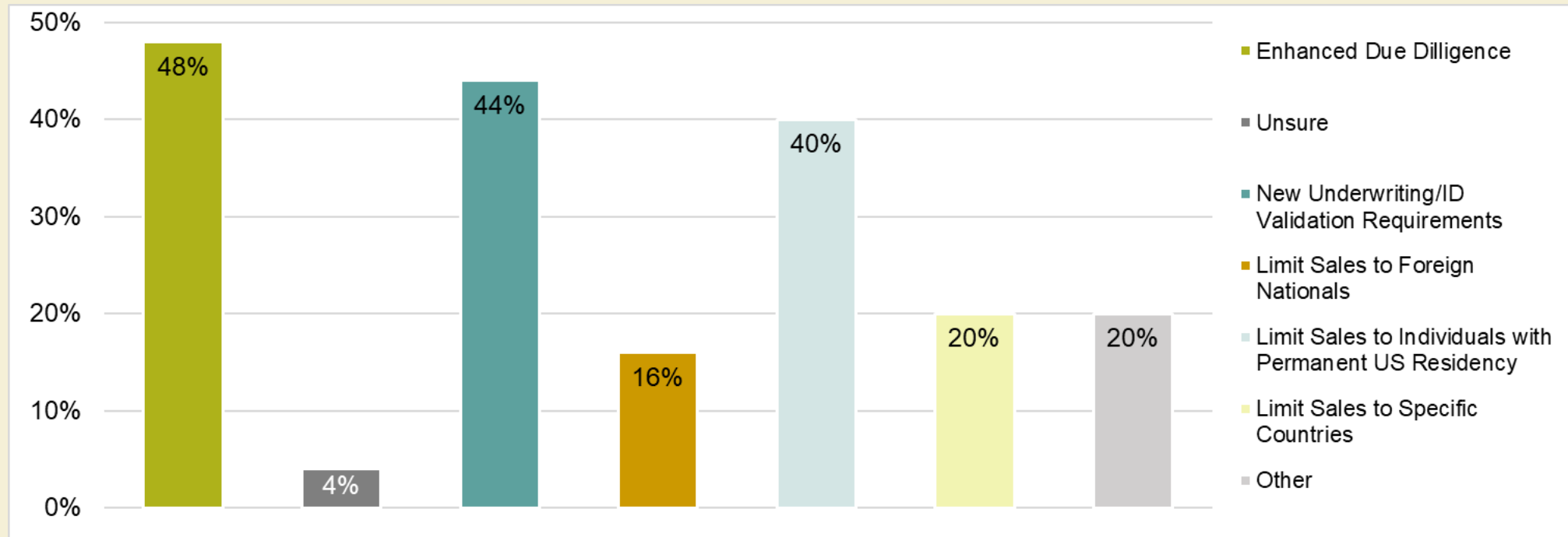


By Company Size



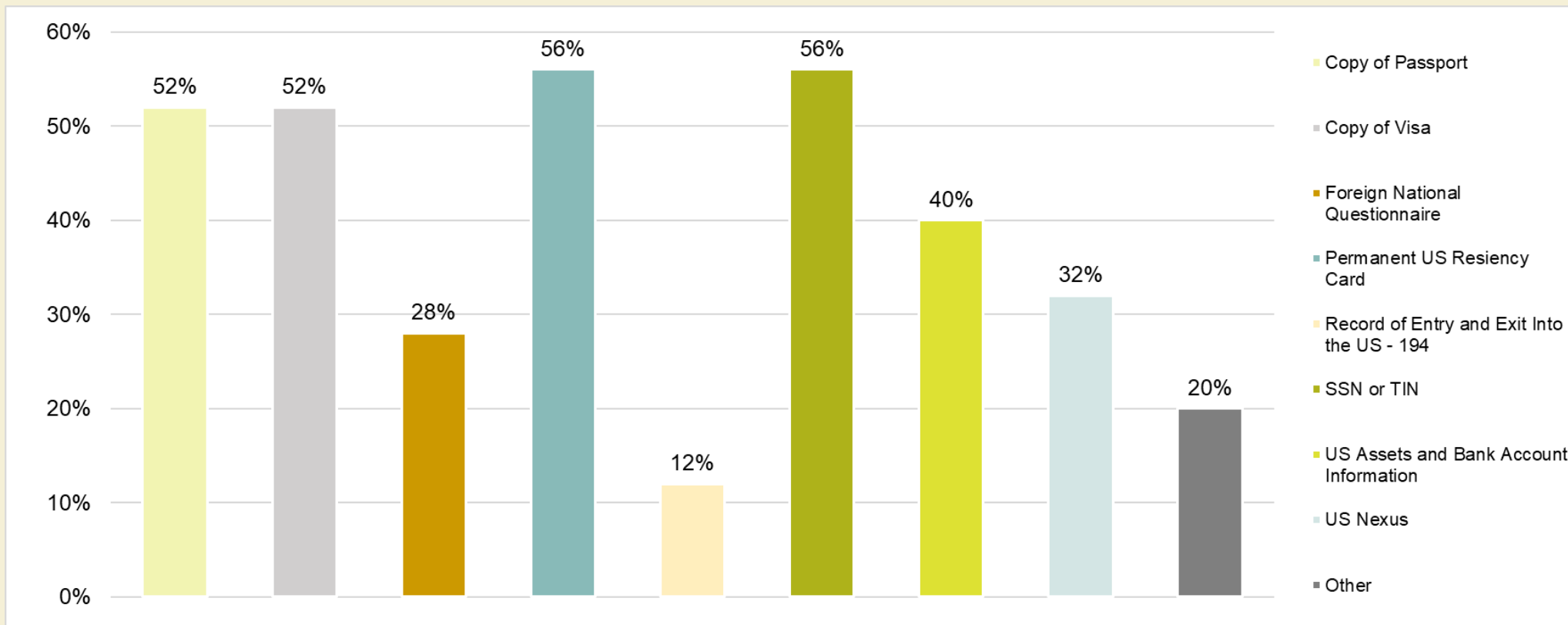
# Efforts Taken to Help Mitigate Foreign National Business Risk

## All Companies



**Other:** Foreign Nationals should have a green card, job and some history in the US to buy a policy. Must have SSN/Tax ID, earned US income and a US bank account.

# Minimum Forms of Verification for Foreign National Policy Owners



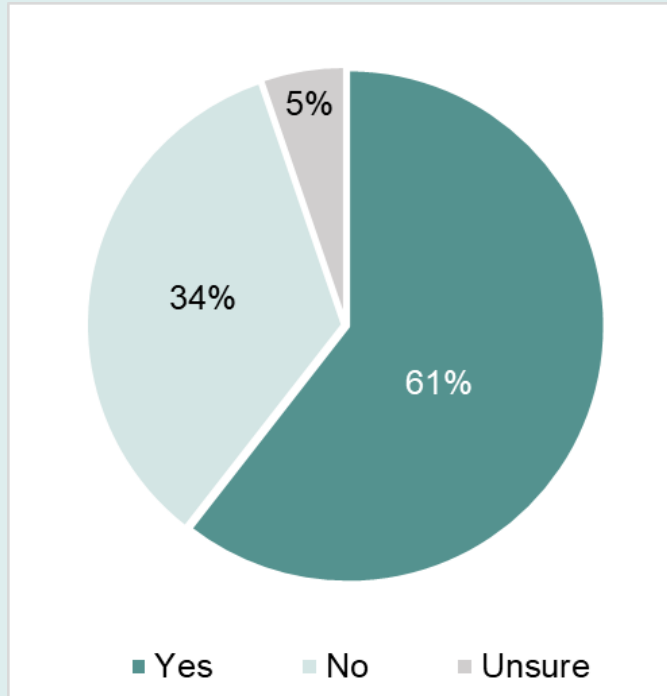
**Other:** Non-expired driver's license.

# OFAC Screening

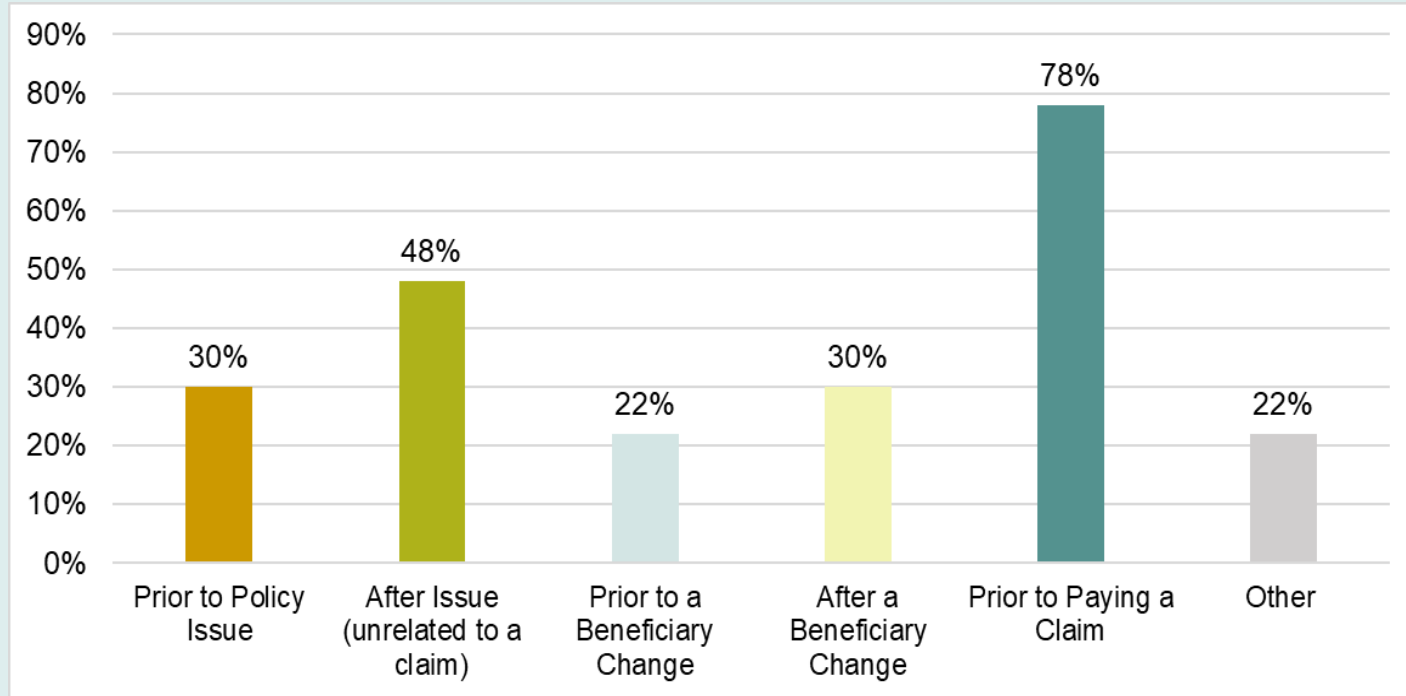


# Screening of Beneficiaries – At Any Time

## Screening of Beneficiaries



## Timing of the Screening



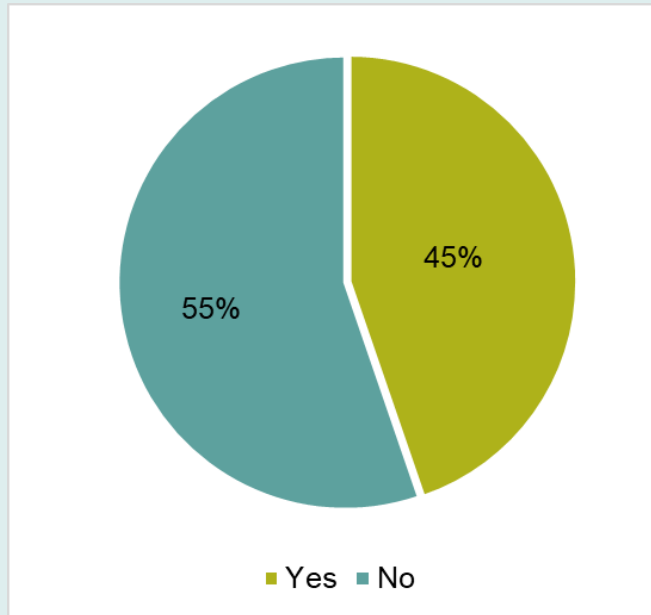
**Other:** Daily disbursements monthly in-force policies, quarterly database run, at time of claim payment and before a beneficiary pay out, owners are screened on a monthly basis, beneficiaries are screened on a nightly basis.



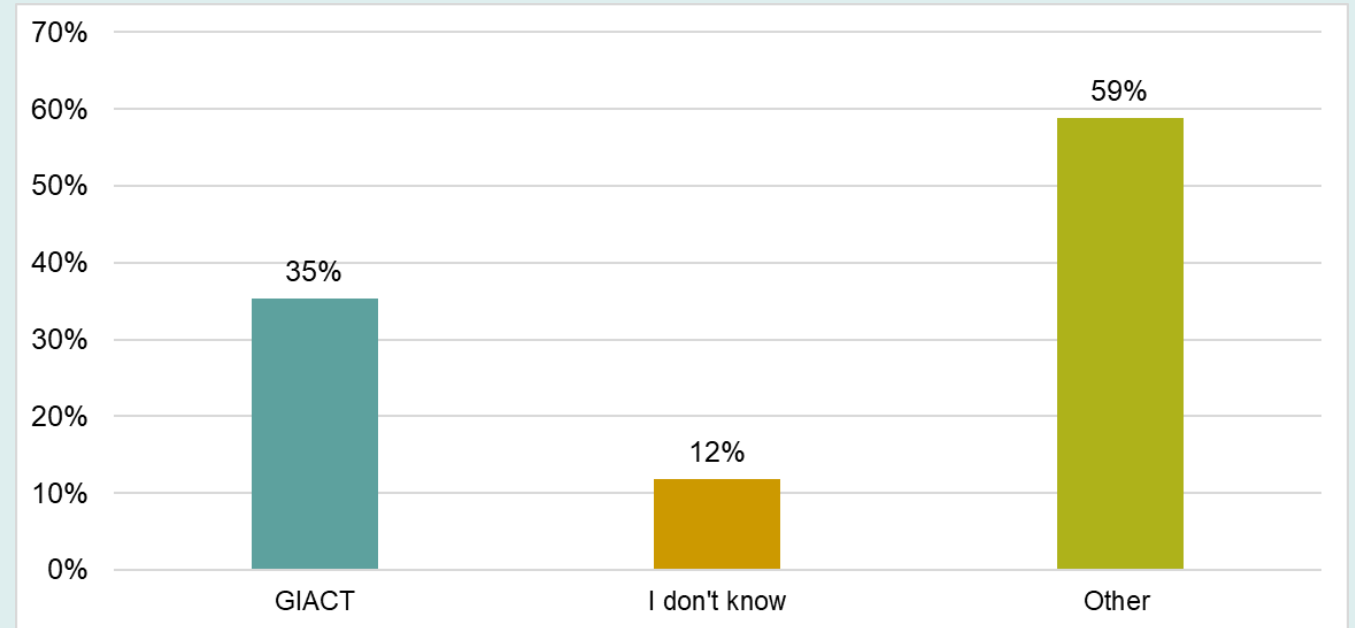
# International Wire Transfers

# International Wire Transfers

## Are They Allowed?



## Verification Steps Taken

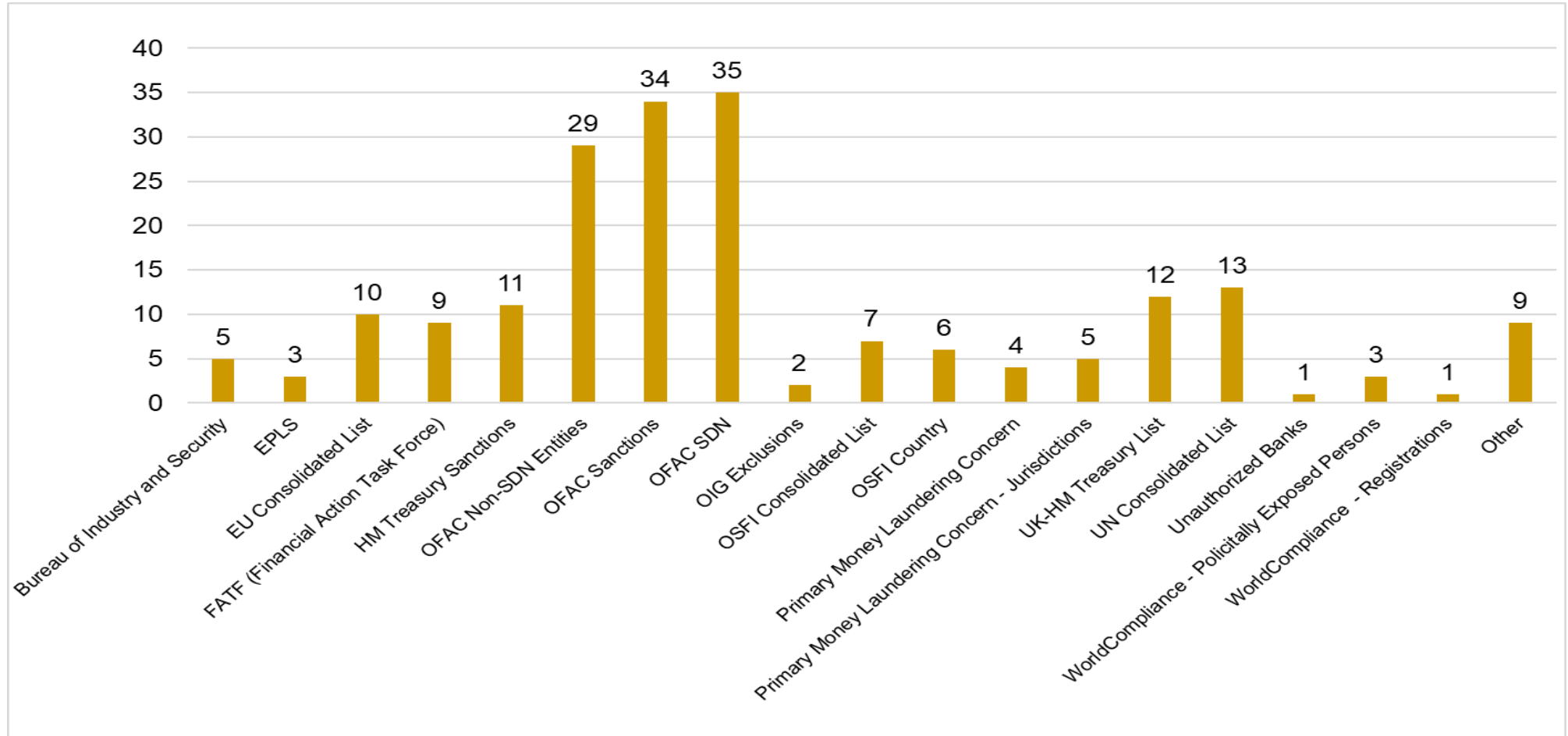


**Other:** LexisNexis OFAC checks, OFAC screening, review of originating party and financial institution, verifying the accountholder & account, additional due diligence documentation for wire transfers, internal system, manual review and investigation.

# Watch Lists



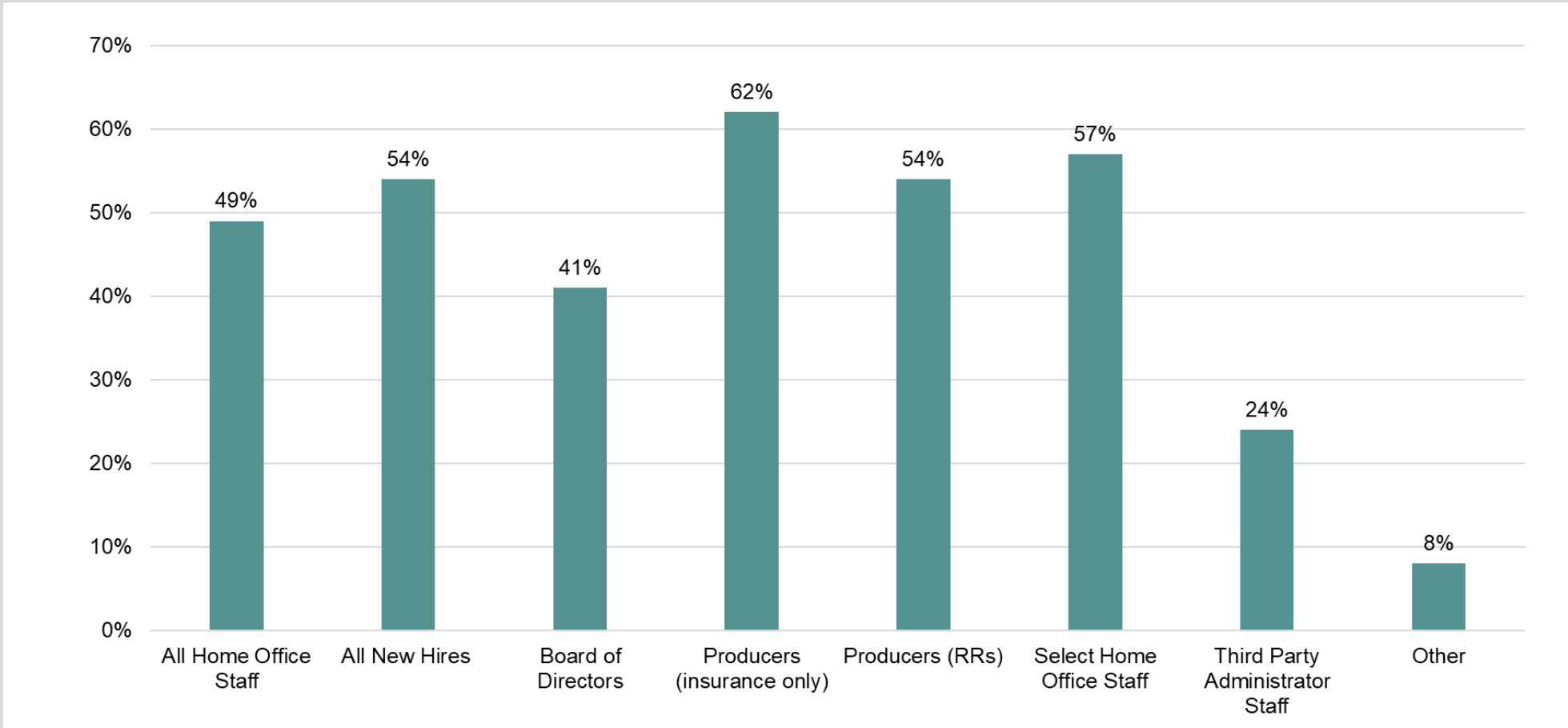
# Watchlists Used for Screening



**Other:** LexisNexis, Non-SDN Palestinian Legislative Counsel (NS-PLC) List, Politically Exposed Persons Screening Tool, lists from the Bridger tool, Australian Department of Foreign Affairs and Trade (DFAT) Consolidated List, CIA –World Leaders, Consolidated Canadian Autonomous Sanctions List, FBI lists, Other lists pertaining to the companies’ reinsurance jurisdictions (e.g., DFAT, MAS, etc.), Refinitiv (more than 140 lists).

# Training

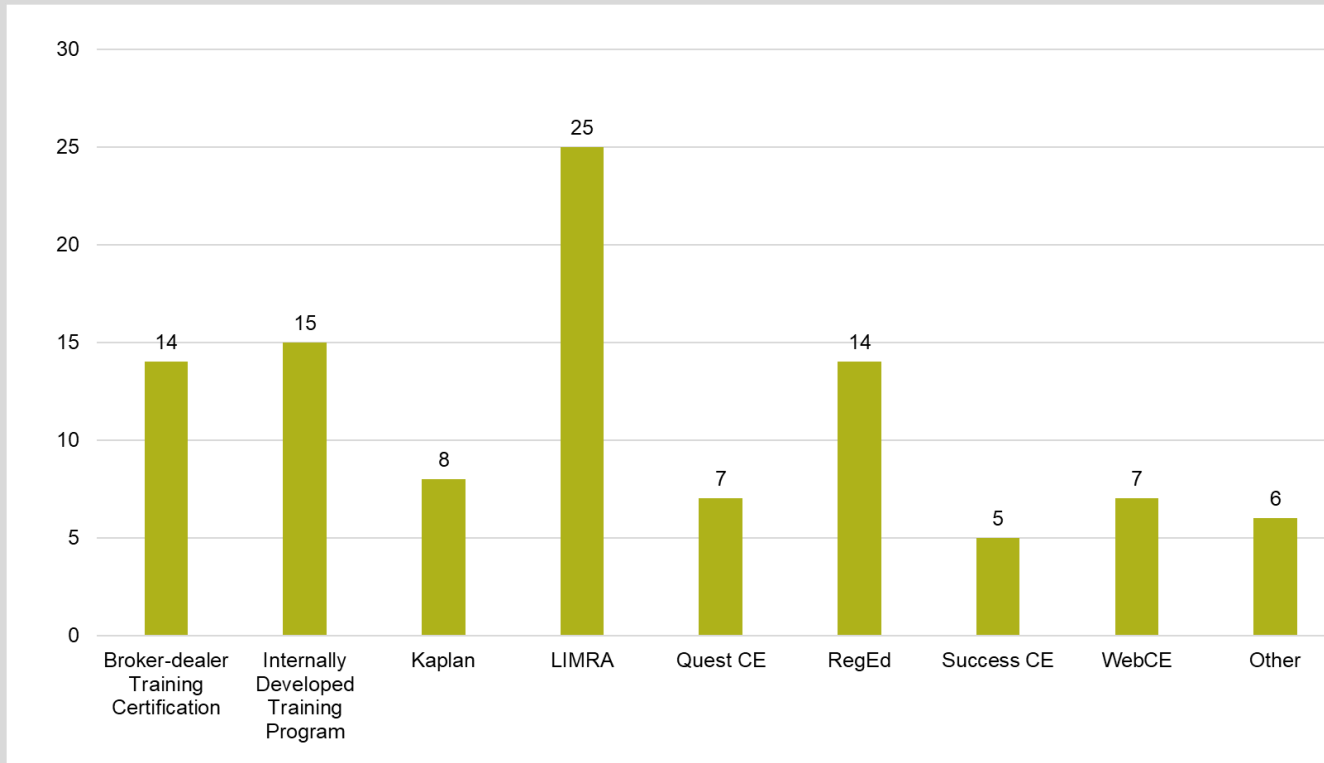
# Who is Required to Complete AML Training?



**Other:** Legal and & Compliance, Compliance & Legal & Executives, Compliance Staff.

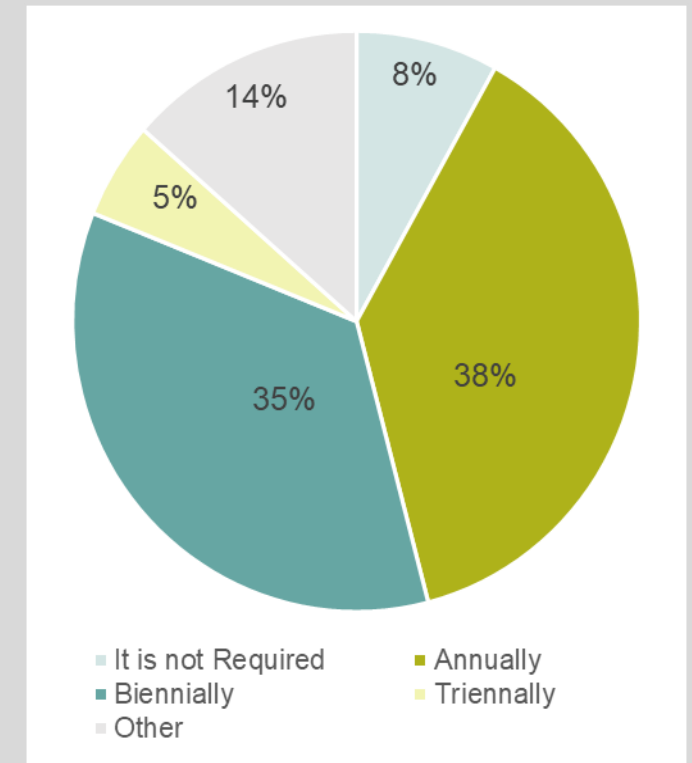
# Producers: Source of Training & Frequency of Training

## Source of Training



**Other:** LRN and other training courses are allowed.

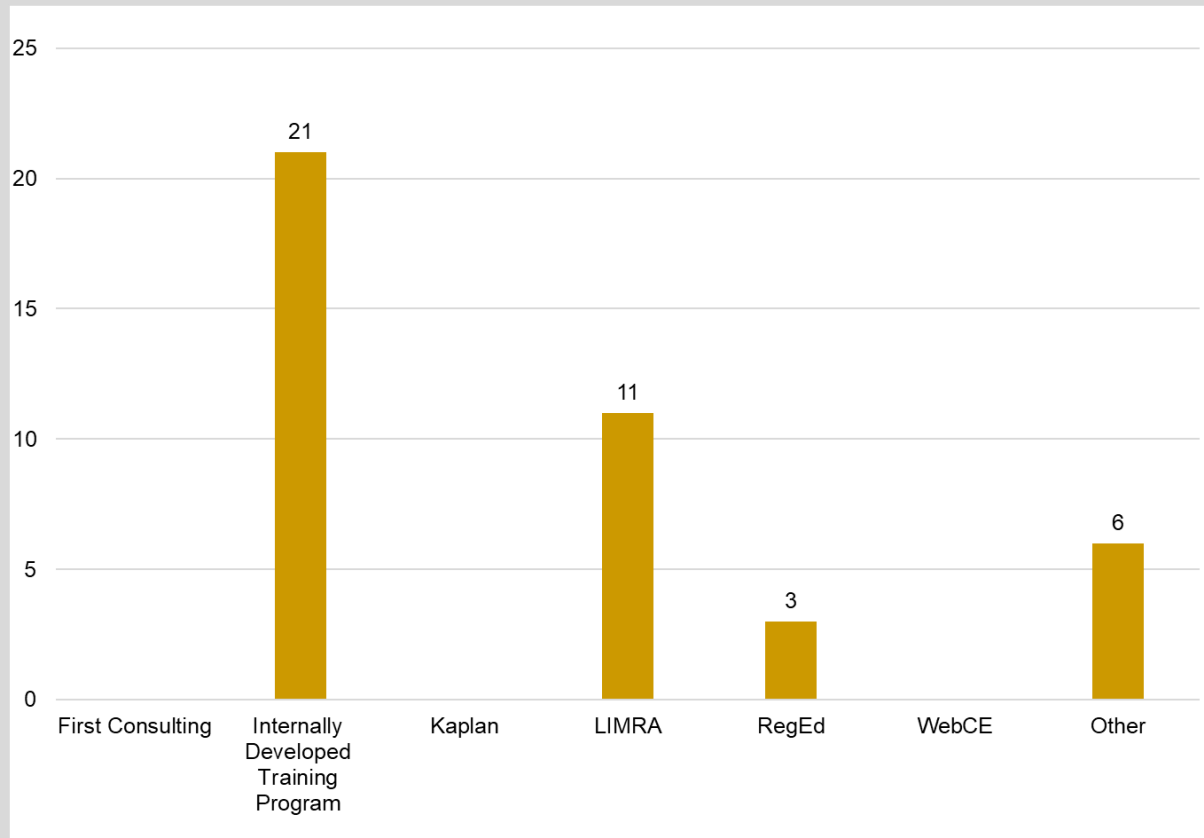
## Frequency



**Other:** Unknown. Every five years.

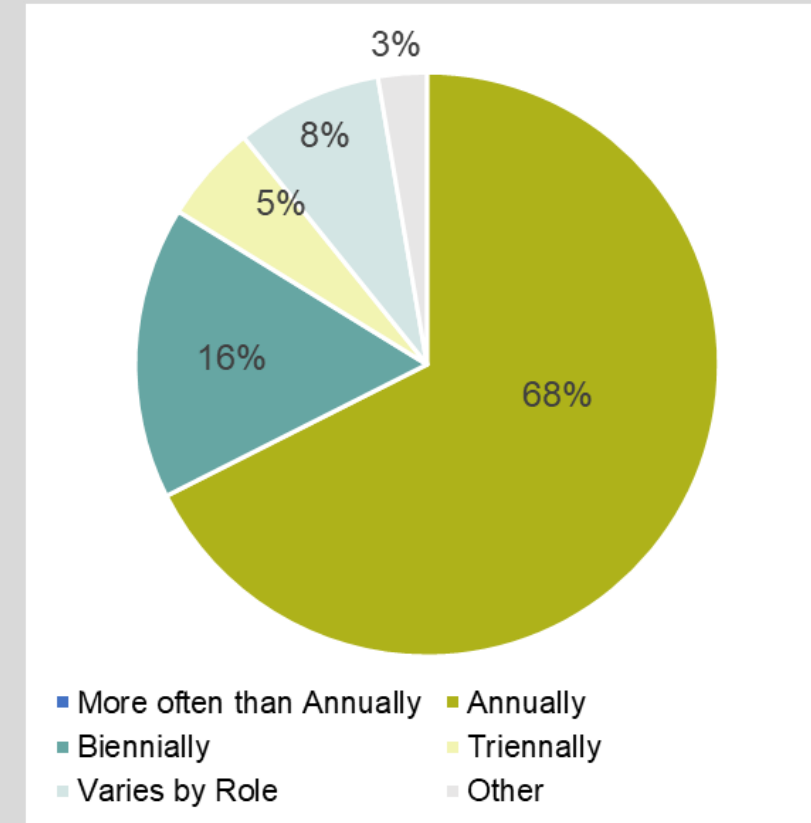
# Home Office: Source of Training & Frequency of Training

## Source of Training



**Other:** WeComply/ TR/LRN and other training courses are allowed.

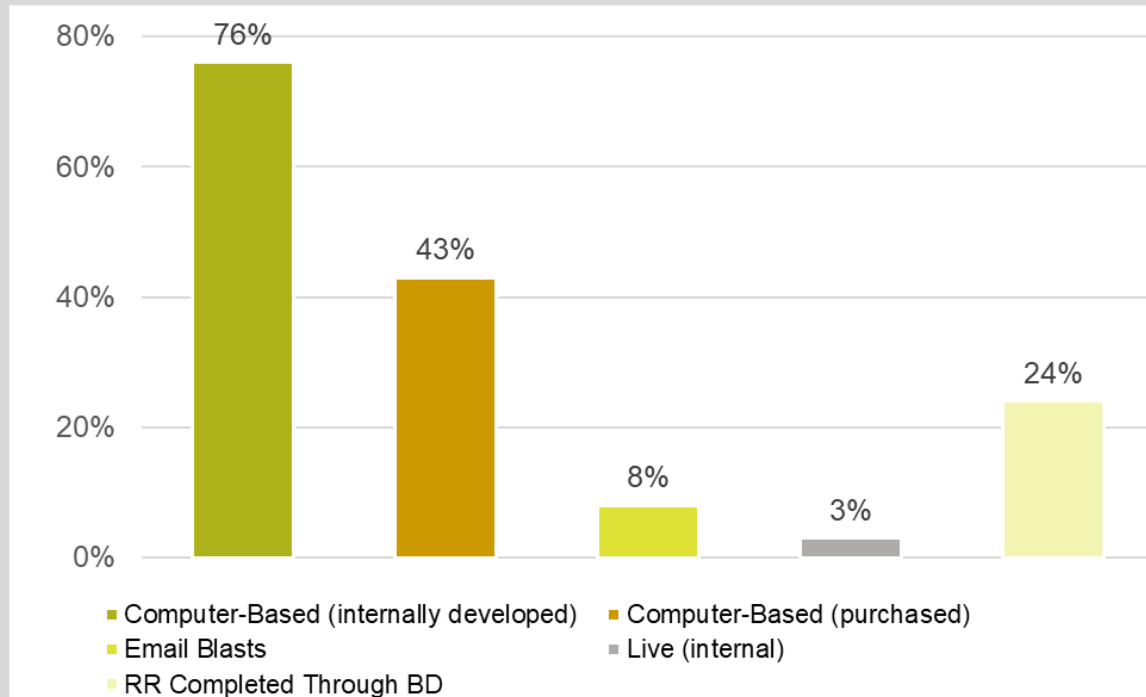
## Frequency



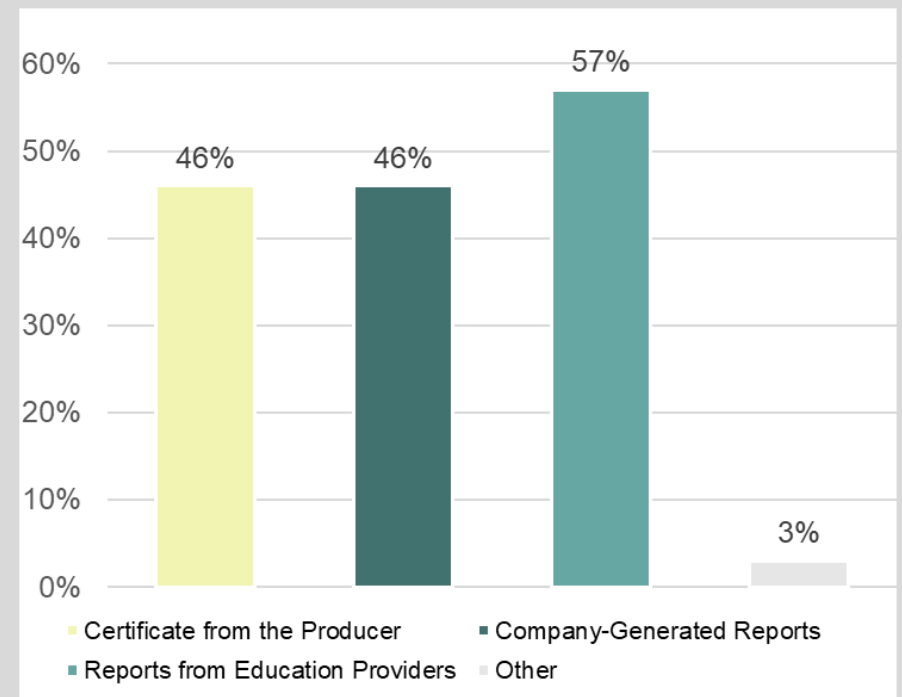
**Other:** Frequency unknown.

# Format of Training & Training Tracking Approach

## Training Format



## Tracking Approach



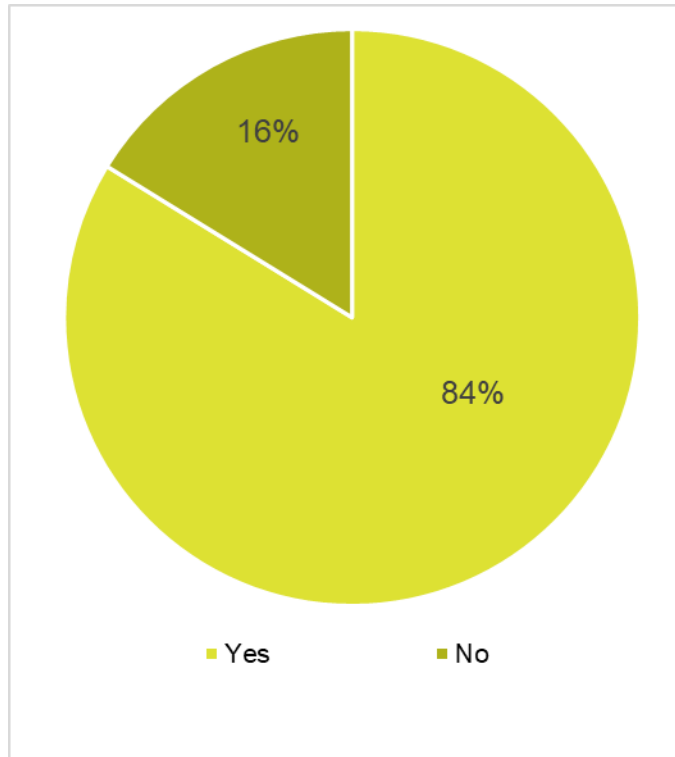
**Other:** Not applicable due to servicing a closed block of business

# Periodic AML Reporting

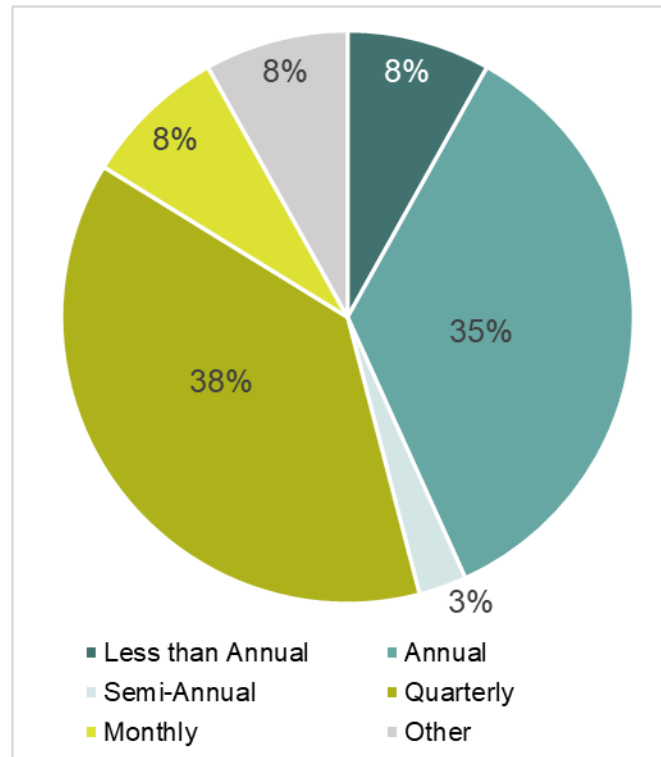


# Periodic Upline AML Reporting

## Reporting Conducted?

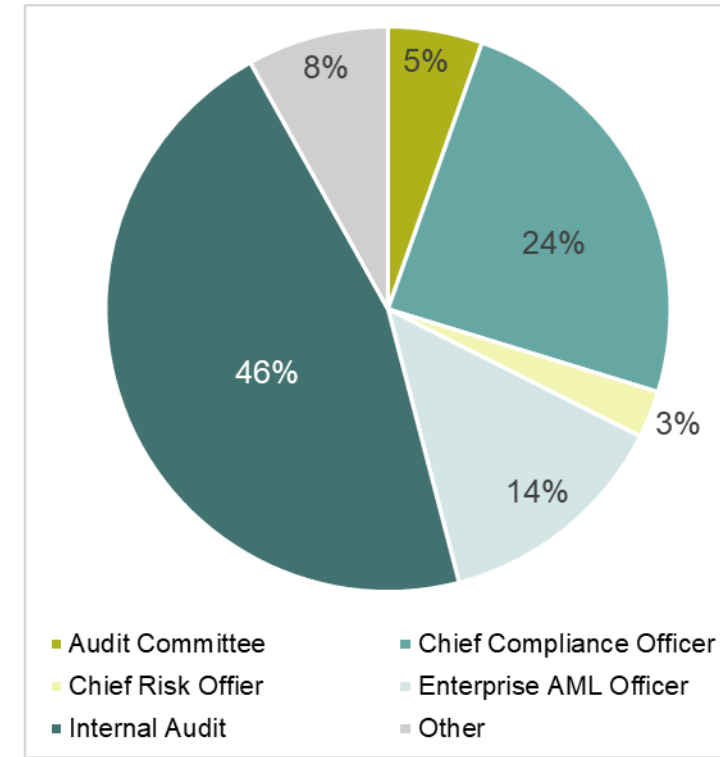


## Frequency of Reporting



**Other:** No regular cadence, no reporting unless requested, annual but more often if there has been an incident.

## Person/ Area Reporting

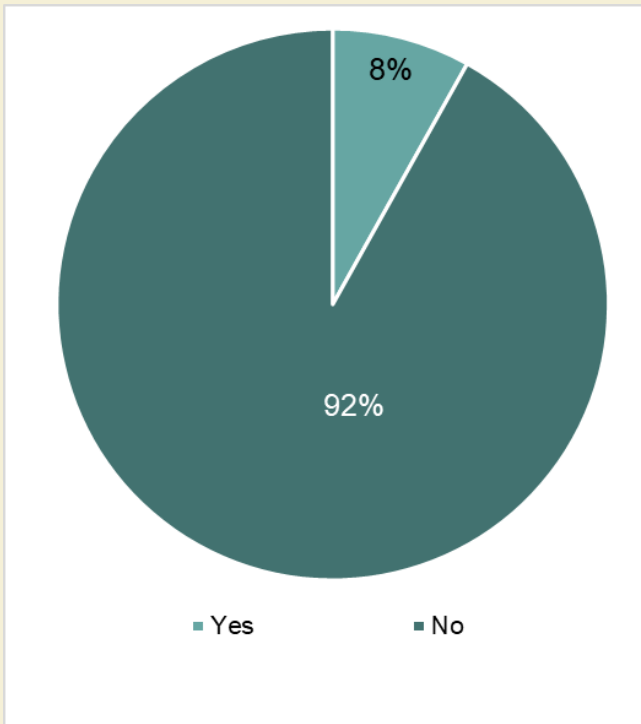


**Other:** Chief Compliance Officer and Internal Audit, AML Officer, no reporting is conducted.

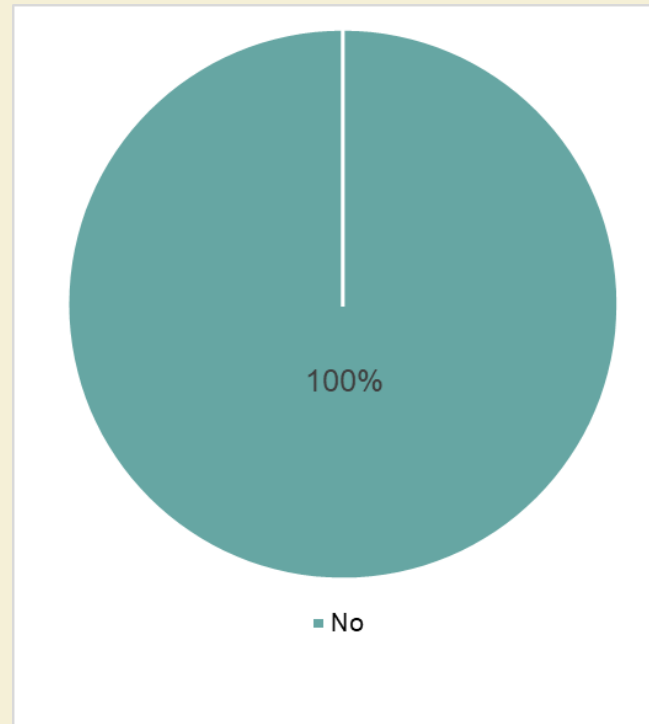
# Regulatory Examination Activity

# Regulatory Examination Activity

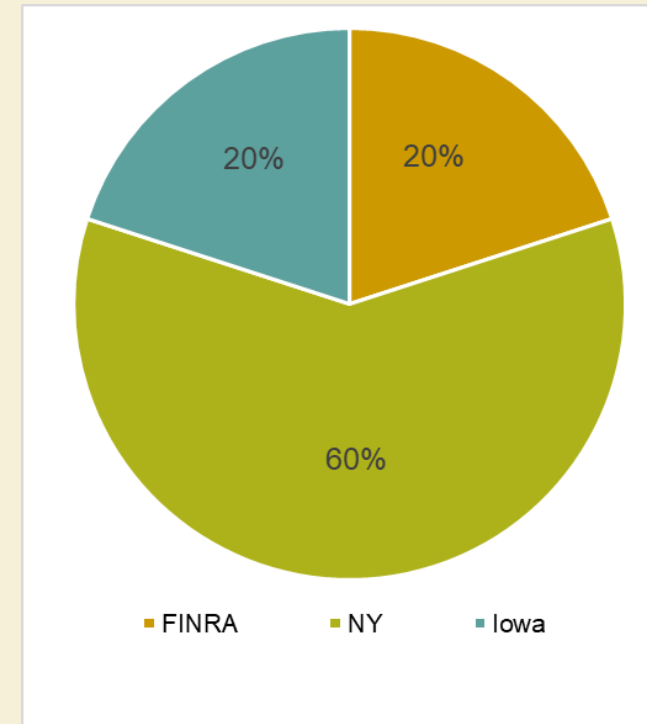
### AML Exam-Last 3 Years?



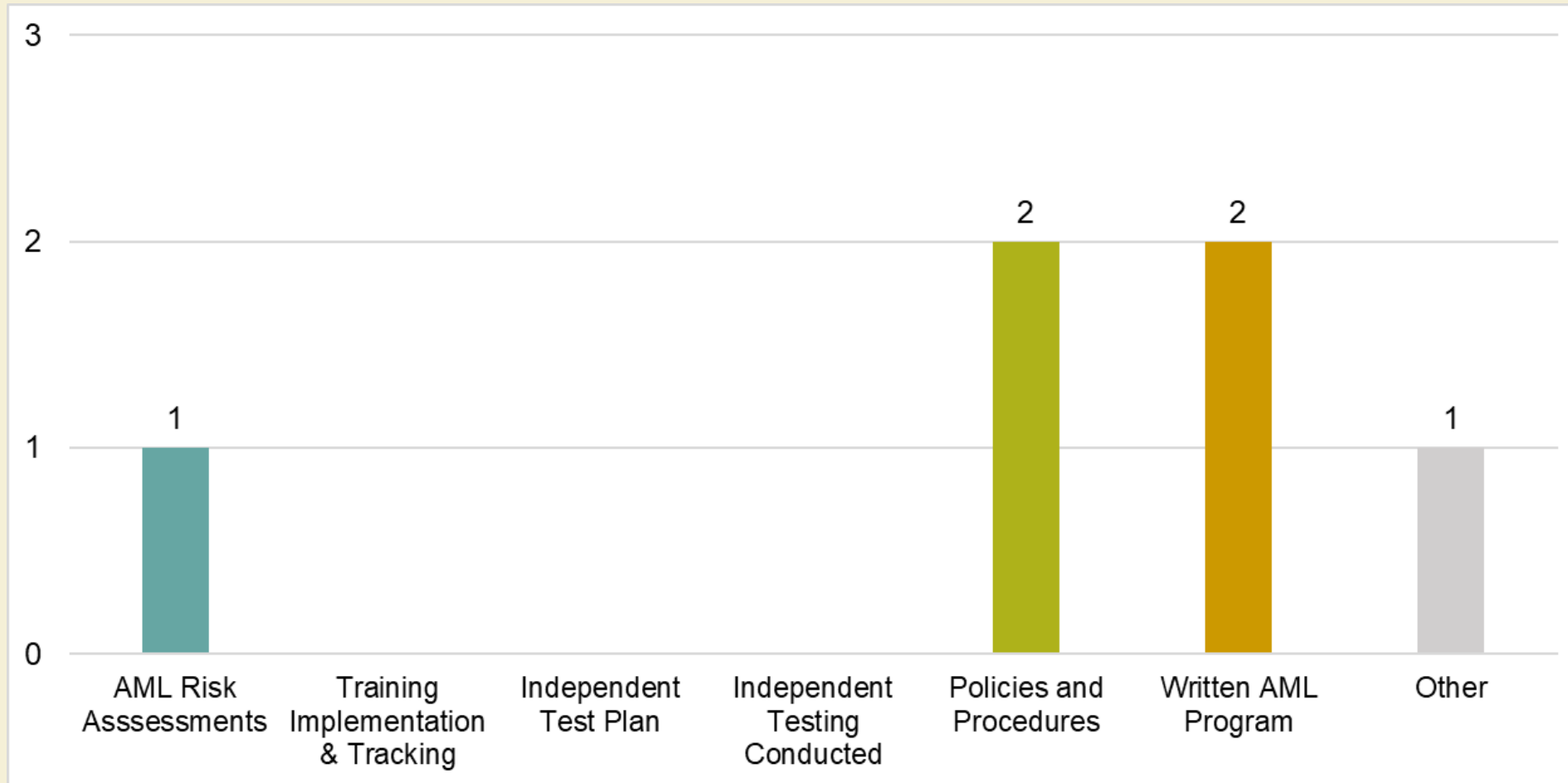
### Increase in Exams?



### Regulatory Authority



# Regulatory Examination Activity



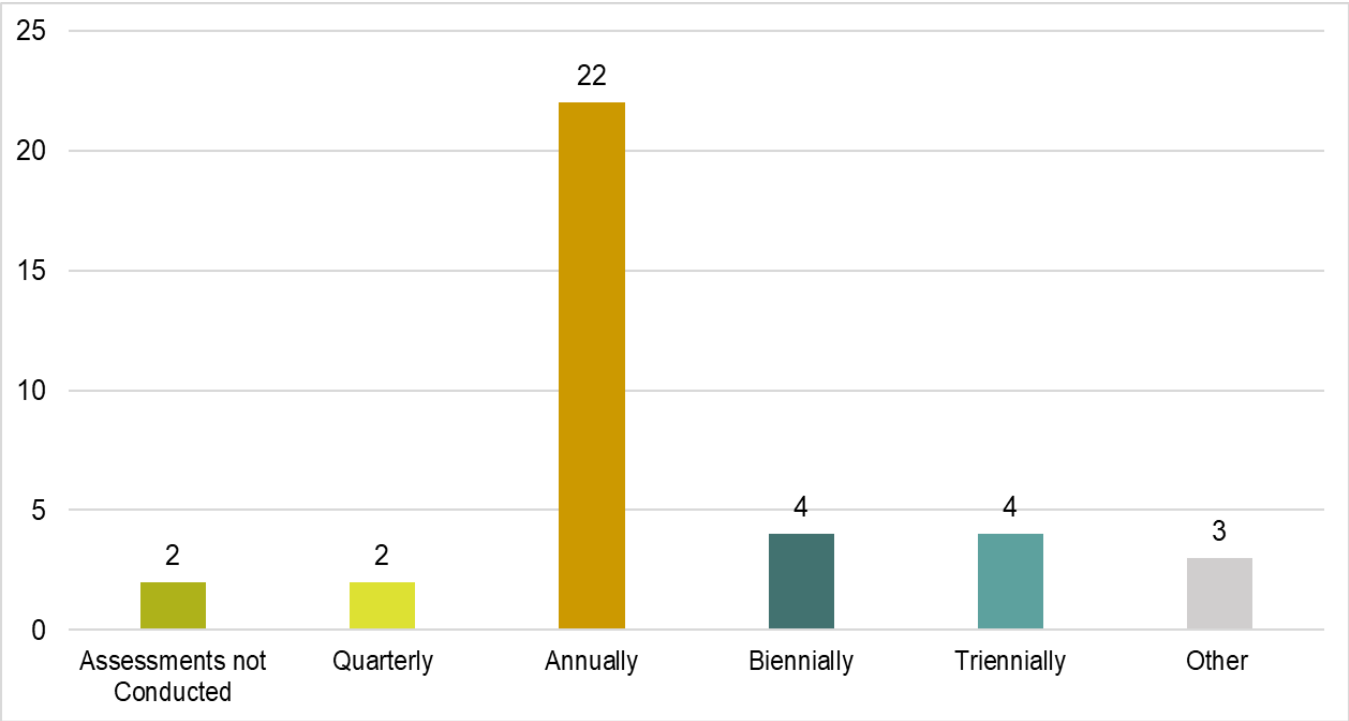
**Other:** Training and CIP.

# Risk Assessments



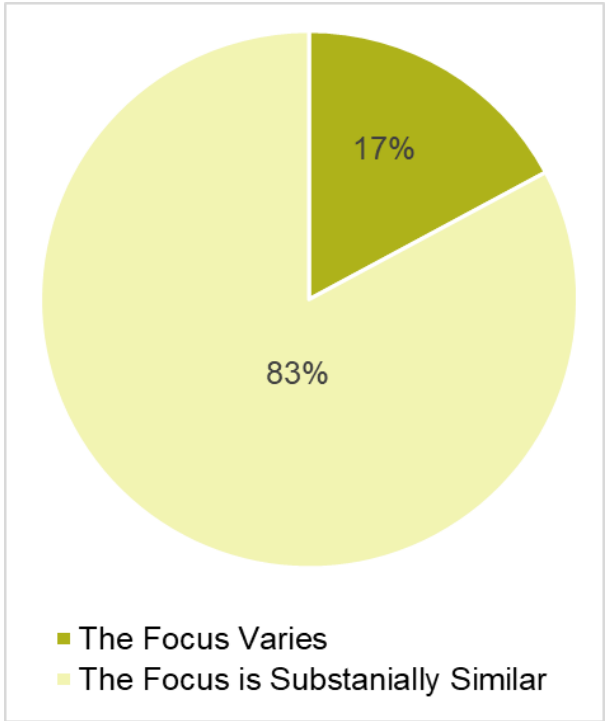
# Frequency & Variation of AML Risk Assessments

### Frequency of AML Risk Assessments



**Other:** No set cadence but working toward annual assessments, on as-needed basis, as needed depending on changes in business, tied to changes in the company (e.g., product mix, processes, etc.), as often as needed based on changes in business.

### Variation of Focus

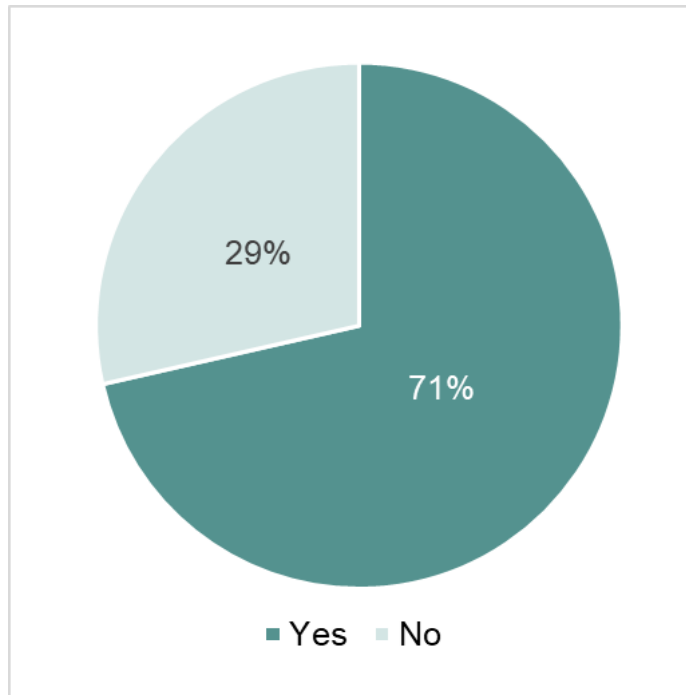


# Risk Assessment Topics Covered

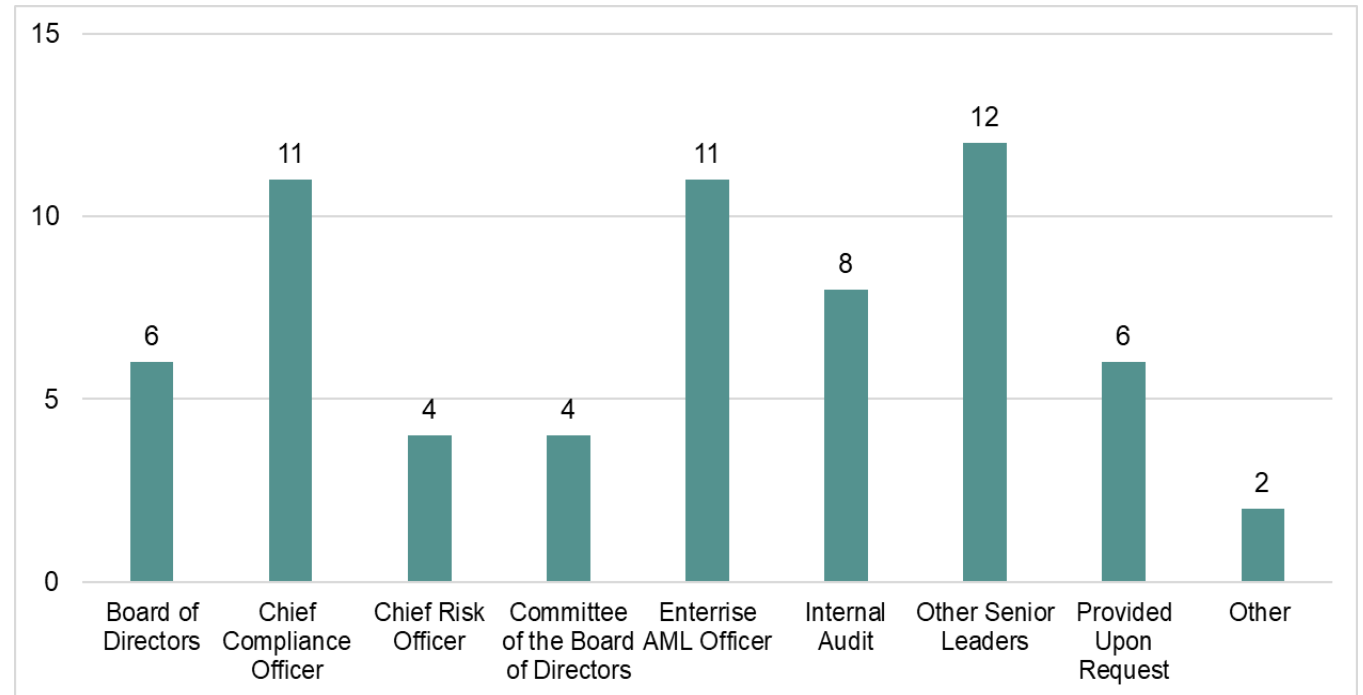
<b>Customers</b>	Type, Financial Profile, Geography (cross border; FinCEN's High Intensity Financial Crime Areas), Transaction Type, Growth
<b>Distribution</b>	Changes in territories, Marketing Channels
<b>Procedures</b>	Review new procedures
<b>Products</b>	Changes in offerings
<b>Regulatory</b>	Exam Findings, Changes in Laws & Regs, Regulatory Trends/Bulletins/Alerts
<b>Risk Factors</b>	Transaction monitoring; Product Risks; Payment Acceptance policies; Withdrawal policies
<b>Risk Reviews</b>	Internal Business Unit Changes; AML Trends; Internal Metrics (SARs reported); Formal Assessments

# Risk Assessments Findings: Written Reports

## Written Reports Prepared?



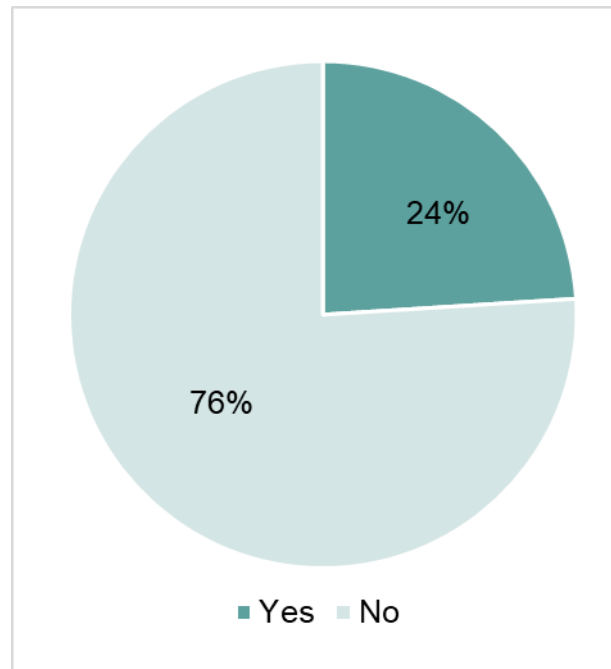
## To Whom are the Findings Reported?



**Other:** The Audit Committee of the Board of Directors, ORC.

# Risk Assessment Reports

## Does the Report Follow an Industry Standard?

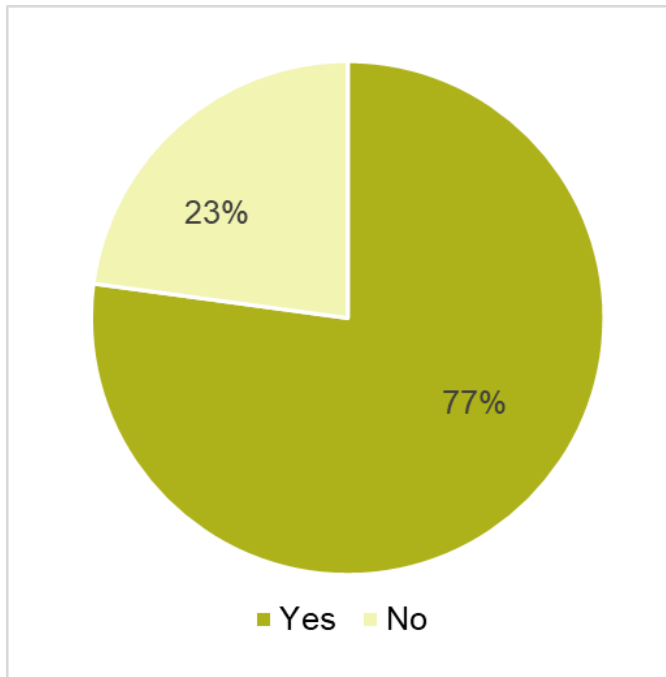


## Comments on Industry Standards Followed:

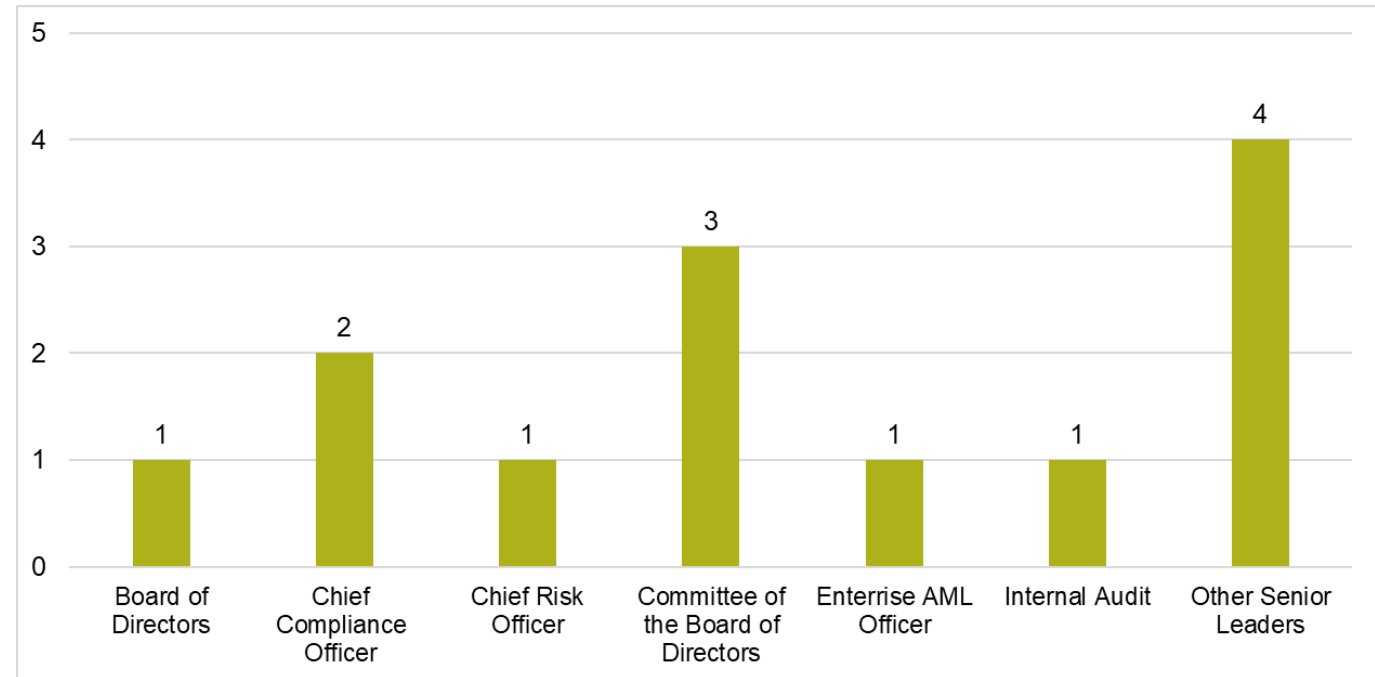
FFIEC exam manual, a modified BSA suggested report, based on FFIEC BSA manual categories of risk, FFEIC manual, FinCEN, the report follows the same internal standards as other corporate risk reports.

# Risk Assessments Findings: Verbal Reports

## Verbal Reports Provided?



## To Whom are the Findings Reported?



# Additional Resources



# 2024 AML Benchmarking Resources

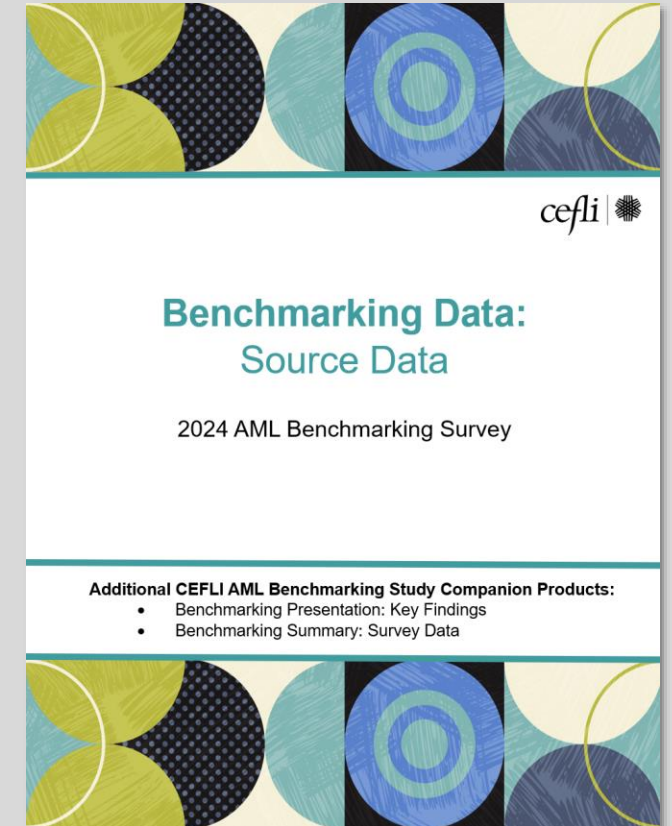
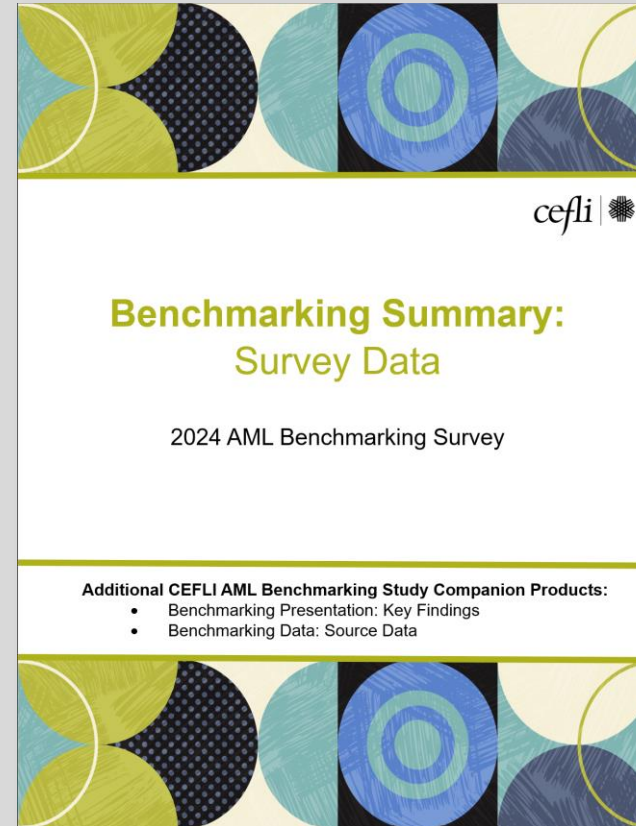
Access to CEFLI's 2024 AML Benchmarking Survey materials is available to CEFLI Members via [this link](#) to the **Benchmarking Surveys** resource under the **Resources** tab of CEFLI.org.

The materials include:

- 1) this "Presentation Deck";
- 2) the "Benchmarking Summary: Survey data" resource; and
- 3) the "Benchmarking Data: Source Data" resource.

Use your CEFLI Member logon and password to access the content. If you do not have a logon and password, you may request one [using this link](#). Approval is not immediate. Each request is reviewed and staff of CEFLI Member Companies will be approved.

## Additional Resource Materials:



# NEW: CEFLI Fraud & AML Networking Forum

CEFLI is pleased to announce the launch of its new **Fraud & AML Networking Forum**.

- The Forum will meet quarterly for 60-90 minutes via Webex.
  - **FEBRUARY 02/27/2024** | 2 PM ET/ 1 PM CT/ 12 PM MT/ 11 AM PT
  - **MAY 05/21/2024** | 2 PM ET/ 1 PM CT/ 12 PM MT/ 11 AM PT
  - **AUGUST 08/20/2024** | 2 PM ET/ 1 PM CT/ 12 PM MT/ 11 AM PT
  - **NOVEMBER 11/12/2024** | 2 PM ET/ 1 PM CT/ 12 PM MT/ 11 AM PT
- Agenda topics will be based on the issues submitted by Forum members. Agenda topics will be requested two weeks prior to each Forum meeting.
- The discussion will be derived from Forum members' willingness to share their experiences and insights with each other.
- Meetings will be informal (no minutes).
- To join the Forum, please email: [DeKeimach@CEFLI.org](mailto:DeKeimach@CEFLI.org)





# Questions



# Important Reminders

# CLE Reference Information

While CEFLI does not file its materials with any State Bar Associations, if you plan to self-submit a copy of the presentation deck and your completed Certificate of Attendance form to a Bar Association for **potential CLE consideration**, please know:

- CEFLI is the sponsor of the webinars (conducted using Cisco Webex).
- Participants are required to register to join CEFLI's events.
- CEFLI provides a Certificate of Attendance form only to individuals who attended a live event.
- We do not provide bios for Webinar speakers though speaker names, titles and affiliations are included within the presentation.
- We do not have a way of knowing how many attorneys attend a CEFLI event.
- While we do provide a timed agenda for CEFLI's one-hour events.
- Participants may ask questions of the speakers during webinar event by clicking on the Q&A feature in the Webex.
- CEFLI is not a marketing organization. It is a compliance and ethics organization whose mission is to support professionals by providing educational opportunities that address current compliance matters.

# Reminders

1. Please complete our **1-minute post event survey** when you receive the email, shortly.
2. The **presentation deck** will be emailed to you within 24 hours.
3. A **Certificate of Attendance** template will be included in the email. Note: CEFLI's materials are not filed for CLE or CE with any State Bar or other organizations.

**Thank You for Joining Us Today!**