

Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila

ANNEX "A"

AML AND CTF COMPLIANCE QUESTIONNAIRE

PANA HARRISON REINSURANCE BROKERS (PHILS.), INC.

NAME OF ICRE

December 13, 2021

Date Accomplished

A. BOARD OF DIRECTOR AND SENIOR MANAGEMENT OVERSIGHT

1. Board of Director (BOD) And Senior Management (SM) Oversight

- a. Is there a clear guidance from the BOD of the entity's strategic and operational plans and objectives in ensuring that the entity shall not be used as a ML and TF conduit?

Answer:

Yes.

If so, please describe including the budget allocations to implement these plans and objectives.

Answer:

As a reinsurance broker, Pana Harrison and Reinsurance Brokers (Phils.), Inc. (PANA) derives its revenues from reinsurance broking services rendered to local insurers. These services consist mainly of placement of risks with local or foreign reinsurers, receipt of the premiums due on the risks from the local insurers, remittance of the said premiums to the local or foreign reinsurers, and, in the event of claims, receipt of the reinsurer's compensation for such claims for subsequent remittance to the local insurers. Thus, to prevent PANA from being used as an ML or TF instrument, the Board has instructed that:

- i. PANA deals only with domestic insurance companies duly licensed by the Insurance Commission, or with foreign reinsurers represented by duly appointed resident agents in the Philippines;
- ii. Only premium payments for risks reinsured through the services of PANA are accepted by PANA;

- iii. Only premium payments for risks reinsured through the services of PANA are remitted to local or foreign reinsurers;
- iv. Only remittances from local or foreign reinsurers as compensation for claims arising from risks reinsured through the services of PANA are accepted;

Have these plans and objectives been cascaded to Senior Management and responsible officers and employees? If so, state how this was done.

Answer:

Yes, through written and verbal instructions.

- b. In relation to question no. 1, please describe the control policies and mechanisms (e.g. reportorial requirements, rewards and disciplinary system, training program, etc.) adopted by the BOD to attain these policies and objectives.

Answer:

A compliance officer was appointed and tasked to monitor the observance of the policies laid down by the BOD. She is mandated to submit a report to the BOD every meeting to determine if the guidelines are properly followed, including recommendations to hurdle potential problematic situations, if any. She is also required to attend lectures, seminars and conferences and other educational forums to keep herself abreast with the developments on ML and TF matters.

- c. Please describe the entity's framework for ML and TF prevention. What are the roles of the BOD, Senior Management, Compliance Office, Internal Audit and other Officers in ML and TF prevention? What reports are required to be submitted to the BOD to assist them in their decision-making processes?

Answer:

PANA is a small company whose day-to-day affairs are run by a Manager and an Accountant, aided by two (2) clerical staff. The Manager, who is also the Compliance Officer, and the Accountant, who acts as Internal Auditor, attend all the regular meetings of the BOD which are held once every quarter. Hence, the BOD is kept

updated of the ML and TF prevention efforts every quarter for well-informed decision-making and policy-formulation processes.

- d. Please describe the risk management system, relative to ML and TF prevention.

Answer:

The risk management process of PANA for ML and TF prevention totters.

| PLAN OF ACTION | ACTIVITY |
|---|--|
| Risk Identification | - Pinpoint the risk |
| | - Determine the potential source of the risk |
| | |
| Assessment of the Impact of the Risk | - Assess the gravity of the risk |
| | - Anticipate the possible consequences of the risk |
| | |
| Risk Prioritization and Analysis | - Classify the degree of the risk into low, medium or high |
| | |
| Risk Mitigation, Planning, Implementation & Progress Monitoring | - Medium to high risk might need risk mitigation planning |
| | - Low risk may simply be placed on watchlist |

- e. Does the Compliance Office/Officer report directly to the BOD? If not, to whom does the Compliance office/officer report? How frequent is this done?

Answer:

Yes, at every board meeting, which is held regularly once every quarter.

- f. Please describe the authorities delegated by the BOD to the Compliance Office and the AML and CTF Compliance Officer related to ML and TF prevention.

Answer:

The authority delegated by the BOD to the Compliance Officer embraces everything from the inquiry and examination of the sources of funds and the issuance of the report containing her

findings recommendation, taking into consideration the audit report of the Internal Auditor.

- g. What other relevant oversight does the BOD and Senior Management exercise to ensure attainment of the entity's plans and objectives relative to ML and TF prevention?

Answer:

The BOD has empowered the Compliance Officer to launch any and all measures designed to prevent ML and TF, including the authority to initiate the prosecution and punishment of any individual or entity violating the law against ML and TF.

2. **Identification, Measurement, Monitoring, And Controlling Of Risks And Problems Related to ML And TF**

- a. Have you conducted risk profiling of all existing customers? If not all, what percentage of the total customers count had been profiled?

Answer:

Yes.

- b. Have you conducted an assessment of the risks and vulnerabilities that your entity is exposed into? Please describe how the assessment was done.

Answer:

Yes. The clients of PANA local insurers and foreign insurers with duly appointed resident agents in the Philippines. Since all the clients have been found to have been duly vetted and licensed by the Insurance Commission to engage in the business of insurance, the risk that PANA is exposed to is low, if not nil.

- c. What identified risks and vulnerabilities is the entity exposed into and how are these risks and vulnerabilities measured, monitored, and controlled by the BOD and/or SM?

Answer:

PANA can be made a conduit for ML in case of infusion of additional capital in the event of an increase in the net worth or minimum capitalization requirement is prescribed by the Insurance Commission. However, considering the right of first refusal of its existing shareholders, and the net worth of PANA

which far exceeds the existing minimum net worth requirement, the risk is nil, if not remote.

3. **Self-Assessment Systems That Are Either Pro-Active, Through Compliance-Testing, Or Reactive, Through Internal Audit**

- a. Have you conducted an over-all assessment of the entity's level of compliance with the Anti-Money Laundering Act of 2001 (AMLA), under Republic Act (R.A.) No. 9160, as amended by R.A. Nos. 9194, 10167, 10365 and 10927, the Terrorism Financing Prevention and Suppression Act (TFPSA), under R.A. 10168, their respective Implementing Rules and Regulations (IRR), Circular Letter (CL) No. 2018-48, as amended and other relevant laws, IC and AMLC Issuances? Please describe how this was done and state the frequency of the assessment.

Answer:

Self-assessment is done quarterly through internal audit, to coincide with the quarterly meeting of the BOD, where the quarterly report on the inward and outward flow of funds is submitted. In addition, the Insurance Commission conducts an annual audit of the affairs and operations of PANA, to determine compliance with the laws and their implementing rules.

- b. Based on the assessment, please state in percentage the level of compliance of the entity.

Answer:

The percentage of compliance is 100%.

- c. How are deviation from pre-set guidelines as well as deficiencies and weaknesses noted during internal and external audits corrected and what are the mechanisms undertaken to monitor implementation of corrective measures?

Answer:

No deviations were noted.

- d. Has your entity recently undergone an internal audit on AML and CTF Compliance? If yes, summarize the key findings and/or recommendations that were noted in the most recent internal audit report and set out the measures that the BOD has undertaken to address these findings and to monitor the same.

Answer:

The key findings are that there are no deviations from the guidelines prescribed by the BOD on AML and CTF Compliance.

- e. Has your entity recently undertaken compliance testing of other departments, units, offices and branches that is independent of the internal audit? If yes, please describe the process (whether on-site inspections were conducted) and summarize the key findings and/or recommendations that were noted in the most recent compliance testing report and set out the measures that the BOD has undertaken to address these findings and to monitor the same.

Answer:

As previously stated, PANA is a small company run by a complement of four officers and support personnel, with no extension unit or branch.

3. **Management Information System**

- a. Has the entity carried out an assessment of the effectiveness of the management information system as well as the AML and CTF electronic or manual, as applicable, monitoring system? Please specify how this is done.

Answer:

Monitoring through the management information system is done quarterly, to determine the efficacy of controls designed to keep and maintain compliance, detect violations and report compliance results and issues.

- b. What reports are being submitted to the BOD or Board level/approved Committee to assist them in their decision-making processes relative to ML and TF prevention, who signs them and how frequent are they being required?

Answer:

The quarterly report of inward and outward remittance of funds.

- c. Does the entity keep annual statistics on red flags systems alerts, ML investigations, CT reports, ST reports broken down as to the nature? If so, which Office requires and maintains the same? Please provide copies of the statistics.

Answer:

No red flags or alerts have been noted and reported so far.

- d. Does the entity keep track dispositions of red flag systems alerts? If so, which Office requires and maintains the same? Please provide copies of the tracking report.

Answer:

No red flags or alerts have been noted and reported so far.

5. **Capability of Compliance Office in Managing the Entity's MTPP**

- a. Provide the names and contacts details of AML and CTF Compliance and Alternate Compliance officers. Also, provide the name of another officer designated by the company who is responsible and accountable for all record keeping requirements under the AMLA, as amended, TFP SA, their respective IRR, CL No. 2018-48, as amended and other relevant laws, IC and AMLC issuances.

| NAME OF COMPLIANCE OFFICER | CONTACT NUMBER |
|----------------------------|----------------|
| Purificacion L. Montenegro | (02) 88130004 |

| NAME OF ALTERNATE COMPLIANCE OFFICER | CONTACT NUMBER |
|--------------------------------------|----------------|
| Romana G. Velasco | (02) 88130028 |

| NAME OF RECORDS CUSTODIAN | CONTACT NUMBER |
|---------------------------|----------------|
| Cecilia G. Arevalo | (02) 88102771 |

- b. Describe the structure of the Compliance Office including the financial, human and technical resources, delegated authorities, reporting and communication line, duties and responsibilities of the Office as a whole and of individual officers and staff together with their qualifications and experience as well as standards in hiring new employees, and control mechanisms (such as the power to monitor and ensure compliance including the authority to impose sanctions or give incentives or rewards when necessary) of the Office in ensuring that the pre-set objectives are adhered by responsible officers and employees in the different Departments, Groups, Units and/or Branches?

Answer:

As stated elsewhere in this Q and A, the day to day operation of PANA is run by a 4-member complement with the Manager as the Compliance Officer, the Accountant as Alternate Compliance Officer and with two clerical personnel as support staff. PANA has no branch, office or unit outside of its one and

only office in Makati. PANA does not intend to hire new employees. The authority delegated by the BOD to the Compliance Officer is broad enough to include strict compliance with the pre-set guidelines laid down by the BOD.

- c. How are newly adopted policies and procedures as well as subsequent changes thereto assessed (as adequate or inadequate) and how are the results of the assessment communicated to the BOD, to Senior Management, to different Departments, Units, Groups, Sub-groups and to the Branches up to the frontliners and/or agents?

Answer:

No new policy or procedure has been formulated much less adopted by the BOD as no potential breach has been detected, and the existing ones are deemed adequate for a reinsurance entity like PANA.

- d. How is the adequacy of AML and CTF training assessed? Please specify in detail.

Answer:

The adequacy of training is assessed by independent testing performed by the Compliance Officer and the Internal Auditor.

- e. Have you taken the necessary measures to prevent criminals or their associates from holding or being the beneficial owners of a significant or controlling interest or holding a management function, including membership in the Board or any Committee within your entity? If yes, please describe the measures taken.

Answer:

Yes. PANA being a close corporation, the transfer of any issued stocks is subject to stringent limitations such as the right of first refusal of existing stockholders. There are no changes in the ownership structure as to warrant the adoption of new policies and procedures governing the transfer and ownership of shareholdings ever since PANA was organized.

- f. Do you have a screening process that ensures high standards when hiring employees? If yes, please indicate the specific policy provisions applicable.

Answer:

PANA has no plan to hire additional employees. Its existing

roster of employees is sufficient to address not only the manpower requirements for the effectiveness and efficiency of the office but also the ML and TF prevention needs.

- g. Are the directors and senior management subject to internal "fit and proper" requirements including a check on their expertise and integrity? If yes, please provide the relevant policy provisions. If elections, selection or appointment is based on family ties, please indicate.

Answer:

The incumbent directors have been running PANA even before the enactment of the AMLA and TFPSA. No background investigation or inquiry is necessary to check their integrity and expertise, considering their long-standing membership in the Board.

- h. Do you ensure that your foreign branches and subsidiaries observe AML and CTF measures consistent with the Philippine's legal requirements? If yes, please indicate the specific policy provisions.

Answer:

PANA has no foreign branches or subsidiaries.

- i. In connections with the last question, was there an instance when the home country supervisor where a foreign branch or subsidiary is located has prohibited the branch or subsidiary from observing the Philippine laws, rules, and regulations because it is prohibited by local (i.e. host country) laws, regulations or other measures? If yes, have you notified the Insurance Commission (IC) of this directive? Please indicate the specific legal provision(s) that provide(s) the legal basis for this requirement.

Answer:

PANA has no foreign branches or subsidiaries.

- j. How are the provisions of the Money Laundering And Terrorist Financing Prevention Program (MTPP) disseminated to responsible officers, employees and agents and how are their compliance assessed and monitored?

Answer:

The provisions of the Money Laundering And Terrorist Financing Prevention Program (MTPP) had long been disseminated to the responsible officers and employees of PANA through emails and discussed in meetings of the BOD where the responsible officers of the organization are always in attendance.

- k. What other relevant management practices does the Compliance Office exercise to manage its MTPP and ensure attainment of the entity's plans and objectives relative to ML and TF prevention?

Answer:

Only regular reporting to the BOD at its quarterly meeting is done, considering that no potential breach has been detected ever since.

6. Nature Of Weaknesses Noted and Ability to Address Existing And Potential Risks And Problems

- a. Has your entity undergone a previous AML and CTF Compliance Checking by the IC? If yes, please summarize the key findings and/or recommendations that were noted in the most recent AML and CTF report and set out the measures that the BOD has undertaken to address the findings and to monitor the same.

Answer:

Every year, the IC conducts an audit of PANA's operations, and no adverse findings were noted ever since.

- b. How are deviation from pre-set guidelines as well as deficiencies and weaknesses noted during internal and external audits corrected and what are the mechanisms undertaken to monitor implementation of corrective measures?

Answer:

No deviation from pre-set guidelines has been detected by PANA and even by the IC Examiners who conduct an annual audit of the operations of PANA.

7. Institutional Risk Assessment

- a. Has your entity undergone an Institutional Risk Assessment? If yes, when was this conducted?

Answer:

No.

- b. Has your entity documented the risk assessment and findings? If yes, please summarize the key findings and/or recommendations that were noted in the most recent institutional Risk Assessment and set out the measures undertaken to address the findings and to monitor the same.

Answer:

PANA has not undergone any institutional risk assessment.

- c. Has your entity considered all the relevant risk factors, including the results of national and sectoral risk assessment, before determining what is the level of overall risk and the appropriate level and type of mitigation to be applied? If yes, please provide a summary.

Answer:

No.

B, MONEY LAUNDERING AND TERRORIST FINANCING PREVENTION PROGRAM

1. Customer Identification, Verification and Ongoing Monitoring Process

- a. Does the entity apply a risk-based approach to combating money laundering and terrorist financing? If so, please provide an overview of these policies and procedures. The overview should (1) portray the entity's philosophy towards risk-based (does it form an integral part of the entity's business framework?), (2) indicate how the relevant risk assessments are undertaken and their bases to help determine the policy and its practical application, and (3) describe the mechanism by which permitted variations from the generally applicable standards are promulgated, and what arrangements, if any, are in place to monitor the continuing suitability of the exceptions. Please provide the basis in the entity's MTPP.

Answer:

PANA does not apply a risk-based approach because there is no risk inherent to dealing with local insurers (duly licensed by the IC) availing themselves of the reinsurance broking services of PANA.

- b. Does your entity permit the opening of anonymous accounts, accounts in fictitious names and other accounts not otherwise under the true and full name of the customer/client? If yes, please indicate the approximate number of accounts, pertinent policies and procedures for opening, and the level of approving authority.

Answer:

PANA does not allow the opening of anonymous or fictitious accounts.

- c. Does your entity undertake customer due diligence (CDD) measures when:
- i. Establishing business relations?
 - ii. Carrying out transactions with non-clients?
 - iii. Carrying out occasional transactions?
 - iv. Dealing with trustee, nominee, agent, or intermediary, applying CDD not only on the latter but also on the trustors or principals?
 - v. Dealing with juridical entities that have no business substance in their own right but through which transactions may be conducted, applying CDD on the entities' beneficial owner?
 - vi. The entity has doubts about the veracity of previously obtained customer identification document or data?

For each of the above, please describe in detail the CDD process and the specific provision in the MTPP that apply.

Answer:

PANA deals only with local insurers duly licensed by the IC to engage in the business of insurance. Thus, there is no occasion calling for customer due diligence since the licensing requirements of IC are stringent enough to weed out the counterfeit from the real and the potential lawbreakers from law-abiding entities.

- d. Does your entity undertake customer due diligence (CDD) measures on the beneficiary(ies) of life insurance and other investment-related insurance policies? Please describe in detail the CDD process and the specific provision in the MTPP that apply.

Answer:

PANA provides reinsurance broking services only for non-life insurance risks.

- e. Explain the CDD requirements applicable to potential individual customers stating the minimum information to be obtained, IDs acceptable and its classification based on reliability, if any, and policy in updating identification, information citing the specific internal policy provisions.

Answer:

PANA deals only with local insurers duly licensed by the IC to engage in the business of insurance. Thus, there is no occasion calling for customer due diligence since the licensing requirements of IC are stringent enough to weed out the counterfeit from the real and the potential lawbreakers from law-abiding entities, and the sources of funds have been vetted and scrutinized by the local insurers.

- f. Explain the CDD requirements applicable to potential customers that are juridical entities and the persons acting on their behalf such as but not limited to the President and the authorized signatory/ies stating the minimum information to be obtained, ID's acceptable and its classification based on reliability, if any, measures to prevent the unlawful use of legal persons in relation to money laundering and terrorist financing and policy in updating identification information citing the specific internal policy provisions.

Answer:

Same answer as in letter e above.

- g. Does your entity identify the beneficial owner or juridical entities dealing with your entity and verify the information acquired? If yes, please describe in detail including the specific internal policy provisions.

Answer:

Same answer as in letter e above,

- h. Does your entity verify the true identity of customers, including validating the truthfulness of the information and confirming the authenticity of the identification documents presented, submitted and provided by the customer, using reliable and independent sources, documents, data or information" If yes please describe in detail including the specific internal policy provisions.

Answer:

Same answer as in letter e above.

- i. Does your entity verify that any person purporting to act on behalf of a customer is so authorized, and identify and verify the identity of that person? If yes, please describe in detail including the specific internal policy provisions.

Answer:

Same answer as in letter e above.

- j. Does your entity identify the beneficial owner and take reasonable measures to verify the identity of the beneficial owner, using the relevant information or data obtained from reliable sources, such that the entity is satisfied that it knows who the beneficial owner is? If yes, please describe in details including the specific internal policy provisions.

Answer:

Same answer as in letter e above.

- k. Does your entity understand and, as appropriate, obtain information on, the purpose and intended nature of the account, transaction, or the business relationship with its customers? If yes, please describe in detail including the specific internal policy provisions.

Answer:

Same answer as in letter e above.

- l. Does your entity, on the basis of materiality and risk, conduct ongoing due diligence on the business relationship of existing customers? If yes, please describe the extent/scope of this obligation and indicate the specific internal policy provisions.

Answer:

Same answer as in letter e above.

- m. Does your entity perform enhanced due diligence for higher risk categories of customer, business relationship or transaction and does it apply to existing customers? If yes, please explain including reference to the list of customers considered as high-risk, criteria and factors considered in applying EDD, types of measures required, control mechanisms for managing the risks associated with dealing with these customers, validation procedures and the specific internal policy provisions. Also provide number of high-risk customers per category.

Answer:

Same as in letter e above.

- n. Does your entity apply reduced due diligence where there is low risk of ML or TF? If yes, please explain providing details of any applicable conditions/standards and specific internal policy provisions. Is this permitted with regard to customers that are resident in another country? If yes explain further.

Answer:

Same answer as in letter e above.

- o. What does your entity do in cases where it is unable to satisfactorily complete the CDD measures required by existing internal rules or under CL 2018-48, as amended, the AMLA, as amended, and its IRR? Please indicate the specific internal policy provisions that apply.

Answer:

Same answer as in letter e above.

- p. What are your obligations with regard to establishing business relationships with a politically exposed person, his/her immediate family relative, his/her close relationship/associates, entities related to them? Please describe the existing policies governing these arrangements, including the standard of due diligence that apply to them on account opening, control mechanisms to address the risks associated with dealing with them, and updating of identification information with references to specific internal policy provisions.

Answer:

Same answer as in letter e above.

- q. Does your entity allow non-face-to-face transactions (transactions with trustee, nominee, agent or intermediary accounts including account opening)? If yes, please explain the existing policies governing these arrangements as well as the control mechanisms to address the risks associated with this type of business relationships or transactions with references to specific internal policy provisions.

Answer:

Same answer as in letter e above.

- r. Do any of your businesses make use of third parties, referral by brokers, intermediaries, fiduciaries, affiliates, subsidiaries and the like (Collectively called as third parties)? If yes, please identify the third-parties and the due diligence undertaken on the third parties. Please also identify the business areas which make use of third parties, the approval process for introducing customers/clients, the type of relationship, and whether or not such third parties perform the CDD process that would usually be undertaken by the entity:

Answer:

Same answer as in letter e above.

- s. What are your obligations with regard to relevant United Nations Security Council Resolutions relating to the prevention, suppression and disruption of proliferation of weapons of mass destruction and its financing? Please provide the internal policy provisions, which serve as basis for these obligations.

Answer:

Same answer as in letter e above.

2. Record Keeping and Retention Process

- a. Please describe the record-keeping obligation including the type of records and information that should be maintained. Please indicate the specific internal policy provisions.

Answer:

The quarterly reports submitted to the BOD every board meeting is being kept by the Compliance Officer, and are accessible by any member of the BOD. These reports are kept in strictest confidence.

- b. Do you maintain all necessary records on transactions, both domestic and international and, if so, for how long following completion of the transaction? Who are the designated custodians that shall be accountable and responsible for safekeeping these documents?

Answer:

Records of transactions are kept and maintained by the Compliance Officer for a period of five (5) years from their completion.

- c. Do you maintain records of the identification information and documents and data, account files and business correspondence and, if so, for how long following the termination of an account or business relationship?

Answer:

Yes, for five (5) years.

- d. Do you ensure that all customer and transaction records and information are available on a timely basis to competent authorities? If yes, please indicate the designated custodian that shall be accountable and responsible for safekeeping and making these records available with references to specific internal policy provisions.

Answer:

Yes, the designated custodian is the Compliance Officer.

3. Covered and Suspicious Transaction Reporting

- a. Do you have an electronic money -laundering transaction monitoring system in place? If yes, is it internally developed or purchased from a vendor, and does it have the following automated functionalities?

- i. Covered and suspicious transaction monitoring – perform statistical analysis, profiling and able to detect unusual patterns of account activity;
- ii. Watch list monitoring – checks transfer parties (originator, beneficiary, and narrative fields) and the existing customer database for any listed undesirable individual or corporation;
- iii. Investigation - checks for given names throughout the history of payment stored in the system;
- iv. Can generate all the CTRs of the ICREs accurately and completely will all the mandatory field properly filled-up;
- v. Must provide a complete audit trail
- vi. Capable of aggregating activities of a customer with multiple accounts on a consolidated basis for monitoring and reporting purposes; and
- vii. Has the capability to record all STs and support the investigation of alerts generated by the system and brought to the attention of senior management whether or not a report was filed with the AMLC.

Answer:

No.

- b. If no, please describe how you manually perform the functionalities mentioned above.

Answer:

The Compliance Officer manually performs all the tasks outlined above.

- c. Do you pay special attention to unusual transactions? If yes, how do you define unusual transactions? And what type of special measures do you implement in managing them? Please indicate the specific internal policy provisions for this requirement.

Answer:

For PANA, unusual transactions refer to those which do not involve reinsurance matters or those which would deviate from its core business of insurance risk distribution among local or foreign reinsurers. PANA has no unusual transactions, because it deals only with domestic insurers duly licensed by IC and the funds received consist merely of reinsurance premiums.

- d. Are you required to report to the AMLC a suspicious transaction report (STR), when you suspect or have reasonable grounds to suspect that funds are the proceeds of a criminal activity? Please describe the scope of the obligation, the decision process and the decision maker within the entity (whether or not to file an STR) with references to the specific internal policy provisions that mandate reporting.

Answer:

Yes, The Compliance Officer will report to the BOD any suspicious activity or transaction. Then, based on the evidence on hand, the BOD will decide on whether to report the suspicious transaction to the proper authorities.

- e. Does the obligation to make an STR also apply when you suspect or have reasonable grounds to suspect that funds are related to terrorism? If yes please describe the scope of this obligation, the decision process and the decision maker within the entity (whether or not to file an STR) with reference to the specific internal policy provisions that mandate reporting.

Yes. The obligation to report suspicious transactions include not only potential money laundering activities but also terrorism-related acts. The Compliance Officer will report to the BOD any suspicious activity or transaction. Then, based on the evidence on hand, the BOD will decide on whether to report the suspicious transaction to the proper authorities.

- f. Other than 6 specified circumstances for filing an STR, what other instances do you report an STR or an alert has been tagged using the last item - any transaction that is similar or analogous to any of the foregoing, i.e. tax evasion, malversation of public funds, bribery, etc.?

Answer:

So far, PANA has not encountered any suspicious transaction or any transaction analogous to the specific circumstances for which an STR should be made.

- g. What is the legal protection against potential liability available to your officers and/or staff who report their suspicion in accordance with the legal obligation to report? Please describe, by reference to the specific internal policy provisions, the scope of the protection in terms of who would benefit from it and the types of liability against which it is available.

Answer:

The legal protection includes the engagement of a competent and dependable lawyer or law firm to defend the officers of PANA who, by reporting suspicious transaction, are merely performing functions mandated by law and/or in relation to their work or duties.

- h. Do you prohibit your officers and staff from disclosing (“tipping off”) to any person the fact that an STR, CTR or related information is being reported or provided to the AMLC? If they are, please describe the scope of this prohibition by reference to the specific internal policy provisions.

Answer:

Yes, the prohibition is absolute and all-encompassing and administrative sanctions will have to be imposed in case of breach of the confidentiality of the report, including criminal prosecution.

4. Employment and Training Program

- a. Please indicate the standards that apply when hiring new staff to the Compliance Office, the Internal Audit and the entity as a whole?

Answer:

PANA has no plan to hire a staff to be assigned to assist the Compliance Officer in performing her tasks, considering the limited nature of its business. But in the remote possibility that staff needs to be hired for the Compliance Office, the qualification of the prospective applicant must include the ability to detect and properly react to ML and TF activity.

- b. Please describe the entity’s AML training and refresher program with specific references to the level of training and focus on the participant, the Office tasked to implement the program, the financial, human and technical support that that Office has been given and frequency of offering.

Answer:

Since PANA is an entity run by a Manager, an Accountant and two clerical personnel, only the Compliance Officer, who is the Manager, and the alternate Compliance Officer, who is the Accountant, need to be trained, and had undergone training. The training included a detailed examination and review of anti-money laundering legislations and their implementing regulations, and

familiarization with the penalties in case of non-compliance. Further training through educational lectures, presentations, webinars, and interactive e-learning modules would be undertaken to update them of the changes in legislation and regulations and the latest AML issues.

- c. Are the staffs of the Compliance Office and Internal Audit Office provided with training for combating money laundering and terrorist financing that is different from the staff of other offices? Please give details.

Answer:

As stated above, considering the limited manpower of PANA, the Compliance Office is manned solely by the Compliance Officer and the alternate Compliance Officer, whenever the latter is absent, on leave, or unavailable. There are no other staff members.

- d. Do you have an on-going employee training on AML and CTF? If yes, please indicate the last employee training on AML and CTF and the schedule for the year as well as the specific policy provisions for this requirement.

Answer:

None, at this point.

C. INTERNAL CONTROLS AND AUDIT

1. What is the structure of the Internal Audit Office including the financial, human and technical resources, delegated authorities, reporting and communication line, duties and responsibilities of the Office as a whole and of individual officers and staff together with their qualification and experiences as well as standards in hiring new staff, and control mechanism of the Office in ensuring that the pre-set objectives are adhered by responsible officers and staff in the different Department, Groups, Units and/or Branches?

Answer:

The Internal Auditor is the Accountant. She has no staff under her supervision. She reports directly to the BOD. PANA has no other office, unit, group, or branch, and has no plan to hire new staff, as explained above.

2. Do you establish and maintain internal procedures, policies and controls to prevent ML and TF? How do you communicate these to the officer, staff and employees?

Please provide details with reference to the applicable policy provisions.

Answer:

PANA relies solely on implementing rules and regulations of ML and TF laws. It has no staff or employee other than the Compliance Officer because of the limited manpower requirement of its business.

D. IMPLEMENTATION

1. Covered And Suspicious Transaction Reporting Policies And Procedures

- a. Do you have an electronic money laundering transaction monitoring system in place? If yes, is it internally developed or purchased from a vendor, and does it have the following automated functionalities?
 - i. Covered and suspicious transaction monitoring—performs statistical analysis, profiling and able to detect unusual patterns of account activity;
 - ii. Watch list monitoring – checks transfer parties (originator, beneficiary, and narrative fields) and the existing customer database for any listed undesirable individual or corporation;
 - iii. Investigation - checks for given names throughout the history of payment stored in the system;
 - iv. Cash generate all the CTRs of the ICREs accurately and completely with all the mandatory field properly filled up;
 - v. Must Provide a complete audit trail;
 - vi. Capable of aggregating activities of a customer with multiple accounts on a consolidated basis for monitoring and reporting purposes; and
 - vii. Has the capability to record all STs and support the investigation of alerts generated by the system and brought to the attention of senior management whether or not a report was filed with the AMLC.

Answer:

No.

- b. If no, please describe how you manually perform the functionalities mentioned above.

Answer:

The Compliance Officer manually performs all the tasks outlined above.

- c. Do you pay special attention to unusual transactions? If yes, how do you define unusual transactions? And what type of special measures do you implement in managing them? Please indicate the specific internal policy provisions for this requirement.

Answer:

For PANA, unusual transactions refer to those which do not involve reinsurance matters or those which would deviate from its core business of insurance risk distribution among local or foreign reinsurers. PANA has no unusual transactions, because it deals only with domestic insurers duly licensed by IC and the funds receives consist merely of reinsurance premiums.

- d. Are you required to report to the AMLC a suspicious transaction report (STR), when you suspect or have reasonable grounds to suspect that funds are the proceeds of a criminal activity? Please describe the scope of the obligation, the decision process and the decision maker within the entity (whether or not to file an STR) with references to the specific internal policy provisions that mandate reporting.

Answer:

Yes, The Compliance Officer will report to the BOD any suspicious activity or transaction. Then, based on the evidence on hand, the BOD will decide on whether to report the suspicious transaction to the proper authorities.

- e. Does the obligation to make an STR also apply when you suspect or have reasonable grounds to suspect that funds are related to terrorism? If yes please describe the scope of this obligation, the decision process and the decision maker within the entity (whether or not to file an STR) with reference to the specific internal policy provisions that mandate reporting.

Yes. The obligation to report suspicious transactions include not only potential money laundering activities but also terrorism-related acts. The Compliance Officer will report to the BOD any suspicious activity or transaction. Then, based on the evidence on hand, the BOD will decide on whether to report the suspicious transaction to the proper authorities.

- f. Other than 6 specified circumstances for filing an STR, what other instances do you report an STR or an alert has been tagged using the last item - any transaction that is similar or analogous to any of the foregoing, i.e. tax evasion, malversation of public funds, bribery, etc.

Answer:

So far, PANA has not encountered any suspicious transaction or any transaction analogous to the specific circumstances for which an STR should be made.

- g. What is the legal protection against potential liability available to your officers and/or staff who report their suspicion in accordance with the legal obligation to report? Please describe, by reference to the specific internal policy provisions, the scope of the protection in terms of who would benefit from it and the types of liability against which it is available.

Answer:

The legal protection includes the engagement of a competent and dependable lawyer or law firm to defend the officers of PANA who, by reporting suspicious transaction, are merely performing functions mandated by law and/or in relation to their work or duties.

- h. Do you prohibit your officers and staff from disclosing ("tipping off") to any person the fact that an STR, CTR or related information is being reported or provided to the AMLC? If they are, please describe the scope of this prohibition by reference to the specific internal policy provisions.

Answer:

Yes, the prohibition is absolute and all-encompassing and administrative sanctions will have to impose in case of breach of the confidentiality of the report, including criminal prosecution.

2. Risk Based And Tiered Customer Acceptance, Identification, Verification And Ongoing Monitoring Policies And Procedures

- a. Does your entity undertake customer due diligence (CDD) measures when:
- i. establishing business relations?
 - ii. carrying out transactions with non-clients?
 - iii. carrying out occasional transactions?
 - iv. dealing with trustee, nominee, agent, or intermediary, applying CDD not only on the latter but also on the trustors or principals?
 - v. dealing with juridical entities that have no business substance in their own right but through which financial transactions may be conducted, applying CDD on the entities' beneficial owner?

- vi. the entity has doubts about the veracity of previously obtained customer identification document or data?

Answer:

PANA deals only with local insurers duly licensed by the IC to engage in the business of insurance. Thus, there is no occasion calling for customer due diligence since the licensing requirements of IC are stringent enough to weed out the counterfeit from the real and the potential lawbreakers from law-abiding entities.

- b. Does your entity undertake customer due diligence (CDD) measures on the beneficiary(ies) of life insurance and other investment related insurance policies?

Answer:

PANA provides reinsurance broking services only for non-life insurance risks.

- c. Does your entity identify the beneficial owner of juridical entities dealing with the entity and verify the information acquired?

Answer:

PANA deals only with local insurers duly licensed by the IC to engage in the business of insurance. Thus, there is no occasion calling for customer due diligence since the licensing requirements of IC are stringent enough to weed out the counterfeit from the real and the potential lawbreakers from law-abiding entities, and the sources of funds have been vetted and scrutinized by the local insurers.

- d. Does your entity verify the true identity of customers, including validating the truthfulness of the information and confirming the authenticity of the identification documents presented, submitted and provided by the customer, using reliable and independent sources, documents, data, or information?

Answer:

Same answer as in the immediately preceding letter c above.

- e. Does your entity verify that any person purporting to act on behalf of a customer is so authorized, and identify and verify the identity of that person?

Answer:

Same answer as in letter c above.

- f. Does your entity identify the beneficial owner and take reasonable measures to verify the identity of the beneficial owner, using the relevant information or data obtained from a reliable sources, such that the entity is satisfied that it knows who the beneficial owner is?

Answer:

Same answer as in letter c above.

- g. Does your entity understand and, as appropriate, obtain information on, the purpose and intended nature of the account, transaction, or the business relationship with its customers?

Answer:

Same answer as in letter c above.

- h. Does your entity, on the basis of materiality and risk, conduct ongoing due diligence on the business relationship of existing customers?

Answer:

Same answer as in letter c above.

- i. Does your entity perform enhanced due diligence for higher risk categories of customer, business relationship or transaction and does it apply to existing customers?

Answer:

Same answer as in letter c above.

- j. Does your entity apply reduced due diligence where there is low risk of ML or TF? What does your entity do in cases where it is unable to complete the CDD measures required by existing internal rules or under CL 2018-48, as amended, the AMLA, as amended, and its IRR?

Answer:

Same answer as in letter c above.

- k. What does your entity do in cases where it is unable to complete the CDD measures required by existing internal rules or under the CL 2018-48, as amended, the AMLA, as amended, and its IRR?

Answer:

Same answer as in letter c above.

- i. In case of non-face to face services, does the entity ensure that control measures to address risks associated with this type of business relationships or transactions are implemented?

Answer:

Same answer as in letter c above.

3. **Record-Keeping And Retention Policies And Procedures**

- a. What are the type of records and information that your entity maintains?

Answer:

The quarterly reports are submitted to the BOD every board meeting, which is kept in strictest confidence.

- b. Do you maintain all necessary records on transactions and, if so, for how long following completion of the transaction? Who is/are the designated custodian that shall be accountable and responsible for safekeeping these documents?

Answer:

Records of transactions are kept and maintained by the Compliance Officer for a period of five (5) years from their completion.

- c. Do you maintain records of the identification documents and information, account files, and business correspondence and, if so, for how long following the termination of an account or business relationship?

Answer:

Yes, for five (5) years.

- d. Do you ensure that all customer and transaction records and information are available on a timely basis to competent authorities? If yes, please indicate the designated custodian that shall be accountable and responsible for safekeeping and making these records available.

Answer:

Yes, the designated custodian is the Compliance Officer.

- e. Do you conduct compliance testing to ensure that all units and/or branches maintain and safely store KYC and transaction records?

Answer:

Yes.

- f. Does the Internal Audit cover an assessment of compliance of the record-keeping and retention process?

Answer:

Yes.

4. Continuing Education And Training Program

- a. Are newly hired employees required to attend AML and CTF training?

Answer:

PANA does not intend to hire new employees. Only the Compliance Officer and the Alternate Compliance Officer are required to attend AML and CTF training.

- b. Is there an existing training and refresher program for all responsible directors, officers and staff? Please provide a copy of the program.

Answer:

PANA has none. The Compliance Officer and the Alternate Compliance Officer are merely required to attend seminars, lectures and conferences on ML and TF matters to enhance their level of awareness and update themselves with changes in the laws and their implementing rules against ML and TF activities.

- c. Are the staffs of the Compliance Office and Internal Audit Office provided with training for combating money laundering and terrorist financing that is different from the staff of other offices?

Answer:

PANA has only one office. Only the Compliance Officer and the Alternate Compliance Officer are given training. The Compliance Office has no staff.

- d. Do you have an on-going director and employee training on ML and TF prevention? If yes, please indicate the last training and the schedule for the year.

Answer:

None, at this point.

- e. Do you conduct a regular post-test on directors and employees to gauge their understanding of AMLA, as amended, its IRR, CL 2018-48, as amended, and other IC and AMLC relevant regulations?

Answer:

No.

- f. Provide statistics on education and training provided to responsible directors, officers and employees covering the immediately preceding year.

| Classification (e.g. new employees; regular employees; board of directors; agents; officers; etc.) | Total Number Per Classification | Number of Training Hours | Date of Training | Number of directors, officers and employees who completed the training |
|--|---------------------------------|--------------------------|------------------|--|
| Compliance Officer | 1 | 4 | July 28, 2021 | 6 |
| Alternate Compliance Officer | 1 | 4 | July 28, 2021 | |

E. ICRE DATA/INFORMATION

1. Provide information on the total asset of the entity as of 31 December of the immediately preceding year.

Answer:

Total Assets as of December 31, 2020 - ₱83,686,550.51

2. Provide a list of all products being offered/sold according to classification by the ICRE.

Answer:

- a. Fire and Allied Perils
- b. Marine
- c. Motor Car
- d. Miscellaneous and CGL
- e. Accident
- f. Engineering

3. Provide data/ information on products covering the immediately preceding year.

| Product Classification | Total Premium/ Contract Price/ Membership Fees Received | Number of Issued or Sold Policies / Binders/ Pre-Need Plans/ HMO Agreements | Number Outstanding Policies / Binders/ Pre-Need Plans / HMO Agreements | Number of Policies/ Binders/ Pre-Need Plans/ HMO Agreements, Surrendered / Cancelled/ Lapsed |
|------------------------|---|---|--|--|
| Fire & Allied Perils | ₱ 136,847,866.59/ ₱2,146,070.69- fees | 313 | 164 | |

| | | | | |
|--------------------|--|-----|-----|---|
| Marine Cargo | 36,648,286.81/ 366,482.84-fees | 101 | 41 | |
| Marine Hull | 88,440.68/ (23,524.29)-fees | 1 | 1 | 1 |
| Motor Car (treaty) | 13,197,576.64/ 131,975.76-fees | 1 | - | |
| Accident (treaty) | 1,991,286.71/ 121,164.14-fees | 1 | 1 | |
| Engineering | 2,022,337.00/ 21,008.41-fees | 9 | 5 | |
| Miscellaneous | 7,250,337.67/ 180,424.64-fees | 17 | 10 | |
| TOTAL | ₱198,046,132.10/ ₱2,943,602.19-fees | 443 | 222 | 1 |

4. Provide number of suspicious and covered transactions reported to AMLC covering the immediately preceding year.

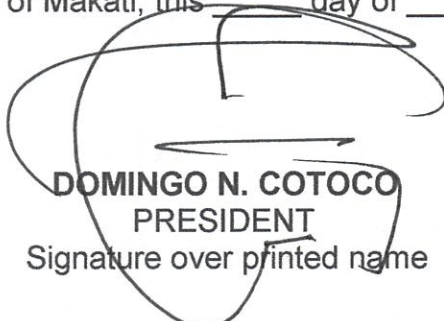
Answer:

None, so far.

CERTIFICATION

The undersigned President and AML and CTF Compliance Officer of the company certify that the responses and explanations set forth in the above AML and CTF Compliance Questionnaire are true, complete, and correct of our own personal knowledge and/or based on authentic records.

Signed in the City of Makati, this _____ day of _____, 2021.



DOMINGO N. COTOCO
PRESIDENT
Signature over printed name



PURIFICACION L. MONTENEGRO
AML AND CTF COMPLIANCE OFFICER
Signature over printed name

SUBSCRIBED AND SWORN to before me this _____ day of ^{DEC 15 2021} _____, 2021 by the following who are all personally known to me (or whom I have identified through competent evidence of identity) and who exhibited to me their respective identification document as follows:

| NAME | PROOF OF IDENTITY | DATE/PLACE ISSUED |
|-------------------|--------------------------------------|-----------------------------|
| DOMINGO N. COTOCO | Philippine Passport No. P0449551B | Jan. 29, 2019/DFA Manila |

| | | | |
|----------------------------|----|---------------------------------------|----------------------------|
| PURIFICACION MONTENEGRO | L. | Driver's License No. N03-90-094919 | Valid up to April 20, 2022 |
|----------------------------|----|---------------------------------------|----------------------------|



ATTY. GERVACIO B. ORTIZ JR.
Notary Public, City of Makati
Until December 31, 2022
NOTARY PUBLIC
IBP No. 05729-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-82-(2021-2022)
PTR No. 8531011 Jan. 4, 2021
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

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