



Anti Money Laundering Update 2018

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An introduction to Lockton

Lockton is the world's largest privately owned global insurance broker.

More than 6,000 professionals at Lockton provide 50,000 clients around the world with risk management, insurance, employee benefits consulting, and retirement services that improve their businesses.

A Global Overview



Largest privately held independent global broker with over **6,500 people**



Market leading client **retention rates**



85+ offices worldwide



Clients in over **125 countries**



Over **50,000 clients**



90% reinvestment due to our private ownership



Over **\$21 billion** in premiums placed



Over **\$1.44 billion** revenue

Contents

- Money Laundering Regulations 2017
- Supervisory Landscape
- SRA Thematic work
- NCA developments
- Law Commission Review

Money Laundering Regulations

- Been in force for over a year
- Main theme is risk assessments
 - Cascade from Europe
- Where should you be?
 - Decided which controls you need in place
 - Completed your firm risk assessment
 - Reviewed your policy
 - Reviewed your procedures
 - Matter Risk Assessment?
 - Completed Training
 - Reviewed the information you give to clients

Controls

- Size and Nature?
 - Visibility
 - Areas of work
- Appoint a Compliance Officer
- Inform the regulator
- Screening Staff
 - Knowledge
 - Integrity
 - Regularly

Controls

- “Establish an independent audit function”
 - Does not need to be external
 - Will need an understanding of the AML regime
 - When?
 - Testing what you have in place
- What?
 - Policy is compliant
 - Procedures are working
 - Staff’s understanding of AML issues and Processes
 - File reviews
 - Accounts Procedures

Firm Risk Assessment

- Consider the National Risk Assessment
 - Real Estate
 - Hiding ownership
 - Abuse of the client account
- Consider your Supervisors Risk Assessment
 - Agrees with the NRA
- Review the Legal Sector Guidance available from the Law Society
- Result – identify the risks you face, and what measures you can deploy to mitigate them
- Share with staff – instructions outside the “norm” – consider an approval process

Reviewing your policy

- Be clear between policy and procedure
- Flowcharts/decision trees can help
- Don't just repeat the regulations, for e.g.
 - verification of beneficial owners
 - ongoing monitoring
- Roles of the MLRO/MLCO

Reviewing your procedures

- Matter Risk Assessment
 - Reg 28(12)(a)(ii)
 - The ways in which a person complies with the requirements to take CDD measures must reflect
 - The firm's risk assessment
 - Its assessment of the level of risk arising in any particular case
- Client ID
 - Simplified Due Diligence – an extra step
 - SDD or EDD
 - Negative News?
 - Beneficial Owners
- Renewing ID

Reviewing your procedures

- Understanding the purpose and nature of the business relationship
 - What are they doing?
 - What are they doing it?
 - How are they paying for it
 - Source of funds
 - Source of wealth

Training

- Relevant employees
 - Regulated work
 - Accounts
 - Who else?
- Content
 - AML
 - CTF
 - Data Protection (in so far as included in the Regulations)
- Screening – how do you know it was effective training?

Information to the client

- Updated references to the legislation
- Provided the required Data Protection Information
- Included information re electronic verification (if relevant)
- Explain your client due diligence process
 - Client ID requirements
 - Source of funds/wealth enquiries
- Consent to provide information to the bank re pooled client account

Supervisory Landscape

- Concerns over lack of parity between supervisors
- Single guidance – can be confusing
- OPBAS Review
 - Established January
 - Housed in FCA
 - Visiting all regulators on a fact find
 - Work arising from the FATF Mutual Evaluation

SRA Review of AML Compliance

- Published 2nd March 2018
- Visited 50 firms
- Risk Assessment – 34% done or started
- Matter risk assessments – 92% v 69%
- CDD – 78% documents, 44% Electronic
- Ongoing monitoring – 68% on change of circumstances
- Source of funds/wealth – 20%/28% no procedure
- They are visiting firms again – Conveyancing and TCSP focus

NCA Developments

- NCA challenges
 - Resources
 - IT capability
- Documents can be found at
- www.nationalcrimeagency.gov.uk/about-us/what-we-do/economic-crime/ukfiu
- Be clear in your SARs
 - “I think the criminal property is.....”
 - “My reason for suspicion is.....”

Law Commission Review

- AML Action Plan
- National Risk Assessment
 - £100bn annually
 - 5900 groups
 - 39400 individuals
- Over 400,000 reports per annum, out of which approx. 18,000 are “Consent” (DAML) SARs
- Estimated over £5bn spent on AML compliance

Terms of Reference of Review

- Review the consent regime
 - What are the benefits
 - Who uses them and how
 - Alleged abuse of the regime
 - Causes of defensive reporting
 - Impact of having to stop acting whilst waiting for consent
 - Whether any legislative change is needed



Any questions?

Lockton philosophies

- Be committed to the highest standards of excellence in everything we do
- Practice the Golden Rule, and sustain a highly ethical, moral and caring culture
- Recognise our associates as our most valuable assets
- Provide the opportunity and support that allows associates to grow, improve and achieve their ultimate potential
- Recognise and substantially reward exemplary associate performance
- Respect, value and nurture each client and carrier relationship



Thank you

