



NEPAL INSURANCE AUTHORITY

KUPONDOLE, LALITPUR



Guideline for Suspicious Transaction Indicator, 2024

In Addition to the indicators specified for insurance sector by Financial Intelligence Unit's (FIU-Nepal) Guidelines for Suspicious Transaction Reporting & Suspicious Activity Reporting (STR/SAR), 2021 as mentioned in 8.2.3 insurers should consider the following indicators. If the circumstances mention in the following list is verified by other evidence, it may be generated as STR/SAR.

1. If the insured is reluctant to provide the details required for identifying the customer/insured (Customer Due Diligence, Enhanced Due Diligence) before issuing the insurance policy.
2. If the details provided by the insured cannot be confirmed or verified during Customer Due Diligence or Enhanced Due Diligence.
3. If a potential client files an application for a policy in a distant place where a comparable policy could be provided closer to his/her residence and fails to show reasonable grounds for buying the insurance policy distant from his/her residence.
4. Frequent issuance of insurance policies by an insurance intermediary in an unregulated or loosely regulated jurisdiction or where organized criminal activities (e.g., drug trafficking, terrorist activity, corruption) are prevalent.
5. If the insured has purchased the same type of product or policy from other insurers.
6. If the insured tries to convince or persuade the insurer to make payment in cash.
7. If the insurable interest of nominee or beneficial owner is not justified when purchasing the insurance policy.
8. If there is no apparent connection between the policyholder/investors and the beneficial owner.
9. If the insured purchases a product of high value, then redeems the policy in minimal (lower surrender value) than the premium paid.
10. Atypical (unusual) incidents of pre-payment of insurance premium.
11. Foreign mode of payment of premium from jurisdiction classified as high risk.
12. If insured received fund from religious or charitable organizations and utilize the fund for purchasing the life insurance policy with cash value and surrender it within a relatively short period of time.
13. In the case of a non-life Insurer, if the insurer makes fraudulent claims and intentionally destroys assets to access funds through insurance claims, which then appear legitimate after settlement of claims.

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Regulation and AML Section