Insurance Regulatory Authority

Bima Bora kwa Taifa

IRA

IRA's Approach to AML/CFT Supervision

Mary Nkoimu ACII, AIIK, ACSI

Chartered Insurance Risk Manager

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Introduction

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- IRA has adopted a risk-based approach to anti-money laundering ('AML') and counter financing of terrorism ('CFT') supervision.
- Effective risk based supervision entails:
  - ⇨ identifying money laundering ('ML') and terrorist financing ('TF') risks;
  - ⇨ ensure that supervision of insurers is commensurate with the identified; and
  - ⇨ taking necessary action to bring about compliance.

Elements of AML / CFT Risk Based Supervision

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Elements of AML / CFT Risk Based Supervision

- There are two elements of IRA's RBA to AML/CFT supervision:
  - ⇨ Identification and Assessment of ML/TF Risk; and
  - ⇨ AML/CFT Supervisory Engagement to monitor and bring about compliance.
- ML/TF Risk Assessment involves an assessment of the:
  - ⇨ ML/TF risks associated with the structure of an insurer – size, age and ownership structure;
  - ⇨ ML and TF risks associated with the business activities of an insurer – customers, products and services, delivery channels and geographical locations; and
  - ⇨ overall quality of an insurer's AML/CFT control framework.

Risk Based Supervisory Approach

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Inherent Risk

- Years of operation
- Premiums written
- Ownership structure
- Customers
- Products and services
- Distributions channels
- Geographical locations
- Other factors

Effectiveness of Compliance Program

- Governance
- Policies & procedures
- Risk assessment
- Compliance & Reporting
- Training
- Independent Reviews

Rating Compliance Program

- Strong
- Good
- Satisfactory
- Weak
- No controls

Risk Profile

- Low
- Moderate
- High