

Source of Wealth Guidelines

October 2011

Background

Isle of Man authorised life companies are required by the Insurance and Pensions Authority to make enquiries as to how a client applying for one of our products has acquired the monies that will be invested as insurance premiums. This “Source of Wealth” information is an integral part of the overall ‘Know Your Client’ (KYC) requirements that Friends Provident International must perform. It is also a legal, as well as a regulatory requirement, to perform a risk-based assessment of the applicant and conduct enhanced due diligence where higher risk circumstances are identified. This means that in certain circumstances independent evidence will be required to support the explanation of the client’s source of wealth.

This does not mean that the client’s origin of wealth is considered to be suspicious however, it is a safeguard that will benefit the industry as a whole and ultimately protect the client and provides assurance to our clients and investors that Friends Provident International is committed to meeting its obligations to comply with legal and regulatory requirements.

This Guidance is intended to assist you in determining the level of information required to explain the origin of the client’s wealth, and where independent supporting evidence will be required, as part of the application submission process.

How do you ensure the information we need, is submitted with the client’s application?

1 The application form: The “source of wealth” section of the application form should be completed in full. Please do not provide generic or vague descriptions of how the client has acquired their wealth. Insufficient details will only delay the processing of the application.

The first and second columns of our “source of wealth table” on the next page provide assistance on the sort of information that we are looking for.

2 Evidential support to “source of wealth”: Friends Provident International uses a combination of premium size, and the residential location of the client to identify those applications where we will request documentary

evidence. Evidence will be required where the premium is on or above the limits outlined in the table below.

The third column of our “source of wealth table” on the next page provides guidance on the sort of documentary evidence that would normally be sufficient. You will have to combine the premium levels indicated in the table below, with the risk rating of the country, to determine where we will expect evidential support.

ALL COPIES of original documentation must be properly certified by you, the introducing intermediary, in the same manner as you would certify client identity documentation and residential address proof.

Limits Replace Those outlined in Application Forms

Premium Limits August 2011		
	Single premium	Regular premium
Category 1 Country	GBP 750,000 EUR 860,000 USD 1,238,000 HKD 9,650,000 SGD 1,500,000	GBP 50,000 EUR 60,000 USD 80,000 HKD 645,000 SGD 100,000
Category 2 Country	GBP 300,000 EUR 345,000 USD 495,000 HKD 3,860,000 SGD 600,000	GBP 35,000 EUR 40,000 USD 60,000 HKD 450,000 SGD 70,000
Category 3 Country	GBP 100,000 EUR 114,000 USD 170,000 HKD 1,290,000 SGD 200,000	GBP 20,000 EUR 20,000 USD 35,000 HKD 260,000 SGD 40,000

Note: To determine the premium limits for applications consisting of both regular and single premiums, the annual regular premium should be multiplied by 10 and added to the single premium amount. Please then refer to the single premium column in the Premium Limits table above.

In relation to **additional single premiums**, documentary evidence is required each time the premium exceeds the above premium limits. For example, in a category 2 country, evidence should be submitted for a premium of GBP 300,000, then again when the total premium exceeds GBP 600,000.

FPIL Source of Wealth evidence requirements

Source of Wealth table		
Description of Source of Wealth	Below premium limits	On or above premium limits (Documentary evidence of one item is required in addition to information requested for below premium limits business)
1 Savings from salary (basic and/or bonus) If you own or part-own the company where you are employed, please follow the guidance detailed in 7 below	<ul style="list-style-type: none"> • Salary per annum • Employer's name • Employer's address 	<ul style="list-style-type: none"> • Original or certified copy of a payslip (or bonus payment) from within the last three months • Letter from employer confirming salary • Latest audited accounts (if self-employed) and Company bank statement
2 Maturity or surrender of life policy	<ul style="list-style-type: none"> • Amount received • Policy provider • Policy number / reference • Date of surrender 	<ul style="list-style-type: none"> • Certified copy of closing statement • Letter confirming surrender
3 Sale of investments / liquidation of investment portfolio	<ul style="list-style-type: none"> • Description of shares / units / deposits • Name of seller • How long held • Sale amount • Date funds received 	<ul style="list-style-type: none"> • Certified investment / savings certificates, contract notes, or surrender statements • Bank statement clearly showing receipt of funds and investment company name • Signed letter detailing funds from a regulated accountant
4 Sale of property	<ul style="list-style-type: none"> • Sold property address • Date of sale • Total sale amount 	<ul style="list-style-type: none"> • Signed letter from Solicitor • Certified copy sale contract • Signed letter from Estate Agent
5 Inheritance	<ul style="list-style-type: none"> • Name of deceased • Date of death • Relationship to applicant • Date received • Total amount • Solicitor's details 	<ul style="list-style-type: none"> • Grant of Probate (with a copy of the will), which must include the value of the estate • Signed letter from Solicitor
6 Divorce settlement	<ul style="list-style-type: none"> • Date received • Total amount received • Name of divorced partner 	<ul style="list-style-type: none"> • Copy of court order or • Solicitor's letter
7 Company profits	<ul style="list-style-type: none"> • Name and address of company • Nature of company • Amount of annual profit 	<ul style="list-style-type: none"> • Certified copy of latest audited company accounts
8 Gift	<ul style="list-style-type: none"> • Date received • Total amount • Reason for gift • Relationship to applicant • Certified identification documents for donor • Donor's source of wealth – please follow standard requirements 	<ul style="list-style-type: none"> • Donor's source of wealth – requirements of evidence as stated above for each individual source of wealth and a letter from the donor confirming details of the gift
9 Employer paying premium	<ul style="list-style-type: none"> • Employer letter • Country of incorporation • Incorporation number 	<ul style="list-style-type: none"> • Employer letter, Certificate of Incorporation and certified copy of latest audited company accounts

Trust Applications

Where the payment is made by the trustees the same source of wealth information as above should be provided for the settlor and settled monies.

**Category 1
Low-Risk countries**

This means that the policyholder must reside in one of the countries listed in Category 1, the broker must be regulated in a Category 1 country and the bank account from which premium is paid must be in a Category 1 country. These requirements are cumulative, not alternatives.

Andorra	Gibraltar	Jersey	South Africa
Australia	Greece	Luxembourg	Spain
Austria	Guernsey	Malta	Sweden
Belgium	Hong Kong	Netherlands	Switzerland
Canada	Iceland	New Zealand	United Arab Emirates (including Dubai)
Denmark	Ireland	Norway	United Kingdom
Finland	Isle of Man	Portugal	
France	Italy	San Marino	
Germany	Japan	Singapore	

See Category 5 overleaf for additional country information

**Category 2
Medium-Risk countries**

Bahamas	China	Kuwait	Slovenia
Bahrain	Costa Rica	Liechtenstein	South Korea
Barbados	Cyprus	Macau	Taiwan
Bermuda	Czech Republic	Malaysia	Tunisia
Botswana	Estonia	Mauritius	Uruguay
Brunei	Hungary	Monaco	
Cayman Islands	Israel	Oman	
Chile	Jordan	Qatar	

See Category 5 overleaf for additional country information

**Category 3
Higher-Risk countries**

The following countries will be referred to as higher-risk.

Algeria	Ghana	Mexico	Sri Lanka
Argentina	Grenada	Morocco	St Lucia
Bolivia	Guyana	Mozambique	St Vincent & the Grenadines
Bosnia	India	Nepal	Syria
Brazil	Indonesia	Palestine	Tanzania
British Virgin Islands	Kenya	Panama	Thailand
Bulgaria	Latvia	Paraguay	Trinidad & Tobago
Colombia	Lebanon	Peru	Turkey
Croatia	Lesotho	Philippines	Turks and Caicos
Cuba	Libya	Poland	Uganda
Ecuador	Lithuania	Romania	US Virgin Islands
Egypt	Macedonia	Saudi Arabia	Venezuela
Falkland Islands	Maldives	Seychelles	Vietnam
Faroe Islands	Marshall Islands	Slovakia	Zambia

See Category 5 overleaf for additional country information

Category 4
Countries from which applications will not be accepted

Afghanistan	Djibouti	Kosovo	Russia
Albania	Dominica	Kyrgyzstan	Rwanda
Angola	Dominican Republic	Laos	Senegal
Antigua	El Salvador	Liberia	Serbia
Antilles	Equatorial Guinea	Madagascar	Sierra Leone
Armenia	Eritrea	Malawi	Somalia
Azerbaijan	Ethiopia	Mali	St. Kitts & Nevis
Bangladesh	Fiji	Mauritania	Sudan
Belarus	French Guyana	Moldova	Surinam
Belize	Gabon	Mongolia	Swaziland
Benin	Gambia	Montenegro	Tajikistan
British West Indies	Georgia	Myanmar	Togo
Burkina Faso	Guatemala	Namibia	Turkmenistan
Burundi	Guinea	Nauru	Ukraine
Cambodia	Guinea Bissau	Nicaragua	Uzbekistan
Cameroon	Haiti	Niger	Vanuatu
Cape Verde Islands	Honduras	Nigeria	Western Sahara
Central African Republic	Iran	North Korea	Yemen
Chad	Iraq	Pakistan	Zimbabwe
Congo, Democratic Republic	Ivory Coast - Cote d'Ivoire	Palau	
Congo, Republic of	Jamaica	Papua New Guinea	
Cook Islands	Kazakhstan	Puerto Rico	

Category 5
Additional Country restrictions

Separate restrictions exist within the following jurisdictions. Please refer to your sales representative for information relating to business from these countries.

China	Japan	Philippines	Taiwan
Costa Rica	Macau	Saudi Arabia	United Arab Emirates
Europe	Malaysia	Singapore	UK
Hong Kong	Mexico	South Africa	USA
India	Panama	South America	

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Incorporated company limited by shares

Registered in the Isle of Man No. 11494

Authorised by the Isle of Man Insurance & Pensions Authority

Provider of life assurance and investment products

Authorised by the Office of the Commissioner of Insurance to conduct long-term insurance business in Hong Kong

Registered in the United Arab Emirates as an insurance company (Registration No.76)

and as a foreign company (Registration No. 2013)

Authorised by the United Arab Emirates Insurance Authority to conduct life insurance and savings business

Registered in Singapore No. F06835G

Registered by the Monetary Authority of Singapore to conduct life insurance business in Singapore

