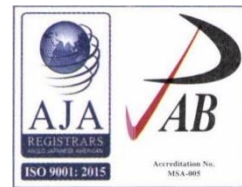




Republic of the Philippines  
Department of Finance  
INSURANCE COMMISSION  
1071 United Nations Avenue Manila



Certificate Number: AJA18-0159

ANNEX "A"  
AML AND CTF COMPLIANCE QUESTIONNAIRE

**NATIONAL CONFEDERATION OF COOPERATIVES MUTUAL BENEFITS  
ASSOCIATION, INC. (NATCCO MBAI)**

NAME OF ICRE

**July 29, 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? If so, please describe including the budget allocations to implement these plans and objectives. Have these plans and objectives been cascaded to Senior Management and responsible officers and employees? If so, state how this was done. Yes, it has a clear guidance from the BOD and SM based on set objectives, plans and budget. Allocation and usage are cascaded to all responsible officers & employees. Regular reports actual budget used are done. All unplanned expenses are first approved by the Board of Trustees with corresponding Board Resolutions, before the actual expenditure.
- 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. All reports and daily transactions are reviewed by the senior management before the approval. NATCCO MBAI also maintains documents for references. The Internal Auditor also conduct post audit to check and validate if the transactions are allocated within the approved budget. Personnel assigned in the related transactions have attended AMLC training.
- 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 Offices in ML and TF prevention? What reports are required to be submitted to the BOD to assist them in their decision-making processes? The Board of Trustees and officers are provided with the necessary trainings. The Compliance officer is responsible for effective implementation of the MTPP, specifically its ML and TF prevention. The officers and staff are sent to orientations, training and seminars being offered by the regulatory bodies. If there are AMLA transactions, BOD are copy furnished.
- d. Please describe the risk management system relative to ML and TF prevention. All possible risks are identified with its impact to the association. Risk management options and management actions are defined. All risks that can be associated with the ML and TF are monitored, mitigated, and controlled.

- 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? Yes. The Compliance Officer reports directly to the BOD, and issues/concerns are reported immediately.
- 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. The Compliance Officer oversees all compliance related reports and transactions. Since the CO also has the capacity to directly see the operations, possible ML and TF transactions can be immediately addressed and reported.
- 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? The BOD shall be ultimately responsible in ensuring that the ICRE strictly comply with the requirements under the AMLA, as amended. The Senior Management shall oversee the day to-day management of the ICRE, ensure effective implementation of AML/CTF policies approved by the board and alignment of activities with the strategic objectives, risk profile and corporate values set by the board. Senior Management established and culture that promotes accountability and transparency, and upholds checks and balances.

## 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? None because as an MBA, our transactions are relatively small, only P679.60 per year per policy.
- b. Have you conducted an assessment of the risks and vulnerabilities that your entity is exposed into? Please describe how the assessment was done. Yes. We have risk management document that identifies all possible risks of our association. This is reviewed by the Board Risk Oversight Committee.
- 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? Compliance Risk, Investment Risk, IT Risk, HR Risk, Governance Risk, Market Risk, Members' Retention Risk, Insurance Risk, Strategic Risk, Reserving Risk, Credit and Counterparty Risk, Operational Risk, and Competition Risk. All these risks are defined with assessment on the impact to the association, the risk management option and the required management actions. All these are monitored by the management and reported to the BOD.

## 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. No. 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. Yes. We validate our members, thru our partner cooperatives, and their capacity to pay and the possibility to do ML and TF acts. Our partner-cooperatives also check the member's records and assess if they are vulnerable to ML and TF transactions.
- b. Based on the assessment, please state in percentage the level of compliance of the entity. 100%. All members have to declare their status and assets to our partner cooperatives for them to avail our insurance products.
- 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? N/A

- d. Has your entity recently undergone an internal audit on AML and CTF Compliance? If yes, please 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. N/A. No findings related to AML and CTF.
- 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. No.

#### 4. 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. Yes. The association has database of all transactions of all members. Each member has record of all insurance policies and premium payments made. Transactions out of the ordinary can immediately be detected by the system since our BLIP annual premium is only per BLIP is P670.60, Any premium received that is more than that is checked.
- 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? No reports yet, but we will use the forms/templates prescribed by AMLC
- 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. Since our annual premium, is way below the considered AMLA transactions, no red flag systems alert yet
- 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. No red flag systems alert yet, but if there will be a case, it will be handled by the Quezon City head office

#### 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, TFPISA, their respective IRR, CL No. 2018-48, as amended and other relevant laws, IC and AMLC issuances.

##### 2020 List of NATCCO MBAI Staff:

NAME	POSITION	CONTACT NUMBER	EMAIL ADDRESS
<b>AML COMPLIANCE OFFICER</b>			
1. MINERVA G. TEJADA	President	(02) 962-3408; 0922-857-0345	<a href="mailto:mgtejada@natcco.coop">mgtejada@natcco.coop</a>
<b>ALTERNATIVE AMLA COMPLIANCE OFFICER</b>			
2. YANI M. YUGO	Accounting Supervisor	(02) 962-3408/0933-816-6904	<a href="mailto:ymyugo@natcco.coop">ymyugo@natcco.coop</a>
<b>OPERATIONS STAFF</b>			
3. JENNIFER M. ESTOCADA	Claims Specialist	(02) 962-3408/0917-886-8822	<a href="mailto:jmestocada@natcco.coop">jmestocada@natcco.coop</a>
4. MA. CHERISH G. SOLSONA	MIS Specialist	(02) 962-3408/ 0998-982-5805	<a href="mailto:mgsolsona@natcco.coop">mgsolsona@natcco.coop</a>
5. DHONNA R. FRANCISCO	Admin/Accounting Associate	(02) 962-3408/ 0998-594-6712	<a href="mailto:drfrancisco@natcco.coop">drfrancisco@natcco.coop</a>

- 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? Compliance Office is in-charged of reporting AMLA transactions to AMLC, and determining any fraud transactions and mitigating any risk related to this. The Compliance Officer (CO) and Alternative Compliance Officer (ACO) are appointed by the Board of Trustees and this is reported to Insurance Commission. The CO is reporting directly to the Board of Trustees. They are required to attend the AMLA relevant trainings, as well as anti-fraud and risk management courses. NATCCO MBAI is a small association and composed of just seven (7) Operations staff, thus, cascading rules and imposing adherence to the guidelines are easier to monitor. Also, hiring of new staff goes through the HR recruitment process, ensuring required skills and experience of the new staff is aligned with the position. The CO has the proper authority to ensure that the hiring process is observed and only qualified personnel is hired. Background checking through character reference is also being done.
- 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, Subgroups and to the Branches up to the frontliners and/or agents? Communications received/acquired from all regulatory bodies are discussed in the board meetings. Newly adopted policies and procedures are immediately cascaded to the operations staff. NATCCO MBAI is a small association with seven (7) employees so it is easy to cascade down any new developments.
- d. How is the adequacy of AML and CTF training assessed? Please specify in detail. All BOD, officers, and employees attended the required AMLC training and this is conducted by ICD, authorized trainer to conduct AMLC and CTF training.
- 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. For the BOD and Officers, the Nomination Committee check the qualifications of the candidates before they can run in the election. Proper background checking is being done. To ensure that BOD members are fully qualified with no criminal records as well as their associates. HR also perform background investigation prior to employment.
- f. Do you have a screening process that ensures high standards when hiring employees? If yes, please indicate the specific policy provisions applicable. Yes, through HR recruitment process; screening of applicants, pre-screening questions, background checking through character reference provided, review of credentials and submission of pre-employment documents. The CO has the proper authority to ensure that the hiring process is observed and only qualified personnel is hired.
- 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 election, selection or appointment is based on family ties, please indicate. Yes, performance evaluation is being done regularly to ensure they properly represent the organization and they perform well based on the set standards.
- 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. N/A, No foreign branches

- i. In connection 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. N/A
- 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? Through trainings and dissemination of related documents.
- 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? All policies and guidelines of the association, including that of MTPP, AML and TF are discussed with the partner cooperatives. Any suspicious transactions should be reported.

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. No
- 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? N/A

7. Institutional Risk Assessment

- a. Has your entity undergone an Institutional Risk Assessment? If yes, when was this conducted? No.

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. N/A

KEY FINDINGS	RECOMMENDED ACTIONS	PROGRESS/DEVELOPMENT
N/A		

- b. Has your entity considered 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. None

**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. Integrity is one of our core values and we are committed to this. As an insurance company, it is important to be true and transparent to our members and stakeholders. With the Internal Auditor, we check all possible risks and these are mitigated. Additional full efforts and commitment of officers and all staff should be made to obtain satisfactory evidence of the true identity of clients through presentation of qualified documents. These documents should be certified as true copies from the issuing government agency. Special authorizations for representatives, which must be duly notarized; Other pertinent and reasonable documents as may be deemed necessary under the prevailing circumstances. In continuing monitoring, it needs strategies of prevention, through the provision of guidance, advice and information and detection through monitoring and assessment.

- 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. No. We do not allow opening of anonymous account. We transact with legitimate members only.
- c. Does your entity undertake customer due diligence (CDD) measures when:
- i. Establishing business relations? Incorporation and partnership papers, for corporate accounts. These documents should be certified as true copies from the issuing government agency.
  - ii. Carrying out transactions with non-clients? No, our transactions are from customers/members only that can provide evidence of identity
  - iii. Carrying out occasional transactions? Ensure to have authorizations to representatives and duly notarized.
  - iv. Dealing with trustee, nominee, agent, or intermediary, applying CDD not only on the latter but also on the trustors or principals? N/A. We transact with Principal-members only.
  - 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? N/A, We transact with individual member only.
  - vi. The entity has doubts about the veracity of previously obtained customer identification document or data? If when in doubt, validation is needed from the submitted documents and if not satisfy request additional identification.

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

- 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. Yes, but need to validate the documentation include information on the customer/beneficiary's name, address, nature and date of transaction, type and amount of currency involved, the type and identifying number of accounts, and information on whether a particular person is a customer or beneficial owner.
- 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. The identifying documents should provide evidence of true name or names used permanent address, date of birth, nationality, and office address. They should include at least one bearing a photograph and be pre-signed. The identifying documents that are considered most reliable are official identity cards and passports. While identification documents that are easily obtained in any name, e.g., medical cards, credit cards and student identification cards may be used, they should not be accepted as the sole means of identification.

- 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, IDs 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. N/A, we transact only with individual member.
- g. Does your entity identify the beneficial owner of juridical entities dealing with your entity and verify the information acquired? If yes, please describe in detail including the specific internal policy provisions. N/A, we transact only with individual member.
- 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. All documents submitted by cooperatives and the accounts of member and records of all their transactions are validated, especially member's identification records, and maintained and safely stored for five (5) years from the dates of transactions.
- 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. Yes, we verify all supporting documents if the purporting is authorized and make it sure that he or she has a special authorization for representatives, which must be duly notarized.
- 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 detail including the specific internal policy provisions. Yes, the beneficial owner needs to identify if he or she is the person, people, or entity designated to receive the death benefits from a life insurance policy or annuity contract.
- 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. Yes, NATCCO MBAI admits that the cooperative members obtained the completeness of the client information and they discussed each detail the purpose and the importance of provided information.
- 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. Due diligence done by the micro-cooperative partners but since their existing members are come from the entrepreneur poor the audit assessed is manageable.
- 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. Yes, enhance due diligence is done through the MFI/Cooperative partners, since policy holders are members of the cooperative. Our members are not considered high risk because these are individuals with very minimal income, and can only afford microinsurance, so higher risk categories do not apply to existing customers.
- 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, please explain further. Reduced due diligence is not applied, and we require the standards requirements. We do not have customers from outside the country.

- 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. All partner cooperative have established their members' identity and if needed, they have files for this.
- 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. Members of the partner cooperatives are same treatment from a political person and with a normal business in the community, they conduct same validation, complete verification as not to interrupt a normal conduct of business. Same identification requirements are needs to submit to partner cooperatives.
- 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. We only do face to face transactions.
- 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; N/A, We don't have agent or brokers, we direct to transact to our cooperative partners.
- s. Do you rely on third parties to perform some of the elements of the CDD process (face-to-face or gathering of the minimum information)? 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. N/A. We don't have agent or brokers, we direct to transact to our cooperative partners.
- t. Are there instances where you outsource some of the elements of the CDD process (face-to-face or gathering of the minimum information)? 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. N/A, all data information are from the submission of our Partner Cooperatives.
- u. What are your obligations with regard to business relationships and transactions with persons (including legal persons and other financial institutions) who are nationals or citizens of foreign jurisdiction or geographical location which do not or insufficiently apply internationally accepted AML and CTF standards, as determined by relevant domestic or international bodies? Please provide the internal policy provisions, which serve as basis for these obligations. N/A no national/foreign members.
- v. Are there measures in place to ensure that your entity is advised of concerns about weaknesses in the AML/CTF systems of other countries? If yes, please describe these measures and how these concerns are incorporated into the entity's Program. N/A

- w. Are there measures in place to ensure that funds collected by or transferred through non-profit organizations are not diverted to support the activities of terrorists or terrorist organizations? If so, please specify what these measures are and indicate the specific policy provisions. N/A, we do not have transactions from non-profit organizations, our individual members are from our cooperative partners.
- x. 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. Our members are not connected to any terrorism act or group.

## 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. Cooperative partners and NATCCO MBAI prepare and maintain documentation on their members relationships and all transactions. The requirements of the ACT are fully met; Any transaction by NATCCO MBAI can be reconstructed and from which the Council will be able to compile an audit trail for suspected money laundering, when such a report is made to it; can satisfy within a reasonable time any inquiry or order from the Council as to disclosure of information, including without limitation whether a particular person is the member or beneficial owner of transactions conducted through the Company.
- 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? Yes, only in domestic transactions, all documents submitted by the partner cooperative and the accounts of member and records of all their transactions, especially member identification records.
- 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? shall be maintained and safely stored for five (5) years from the dates of transactions.
- 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. Yes, Bookkeeper are responsible in checking and review of the documents from the cooperative partners. And it will restore all information on their database. Also, NATCCO MBAI maintained the accuracy and completeness of documents and it should be immediately available upon request by IC.

## 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? We do data checking manually.
  - 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. Can generate all the CTRs of the ICREs accurately and completely with all
  - v. the mandatory field properly filled up;
  - vi. Must provide a complete audit trail;
  - vii. 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.
- b. If no, please describe how you manually perform the functionalities mentioned above. Monitoring in paid premiums. Our premium is just P679.60, so higher than that is validated.
- 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. We have not yet encountered unusual transactions. Unusual transactions would mean much higher premium and higher coverage, which is not permitted in our current product description.
- 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. Yes, we are required to submit report once we have a suspicious transaction, it requires three signatories from NATCCO MBI to wit: the staff or officer who entertained or secured the account; the Compliance Officer. For online reporting through electronic mail it's the sole responsibility of the Compliance Officer to keep the report confidential and safe from public exposure.
- 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. As provided in Section 3 (b-1) of the Act, NATCCO MBI shall file a Suspicious Transaction Report (STR) (Annex "B") before the Anti-Money Laundering Council, regardless of the amount of the transaction. A suspicious transaction, as a general principle, relates to any transaction wherein there is a sense of apprehension or sense of mistrust considering the unusual nature or circumstances of the transaction and the behavioral factors on the persons with whom the transaction is being dealt with and thereby bringing some suspicion that the transaction may be connected with an unlawful activity
- f. Other than the 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.? No STR report yet.
- 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. There is no internal policy yet, but to ensure that the employees or officers are safe and protected, all data are confidential.
- 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. No.

#### 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? Hiring of new staff goes through the HR recruitment process, ensuring required skills and experience of the new staff is aligned with the position. The CO has the proper authority to ensure that the hiring process is observed and only qualified personnel is hired. Background checking through character reference is also being done.
- 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. NATCCO MBAI shall provide the necessary training, orientation to its Personnel and Compliance Officer. The Administrative Officer or its equivalent is responsible in disseminating to the staff the new procedures and guidelines needed by the company in combating money laundering. The Board of Trustees and officers are provided the necessary training because they should be part in preventing money laundering. The officers and staff are sent to orientations, training and seminars being offered by the regulatory bodies.
- 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. Yes, all BOD, Officers & Staff attending AMLC & CTF last October 2020.
- 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. Last training was attended by Compliance Officer with BSP last quarter 2019.

#### **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 mechanisms 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? Because we have a very small organization, we do not have a separate internal audit office, but we have inter auditor who reports to the Board's Audit Committee.
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. Yes, we have AML Manual chapter 7, Internal Control & Procedures, as a general internal control procedure, directors, officers, and staff of NATCCO MBAI shall report any information or suspicion of money laundering activity to the Compliance Officer, which is the designated reporting officer.
3. Do you maintain an adequately resourced and independent audit function that tests compliance with these procedures, policies and controls? If yes, please indicate the available resources, financial, human, and technical and the specific policy provisions for this requirement. Yes, with the function of internal audit committee.

#### **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? No, we do not have electronic money laundering transactions.
- 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. Can generate all the CT Rs 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.
- b. If no, please describe how you manually perform the functionalities mentioned above. Monitoring in banking day where the total amount involved is in excess of P500, 000.00, the threshold limit provided under Section 3 (b) of R.A. 9160, as amended by RA 9194.
- c. Do you pay special attention to unusual transactions? What type of special measures do you implement in managing them? We do not have unusual transactions.
- 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). Yes, we required to submit report once we have a suspicious transaction, it requires three signatories from NATCCO MBI to wit: the staff or officer who entertained or secured the account; the Compliance Officer & a senior officer not less than the position of the Vice-President. For online reporting thru electronic mail it's the sole responsibility of the Compliance Officer to keep the report confidential and safe from public exposure.
- 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. As provided in Section 3 (b-1) of the Act, NATCCO MBI shall file a Suspicious Transaction Report (STR) (Annex "B") before the Anti-Money Laundering Council, regardless of the amount of the transaction. A suspicious transaction, as a general principle, relates to any transaction wherein there is a sense of apprehension or sense of mistrust considering the unusual nature or circumstances of the transaction and the behavioral factors on the persons with whom the transaction is being dealt with and thereby bringing some suspicion that the transaction may be connected with an unlawful activity
- f. Other than the 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.? No STR report yet.
- 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? There is no internal policy yet, but to ensure that the employees or officers are safe and protected, all data are confidential.
- h. Does the Compliance Office keep annual statistics on red flags systems alerts, ML investigations, CT reports, ST reports broken down as to the nature? Please provide copies of the statistics.

Since our annual premium, is way below the considered AMLA transactions, no red flag systems alert yet

- i. Does the Compliance Office keep track dispositions of red flag systems alerts? Please provide copies of the tracking report. No red flag systems alert yet, but if there will be a case, it will be handles by the Quezon City head office
  - j. 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? No.
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? Incorporation and partnership papers, for corporate accounts. These documents should be certified as true copies from the issuing government agency.
    - ii. carrying out transactions with non-clients? No, our transactions are from customers/members only that can provide evidence of identity.
    - iii. carrying out occasional transactions? ensure to have authorizations to representatives and duly notarized
    - iv. dealing with trustee, nominee, agent, or intermediary, applying CDD not only on the latter but also on the trustors or principals? N/A. We transact with Principal-members only.
    - 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? N/A, We transact only with individual member.
    - vi. the entity has doubts about the veracity of previously obtained customer identification document or data? If when in doubt, validation is needed from the submitted documents and if not satisfy request additional identification
  - b. Does your entity undertake customer due diligence (CDD) measures on the beneficiary(ies) of life insurance and other investment related insurance policies? Yes, but need to validate the documentation including the information on the customer/beneficiary's name, address, nature and date of transaction, type and amount of currency involved, the type and identifying number of account, and information on whether a particular person is a customer or beneficial owner.
  - c. Does your entity identify the beneficial owner of juridical entities dealing with the entity and verify the information acquired? N/A, We transact only with individual member.
  - 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? All documents submitted by cooperatives and the accounts of member and records of all their transactions are validated, especially member identification records, shall be maintained and safely stored for five (5) years from the dates of transactions.
  - 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? Yes, we verify all supporting documents if the purporting is authorized and make it sure that he or she has a special authorizations for representatives, which must be duly notarized.
  - 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 source, such

that the entity is satisfied that it knows who the beneficial owner is? Yes, the beneficial owner needs to identify if he or she is the person, people, or entity designated to receive the death benefits from a life insurance policy or annuity contract.

- 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? Yes, NATCCO MBI admits that the cooperative members obtained the completeness of the client information and they discussed each detail the purpose and the importance of provided information.

Does your entity, on the basis of materiality and risk, conduct ongoing due diligence on the business relationship of existing customers? Due diligence done by the micro-cooperative partners but since their existing members are come from the entrepreneur poor the audit assessed is manageable.

- h. Does your entity perform enhanced due diligence for higher risk categories of customer, business relationship or transaction and does it apply to existing customers? Yes, enhance due diligence is done through the MFI/Cooperative partners, since policy holders are members of the cooperative. Our members are not considered high risk because these are individuals with very minimal income, and can only afford microinsurance, so higher risk categories do not apply to existing customers.
- i. 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? Reduced due diligence is not applied, and we require the standards requirements. We do not have customers from outside the country.
- j. 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? All Cooperative members are established full identity of their members and always available from their database.
- k. 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? We do not have non-face to face transactions.

### 3. Record-Keeping and Retention Policies and Procedures

- a. What is the type of records and information that your entity maintains? Cooperative partners and NATCCO MBI prepare and maintain documentation on their members relationships and all transactions. The requirements of the ACT are fully met; Any transaction by NATCCO MBI can be reconstructed and from which the Council will be able to compile an audit trail for suspected money laundering, when such a report is made to it; can satisfy within a reasonable time any inquiry or order from the Council as to disclosure of information, including without limitation whether a particular person is the member or beneficial owner of transactions conducted through the Company.
- 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? Yes, only in domestic transactions, all documents submitted by the partner cooperative and the accounts of member and records of all their transactions, especially member identification records.
- 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? Documents shall be maintained and safely stored for five (5) years from the dates of transactions.

- 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. Yes, Bookkeeper are responsible in checking and review of the documents from the cooperative partners. And it will restore all information on their database. Also, NATCCO MBI maintained the accuracy and completeness of documents and it should be immediately available upon request by IC.
- e. Do you conduct compliance testing to ensure that all units and/or branches maintain and safely store KYC and transaction records? All Cooperative partners have records on file with backup of their data base to maintain records.
- f. Does the Internal Audit cover an assessment of compliance of the record-keeping and retention process? Yes.

#### 4. Continuing Education and Training Program

- a. Are newly hired employees required to attend AML and CTF training? Yes.
- b. Is there an existing training and refresher program for all responsible directors, officers and staff? Please provide a copy of the program. For now, no schedule yet for refresher program but last training attended dated October 2020.
- 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? Yes, last training attended dated last quarter of 2019.
- 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. For Compliance Officer attend BSP Training last quarter of 2019.
- e. Do you conduct a regular post-test on directors and employees to gauge their understanding of AMLA, as amended, its IRR, CL 201848, as amended, and other IC and AMLC relevant regulations? We have AML Manual for reference,
- 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
BODs & Officer	10	8 hrs.	May 2018	9
Staff	7	8 hrs.	Oct 2020	7
Compliance Officer	1	8hrs	Oct 202	1

E. ICRE DATA/ INFORMATION

1. Provide information on the total asset of the entity as of 31 December of the immediately preceding year. P75,355,487.17
2. Provide a list of all products being offered/sold according to classification by the ICRE. Basic Life Insurance & Credit Life Insurance
3. Provide data/ information on products covering the immediately preceding year.

**2020 Data Only:**

Product	Total Premiums Received	Total Number of Policies Issued	Number of Outstanding Policies	Number of Policies		
				Surrendered	Cancelled	Lapsed
BLIP	9,212,058.62	31,717	30,807	0	0	910
CLIP	5,340,443.61	62,062	39,049	0	0	23,013
<b>TOTAL</b>	<b>14,552,502.22</b>	<b>93,779</b>	<b>69,856</b>	<b>0</b>	<b>0</b>	<b>23,923</b>

**As of Dec 31, 2020 Data**

Product	Total Premiums Received	Total Number of Policies Issued	Number of Outstanding Policies	Number of Policies		
				Surrendered	Cancelled	Lapsed
BLIP	126,315,634.63	252,912	65,486	0	0	187,426
CLIP	210,279,278.51	493,216	41,883	0	0	451,333
<b>TOTAL</b>	<b>336,594,913.13</b>	<b>746,128</b>	<b>107,369</b>	<b>0</b>	<b>0</b>	<b>638,759</b>

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

Type of Report	Number of Reports Submitted
Suspicious Transaction Reports	<u>N/A</u>
Covered Transaction Reports	<u>N/A</u>

## 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 Quezon City on the \_\_\_\_\_ of \_\_\_\_\_, 2021.

---

**MINERVA G. TEJADA**

**PRESIDENT & AML AND CTF  
COMPLIANCE OFFICER**

Signature over printed name

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_ 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:

<b>NAME</b>	<b>ID NO.</b>	<b>DATE &amp; PLACE ISSUED</b>
Minerva G Tejada	Philippine Passport# PO212758B	01/12/2019 / DFA NCR Northeast

## NOTARY PUBLIC

Doc. No. \_\_\_\_\_

Page No. \_\_\_\_\_

Book No. \_\_\_\_\_

Series of \_\_\_\_\_