

Anti-Money Laundering & Combating the Financing of Terrorism

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AML and CFT in the U.S.

- * The United States Federal Government has ultimate authority over anti-money laundering (AML) and combatting the financing of terrorism (CFT) activities:
 - * **Agency:**
 - * **Financial Crimes Enforcement Network (FinCEN)** of the U.S. Department of Treasury is the competent authority
 - * **Laws:**
 - * The Bank Secrecy Act (BSA) of 1970
 - * The Money Laundering Control Act of 1986
 - * The Suspicious Activity Report Act of 1996
 - * The USA PATRIOT Act of 2001

1033/1034: Insurance Fraud Prevention Act

- * Enacted in 1994.
- * Federal criminalization of insurance fraud.
- * Increased participation from Organized Crime.
- * Persons convicted of a felony crime of dishonesty or breach of trust cannot participate in the business of insurance without Commissioner's permission.

Individual States and AML Activities

- * Many states also have individual AML laws.
- * State attorneys general typically prosecute these cases.
- * States also work with United States Attorneys, the U.S. Department of Justice, or Federal Bureau of Investigation (FBI) on AML cases

Iowa Anti-Fraud Efforts

- * **Investigative scope**

- * Fraudulent insurance claims/applications
- * Fraudulent insurance sales practices by licensed or unlicensed entities
- * Fraudulent activity involving the sales or business of securities

- * **Organized crime and terrorism in the US**

- * NICB involvement in investigations of both 1993 and 2001 World Trade Center attacks as well as 1995 Oklahoma City bombing
- * Communications network and information sharing with agencies at the state, federal, and international level is vital to success

- * **Initiatives**

- * Iowa Fraudlink
- * Foreign death Investigations
- * Strong in-state fraud regulations
- * Education to law enforcement, industry, and public

NAIC Financial Examination Handbook

- * Used by all states in their examination of companies.
- * Provides financial examination guidance to state insurance regulators.
- * Recommends notification to FinCEN and/or federal authorities of AML concerns.

ICP 22 and the U.S.

- * The U.S. is a “Part B” jurisdiction as it pertains to ICP 22

As such, the U.S. Treasury Department (FinCEN) is the designated competent authority for AML, not state insurance regulators

- * U.S. advocated for recognition of the split in jurisdiction in this area
 - * U.S. indicated FATF compliance
 - * 2015 FSAP: U.S. received LO for ICP 22
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- * State regulators will continue to coordinate our efforts with Federal authorities

Thank You